

October 9, 2025

# Japan Income Solutions

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As with all investments, your capital is at risk

# Japan Income Solutions

ETF's providing consistent income, diversification and potential capital appreciation

September 2025

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# Table of Contents

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①	Why income strategies in the current environment? .....	2
②	J-REIT Market Outlook.....	5
③	Nikkei High Yield REIT Index .....	18
④	Tokyo Stock Exchange REIT Index .....	20
⑤	Bloomberg Japan High Dividend 50 Index .....	25

# Why are income strategies of interest in the current environment?

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Given the recent **trade/political uncertainty**, which has led to **greater global market volatility**, we are identified 2 strategies which might suit investors needs.

Why do we think income strategies are appealing to investors?

① **Predictable income**

Stable income

② **Consistent distribution payments**

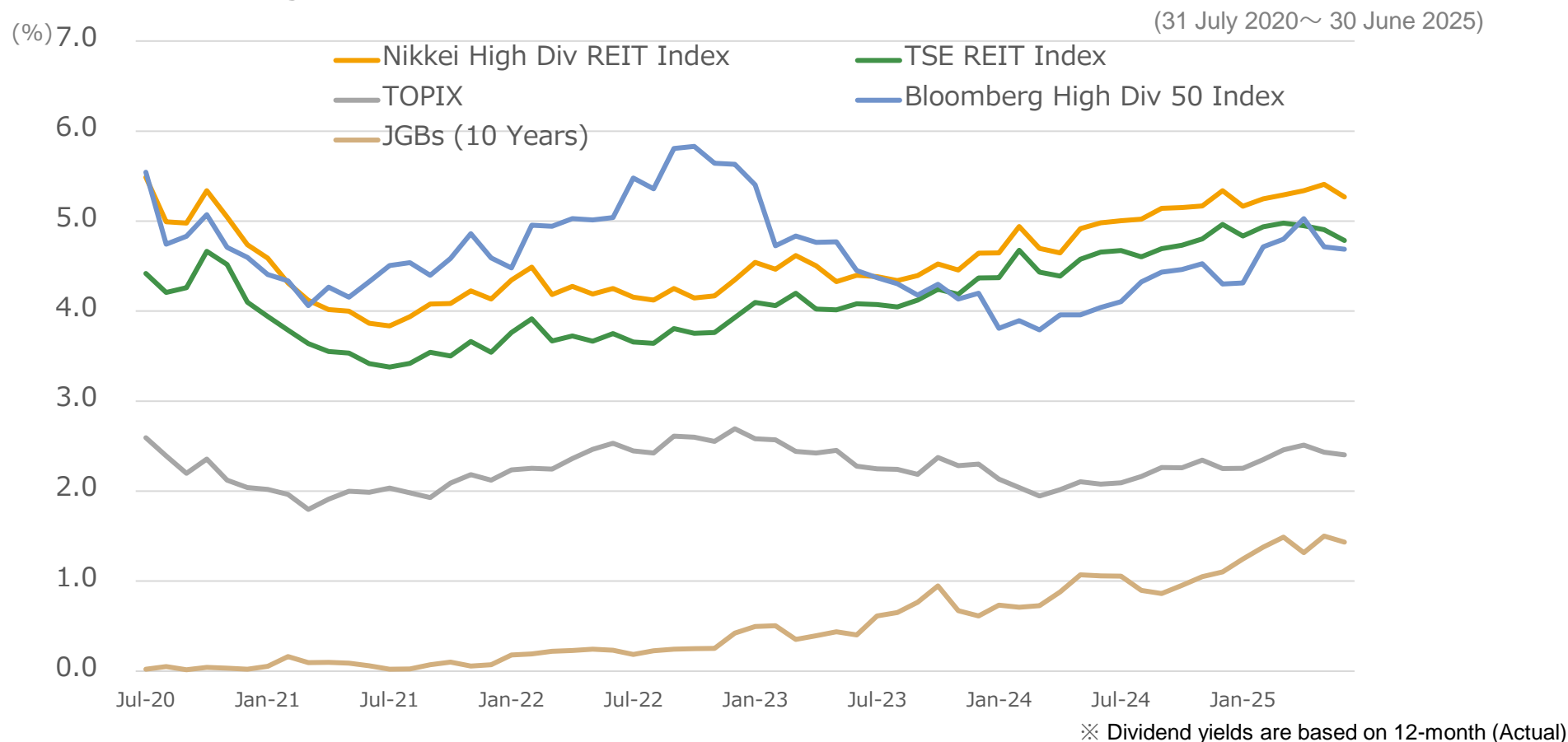
Quarterly distribution payments

③ **Diversification/lower correlation and lower volatility to global equities**

Lower beta, risk/standard deviation and most importantly (in some case) lower correlation for macro shocks

# High dividend stocks and J-REITs provide attractive yield

## Yield comparison among Japanese financial products



- Although the interest rate on 10-year JGBs is rising, the current yield remains low at 1.5%, which is much below the dividend yield of the TOPIX.
- The high dividend stock index and J-REIT indices maintain yields of around 5%, attracting continued investments from domestic institutional and individual investors.
- Additionally, as global interest rates continue to decline, the attractiveness of these investments is increasing even from a global perspective.

