

# FTSE Japan Minimum Variance Index

Data as at: 29 July 2022

The FTSE Japan Minimum Variance Index aims to deliver reduced index volatility based on historical return information, thereby offering potential improvements to the risk reward trade-off, whilst maintaining full allocation to the relevant equity market.

Reduced volatility is achieved by applying a transparent rules-based approach which minimizes historical variance subject to additional constraints on the weight of individual stocks within the index, and, at aggregate level on the weight of industries represented in the index.

Constituents of the FTSE Japan Minimum Variance Index are selected from the FTSE Japan Index at the time of the bi-annual review. Aspects such as index reviews and company classification are governed by the FTSE All-World Index Series Ground Rules.

## 10-Year Performance - Total Return



## Performance and Volatility - Total Return

Index (JPY)	Return %						Return pa %*		Volatility %**		
	3M	6M	YTD	12M	3YR	5YR	3YR	5YR	1YR	3YR	5YR
FTSE Japan Minimum Variance	4.7	7.2	2.5	2.7	15.4	16.2	4.9	3.0	12.1	15.0	12.8
FTSE Japan	2.4	3.6	-1.3	4.7	35.4	38.3	10.6	6.7	17.3	19.2	14.9

\* Compound annual returns measured over 3 and 5 years respectively

\*\* Volatility – 1YR based on 12 months daily data. 3YR based on weekly data (Wednesday to Wednesday). 5YR based on monthly data

## Year-on-Year Performance - Total Return

Index % (JPY)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
FTSE Japan Minimum Variance	14.9	49.1	16.9	22.3	6.3	24.3	-10.8	9.9	-2.8	5.7
FTSE Japan	21.5	54.8	10.3	11.5	-0.3	21.0	-15.3	18.3	8.9	13.2

## FEATURES

### Methodology

The approach applies a rules-based strategy to minimise volatility. Some constraints are applied, for example, to avoid over concentration in any particular stock or sector.

### Objective

The index is designed for use in the creation of index tracking funds, derivatives and as a performance benchmark.

### Investability

Stocks in the underlying universe are free-float weighted to ensure that only the investable opportunity set is included.

### Liquidity

Stocks in the underlying universe are screened to ensure that the index is tradable.

### Transparency

The index uses a transparent, rules-based construction process. Index Rules are freely available on the FTSE website.

### Availability

The index is calculated based on price and total return methodologies, both real time and end-of-day.

### Industry Classification Benchmark

Index constituents are categorized in accordance with the Industry Classification Benchmark (ICB), the global standard for industry sector analysis.

## Annualised Rolling 252 Day Volatility - Total Return



## Return/Risk Ratio and Drawdown - Total Return

Index (JPY)	Return/Risk Ratio				Drawdown (%)			
	1YR	3YR	5YR	10YR	1YR	3YR	5YR	10YR
FTSE Japan Minimum Variance	0.1	0.3	0.2	1.0	-14.9	-28.1	-30.7	-30.7
FTSE Japan	0.2	0.6	0.4	0.8	-16.1	-28.7	-31.3	-31.3

Return/Risk Ratio – based on compound annual returns and volatility in Performance and Volatility table

Drawdown - based on daily data

## Top 10 Constituents - FTSE Japan Minimum Variance Index

Constituent	ICB Sector	FTSE Japan Minimum Variance (Wgt %)	FTSE Japan (Wgt %)	Diff %
SoftBank	Telecommunications Service Providers	1.33	0.85	0.48
Yakult Honsha	Food Producers	1.10	0.22	0.88
Nippon Prologis REIT	Real Estate Investment Trusts	1.02	0.16	0.86
Nippon Accommodations Fund	Real Estate Investment Trusts	0.94	0.06	0.88
Nintendo	Leisure Goods	0.93	1.26	-0.33
Lion Corp	Personal Care Drug and Grocery Stores	0.93	0.08	0.85
KDDI Corp	Telecommunications Service Providers	0.91	1.41	-0.50
Chubu Elec Power	Electricity	0.90	0.20	0.70
Nippon Telegraph and Telephone	Telecommunications Service Providers	0.89	0.91	-0.02
Daiwa House REIT Investment	Real Estate Investment Trusts	0.89	0.14	0.75
<b>Totals</b>		<b>9.84</b>	<b>5.29</b>	

## INFORMATION

## Index Universe

FTSE Japan Index

## Index Launch

July 2012

## Base Date

18 June 2012

## Base Value

100

## Investability Screen

Actual free float applied and liquidity screened

## Index Calculation

Real time and end of day

## End-of-Day Distribution

Via FTP and email

## Currency

USD, Euro, GBP, JPY, AUD, Local

## Review Dates

March and September

## History

Available from September 2001

## ICB Supersector Breakdown

ICB Code	ICB Supersector	FTSE Japan Minimum Variance		FTSE Japan		Diff %
		No. of Cons	Wgt %	No. of Cons	Wgt %	
1010	Technology	33	6.76	58	11.12	-4.36
1510	Telecommunications	5	4.20	7	4.53	-0.33
2010	Health Care	32	8.79	36	9.40	-0.61
3010	Banks	12	3.28	21	5.16	-1.88
3020	Financial Services	7	1.14	14	1.81	-0.67
3030	Insurance	5	2.01	7	2.88	-0.87
3510	Real Estate	22	12.55	34	4.14	8.41
4010	Automobiles and Parts	7	0.78	25	9.95	-9.17
4020	Consumer Products and Services	23	7.09	35	8.74	-1.65
4030	Media	4	0.67	8	0.49	0.17
4040	Retailers	15	5.50	17	2.81	2.69
4050	Travel and Leisure	9	3.51	13	1.44	2.06
4510	Food Beverage and Tobacco	23	10.93	29	3.56	7.36
4520	Personal Care Drug and Grocery Stores	19	8.68	19	2.17	6.51
5010	Construction and Materials	11	2.42	21	2.66	-0.24
5020	Industrial Goods and Services	50	9.08	103	21.79	-12.70
5510	Basic Resources	4	1.49	13	1.16	0.33
5520	Chemicals	17	2.40	30	3.94	-1.54
6010	Energy	4	1.83	4	0.83	1.00
6510	Utilities	13	6.89	13	1.41	5.48
<b>Totals</b>		<b>315</b>	<b>100.00</b>	<b>507</b>	<b>100.00</b>	

## Index Characteristics

Attributes	FTSE Japan Minimum Variance	FTSE Japan
Number of constituents	315	507
Dividend Yield %	2.45	2.63
Constituent (Wgt %)		
Average	0.32	0.20
Largest	1.33	5.23
Median	0.27	0.07
Top 10 Holdings (Wgt %)	9.84	20.14

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