

**iFreeETF**

February 13, 2024

Daiwa Asset Management Co. Ltd.

## **Daiwa Asset Management Co. Ltd. introduced iFreeETF JPX Prime 150**

*Attention*

*This document is an unofficial translation of a press release announced on December 28, 2023 by Daiwa Asset Management Co. Ltd. The original press release is in Japanese.*

Daiwa Asset Management Co. Ltd. (President: Mikita Komatsu; hereinafter "Daiwa Asset Management") will newly establish and list the **"iFreeETF JPX Prime 150"** (Securities Code: 2017) on the Tokyo Stock Exchange. The start of operations are scheduled for January 22, 2024 and listing on the Tokyo Stock Exchange is set for January 24, 2024.



The JPX Prime 150 Index was launched on July 3, 2023 by JPX Research Institute, Inc. to promote further corporate value enhancement for companies that have achieved management with an awareness of cost of capital and stock price, in response to the demand for sustainable corporate value enhancement measures required to revitalize the Japanese market. The constituents of the index are Japan's leading companies who have the ability to create value, or "earning power," and who are expected to drive the

revitalization of both the Japanese stock market and the Japanese economy.

The selection of stocks for the index is based on two measures of value creation: (1) the "equity spread" which is measured by the difference between ROE (return on equity) and cost of shareholders' equity, and (2) P/B ratio, which represents the market valuation of the stock price. The index is composed of 150 companies that are "representative Japanese blue-chip companies that have high management efficiency and are highly regarded by the market," and is comparable in quality to major European and U.S. equity indices.

JPX Prime 150 Index	
Characteristic	1. Consists of "companies of similar quality to S&P 500" *PBR, ROE, Sales growth rate, EPS growth rate 2. Mainly companies with market capitalization of over JPY 1 trillion that represent Japan, covering about 50% of the Japanese market with 150 stocks 3. Characteristics and performance different from TOPIX (large size, growth)
Selection Method	<div style="text-align: center; border: 1px solid black; padding: 5px;">The top 500 stocks by market capitalization of TSE Prime Market</div> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p style="text-align: center; margin: 0;"><b>Equity Spread Criteria</b></p> <p style="text-align: center; margin: 0;">The top 75 companies with ROE exceeding the cost of equity (the return expected by investors)</p> </div> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p style="text-align: center; margin: 0;"><b>PBR Criteria</b></p> <p style="text-align: center; margin: 0;">The top 75 companies by market capitalization with the PBR exceeds 1x</p> </div> </div>
Concept	150 companies representing Japan with earning power that are estimated to create value

[Source : JPX]

Daiwa Asset Management will create this ETF with the goal of helping to create a virtuous cycle in which investors invest in companies that have "earning power", thereby permeating value-creating management throughout Japan, where the outcomes of such management are distributed to the investors, who in turn make further investments.

This ETF is the first product linked to the JPX Prime 150 Index. (as of December 28, 2023.)

End

Original Japanese release:

[https://www.daiwa-am.co.jp/company/press-release/20231228\\_90.pdf](https://www.daiwa-am.co.jp/company/press-release/20231228_90.pdf)

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