※ Source: Bloomberg; Compiled by Daiwa Asset Management Co., Ltd.

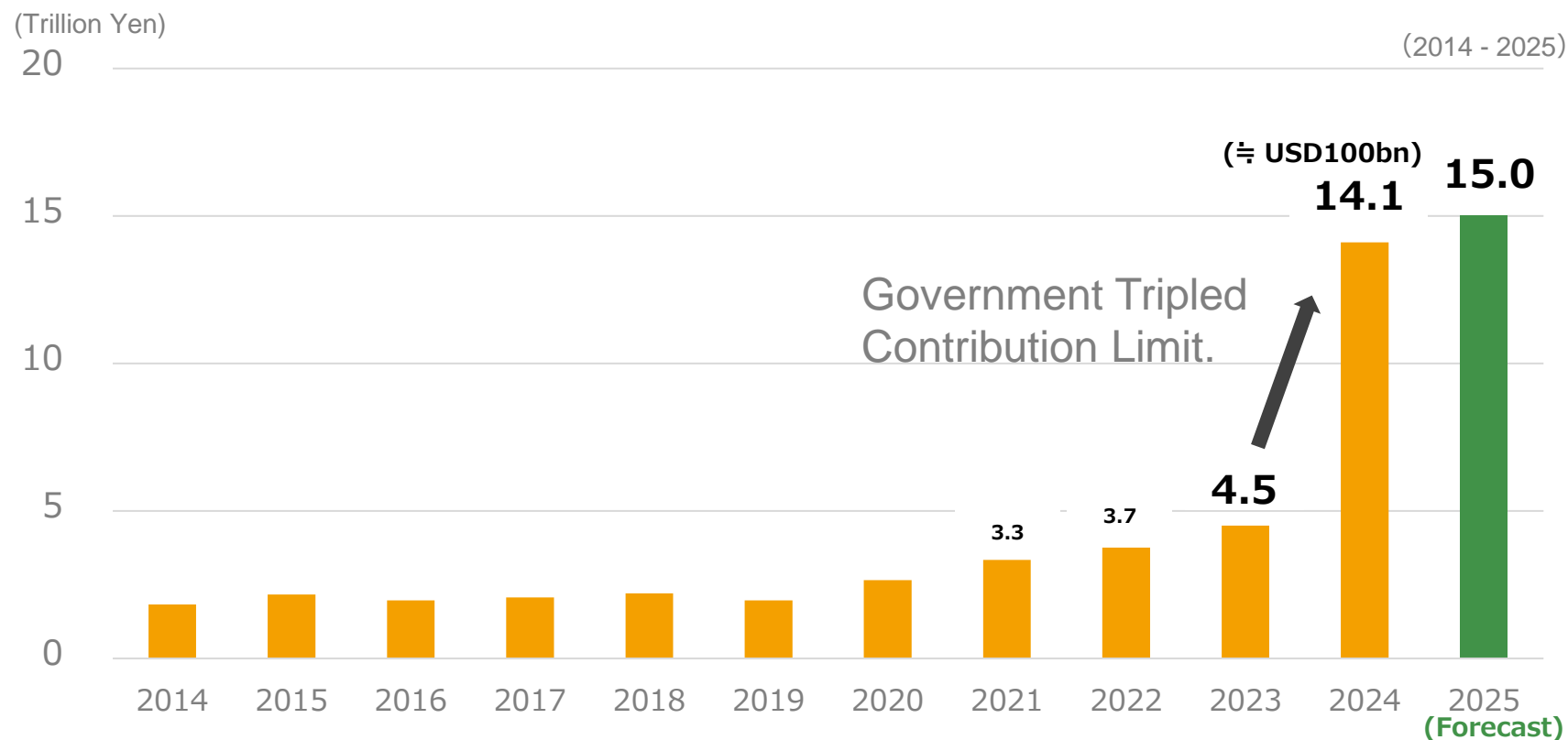
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※Nothing contained in this document is intended to imply or guarantee future performance.

# High dividend stocks and J-REITs receive continuous capital inflows from “NISA”

The expansion of contribution limits of Nippon (Japan) Individual Savings Account (NISA) is positive for the market. The part of it will flow into Japanese market directly and indirectly through Investment Trust etc.



- NISA is Japanese Individual Savings Account, which is a tax-free savings account. It allows individuals to invest in stocks and other financial products without having to pay taxes on capital gains and dividends
- The account has a yearly contribution limit of Yen 3.6 million (approx. USD 25,000) per person, which has increased from Yen 1.2 million
- According to Japan Securities dealer association, purchases through NISA (excluding installment investments) were 48.8% in Japanese stocks in 2024
- Individual investors prefer to invest in high dividend stocks, including J-REITs

※ Source: Created by Tokai Tokyo Research Institute Co., Ltd based on data from Japan Securities Dealers Association

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※Nothing contained in this document is intended to imply or guarantee future performance.

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# Japanese-Real Estate Investment Trusts (J-REITs)

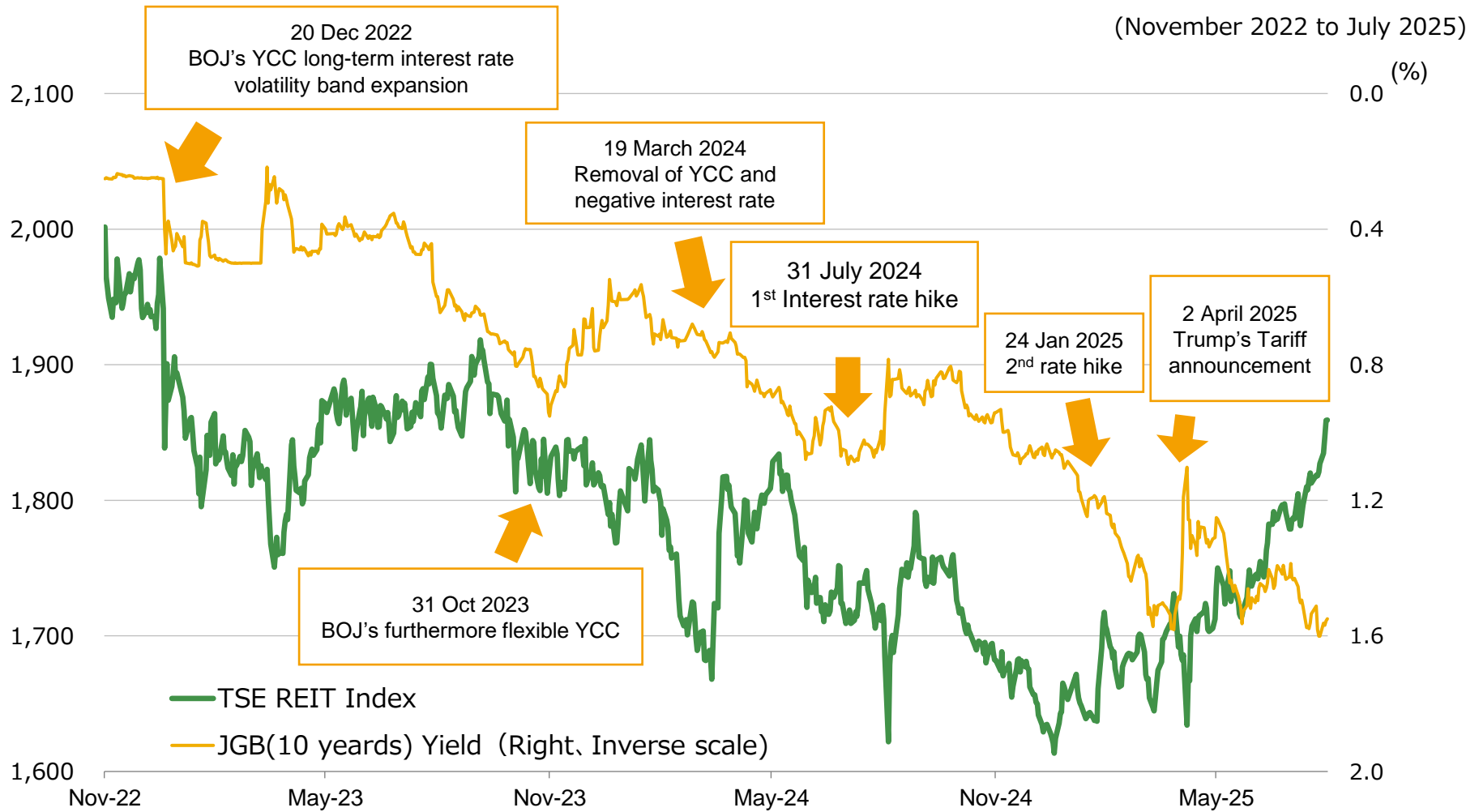


# Characteristics of J-REITs

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- The real estate holdings are almost entirely domestic (over 99%) and concentrated in the highly profitable Tokyo metropolitan area.
- Most of the income comes from rental revenues of owned properties. J-REITs do not engage in real estate development.
- Most property acquisitions and sales are conducted through the parent company (sponsor). Many sponsors are major real estate firms, allowing J-REITs to acquire high-quality properties below market prices.
- According to the J-REIT scheme, over 90% of profits are distributed. However, retained earnings are subject to taxation, effectively resulting in the distribution of all profits.
- The earnings of J-REITs come from rental income and capital gains from owned real estate, and there is no direct impact from Trump's tariffs.

# Trends of J-REIT Index and 10-year JGB Yield

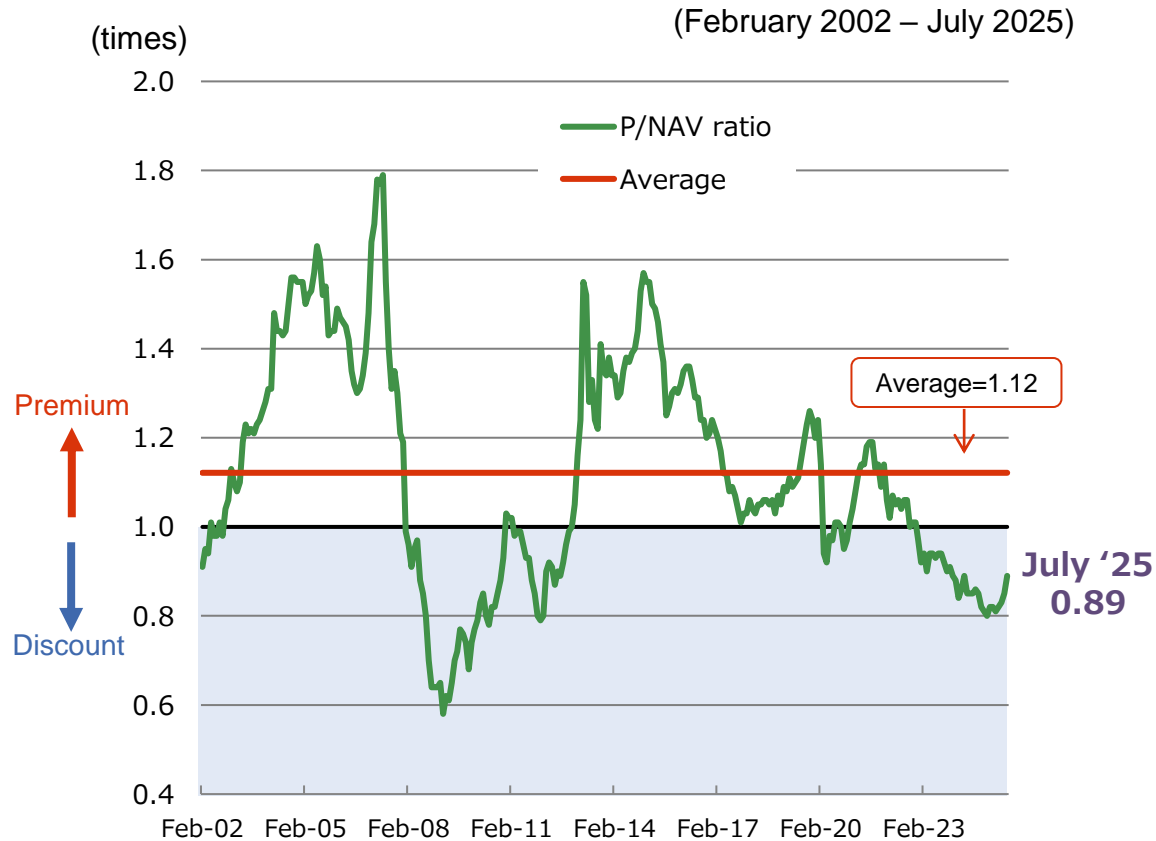


- Since December 2022, the J-REIT market has experienced a downward trend due to the increase in long-term interest rates following the Bank of Japan's shift towards a rate hike bias.
- However, since the beginning of 2025, despite further increases in long-term interest rates, J-REITs have remained upward trend, indicating a weakening inverse correlation with long-term interest rates.

Source: Bloomberg, compiled by Daiwa Asset Management

# Trends in Price / Net Asset Value (NAV) ratio of J-REITs

## Trends in P/NAV ratio of J-REITs



\*P/NAV ratio (unit price / NAV per unit) is the market capitalization-weighted average of all J-REITs.

- The premium/discount to NAV of J-REIT prices is one of the indicators used to evaluate REITs.
- It was 0.89 times in July 2025, which is much lower than the historical average. Considering the favorable fundamental factors at present, it seems to be at an oversold level and has a reasonable chance to be adjusted to a more appropriate level.

Source: THE ASSOCIATION FOR REAL ESTATE SECURITIZATION ; Compiled by Daiwa Asset Management

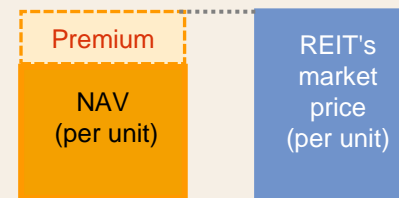
## What is NAV (Net Asset Value)?

Net Asset Value (NAV) is an abbreviation that represents the net asset value obtained by deducting liabilities from the market value of assets held by the REIT. This value divided by the number of issued investment units is called "NAV per unit".

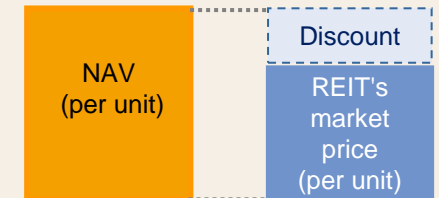
$$\text{NAV per unit} = (\text{REIT's assets} - \text{REIT's liabilities}) / \text{number of issued investment units}$$

If the REIT price exceeds the NAV per unit, it is called a premium, and if it is below the NAV per unit, it is called a discount. This ratio is commonly used in evaluating REIT investments.

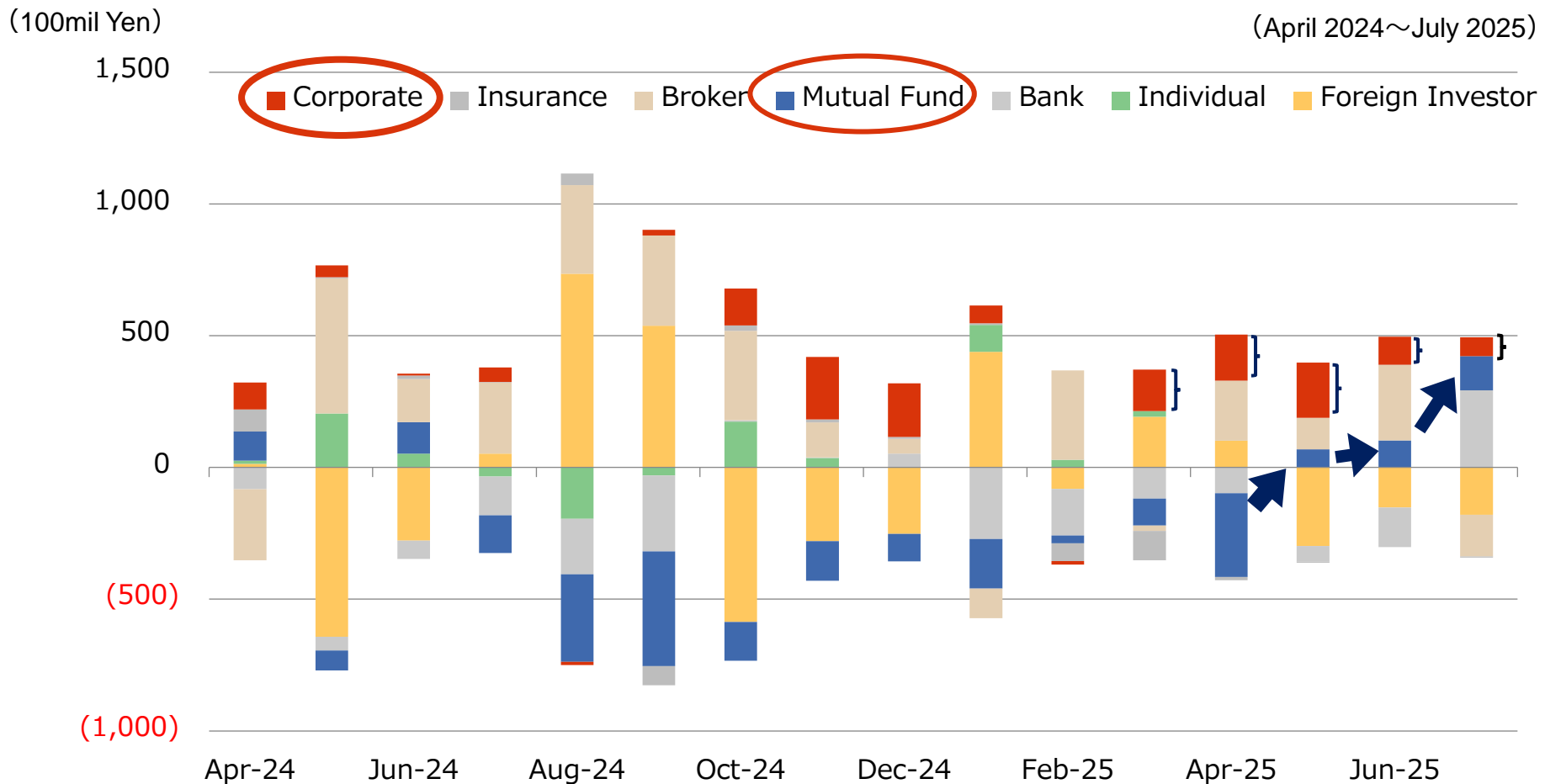
(1) If the price of the REIT exceeds the NAV (Premium)



(2) If the REIT's price is less than the NAV (Discount)



# Trading Trends by Major Investor Categories

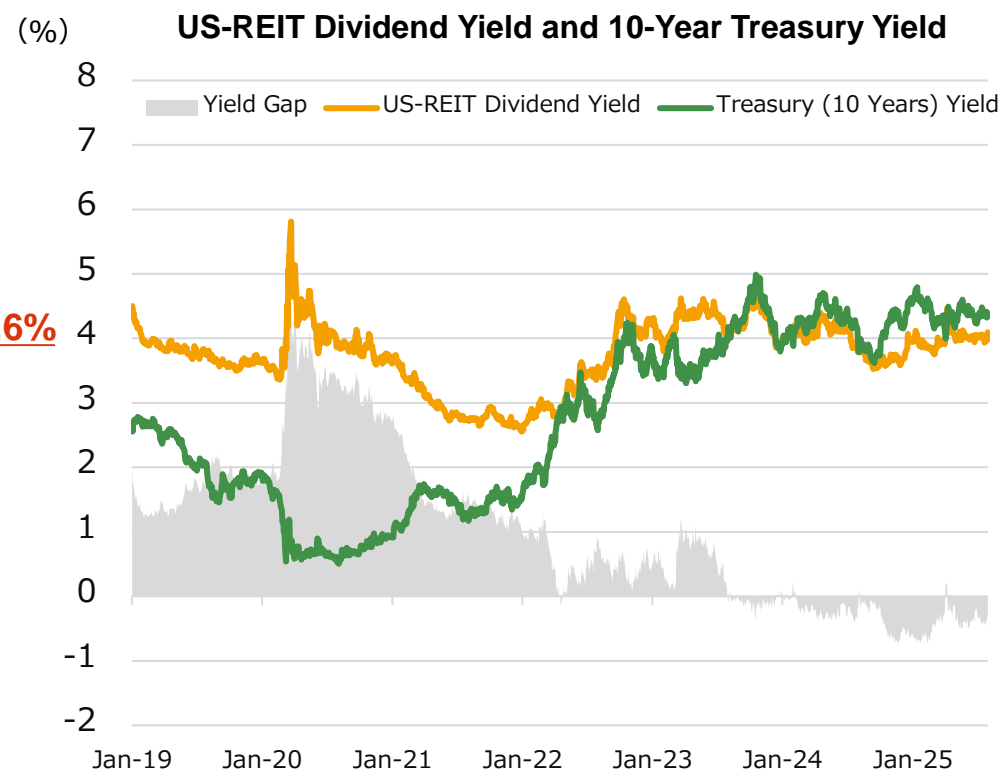
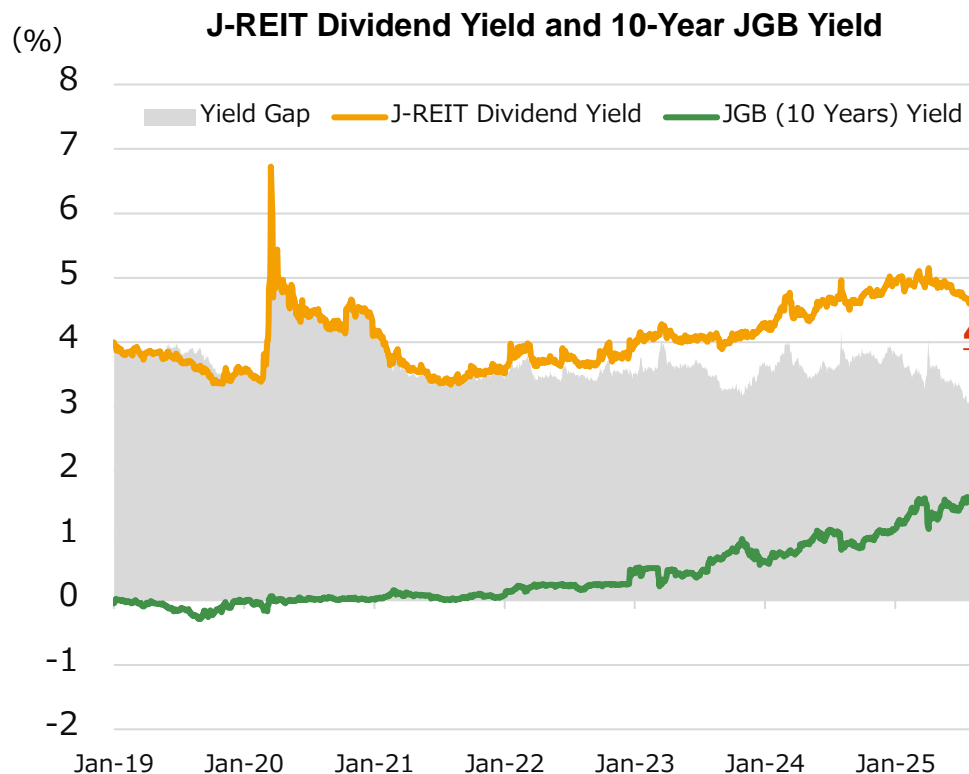


(Source): Tokyo Stock Exchange

- J-REITs have bottomed out in January and have maintained upward momentum up to date.
- Specifically, the following three points represent positive changes: ①The increase in the frequency and scale of share buyback announcements by individual REITs and Sponsors of REITs (Corporate) ②The mutual fund has shifted to net purchases ③Local financial institutions recorded a significant net buying in July

# Dividend Yields of US and Japan REITs and Interest Rates

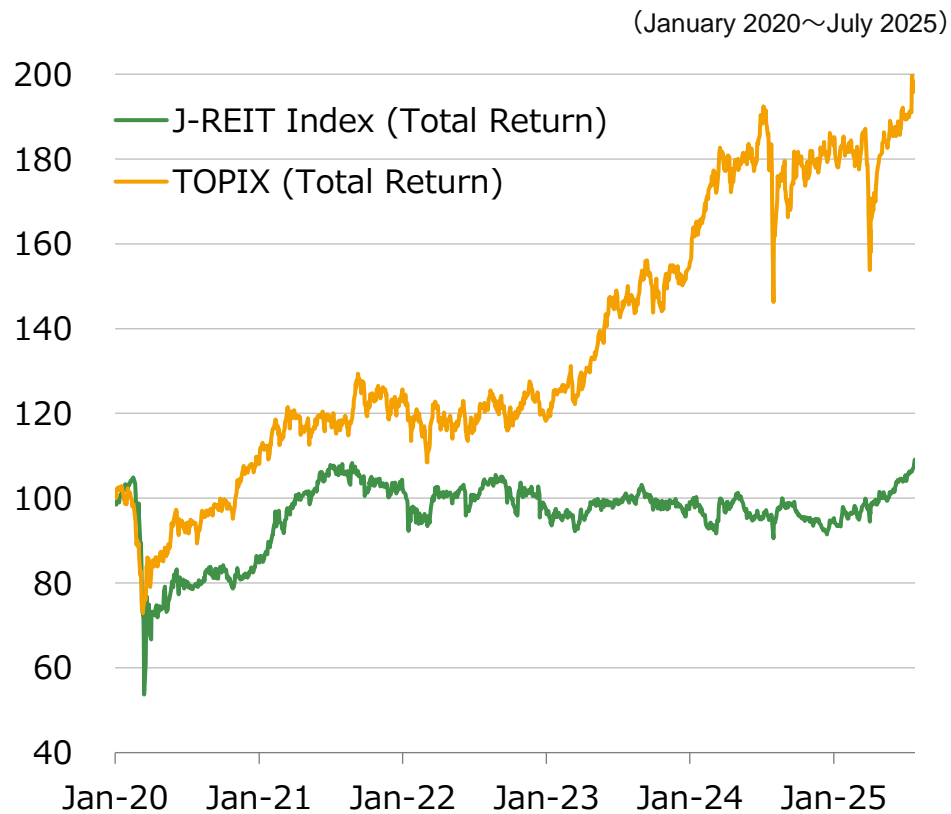
(January 2019~July 2025)



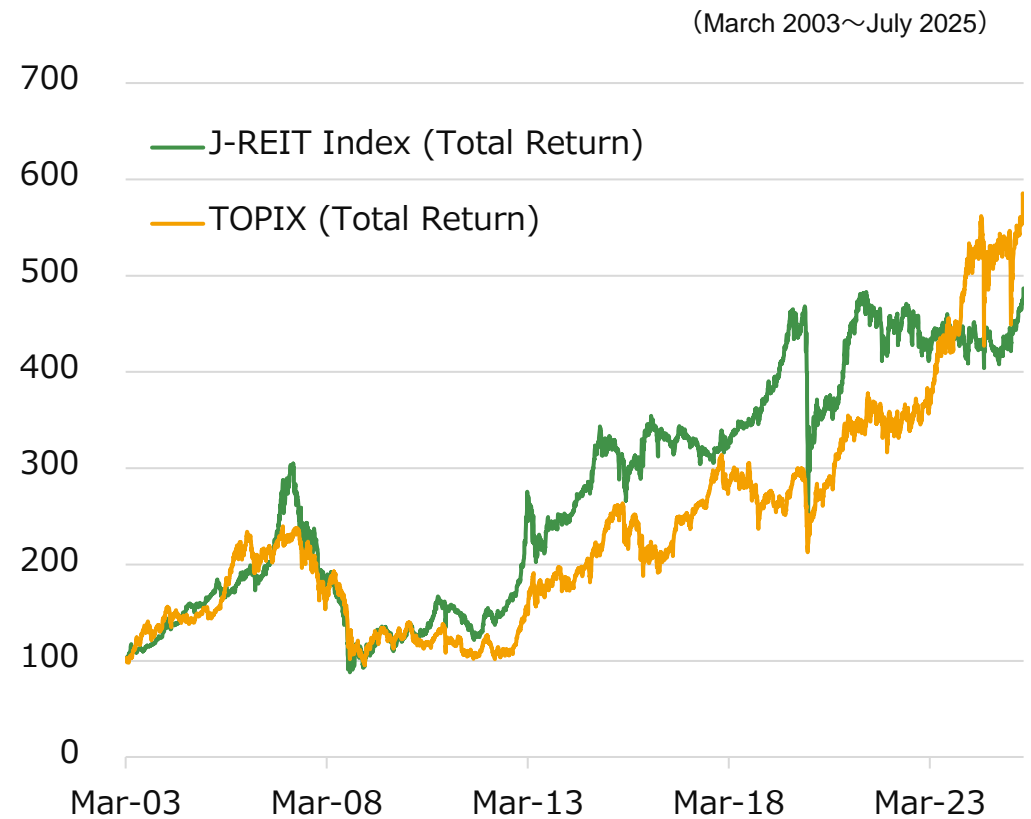
- In Japan, the dividend yield of J-REITs significantly exceeds that of JGBs.
- In the U.S., due to the rise in long-term interest rates, the yield gap has become negative.
- J-REIT is discounted to US-REIT from the yield spread

Source: Bloomberg, compiled by Daiwa Asset Management

# Trends in TOPIX and J-REITs



※Indexed with January 2020 as 100.



※Indexed with March 2003 as 100

- Since the beginning of 2020, J-REITs have noticeably underperformed relative to the significantly rising Japanese stocks. However, when looking at the long-term trend, J-REITs have delivered comparable performance to Japanese stocks.
- The high dividend income from J-REITs has been a key factor in supporting their performance.

Source: Bloomberg, compiled by Daiwa Asset Management

# Sector Outlook by Usage

Office	Hotel	Retail	Residential	Logistics
<ul style="list-style-type: none"> <li>● The vacancy rate in the central five wards* has significantly improved over the past year. There is a clear trend of returning to offices, and demand is strong. The movement to relocate to better offices to attract talent is also increasing.</li> <li>● Delays in construction due to labor shortages and rising construction costs are causing some properties to complete later than expected, which is positive as it postpones.</li> <li>● Average rents have bottomed out and are on the rise. REITs that own office properties are eager to increase rents. The number of companies confident in future rent increases is also growing.</li> </ul>	<ul style="list-style-type: none"> <li>● Inbound demand remains strong. Domestic demand is also firm.</li> <li>● The hotel industry has shifted from its traditional emphasis on occupancy rates to an emphasis on profits and a focus on raising the unit price per room. The unit price per room has exceeded the pre-Corona level and is expected to rise further.</li> <li>● Further expansion of inbound demand is also expected, as the Japanese government announces considerations for easing visa requirements for Chinese tourists.</li> </ul>	<ul style="list-style-type: none"> <li>● Commercial facilities dealing with daily necessities, mainly supermarkets, have been strong in the Corona Disaster, and they continue to be strong.</li> <li>● Sales of commercial facilities in urban areas are recovering in line with the recovery of human flow. Even properties that had been vacant for a long period of time are seeing an improvement in occupancy rates as tenant demand for new store openings recovers. Although there are varying degrees of improvement for each property, some cases of variable rent increases due to strong sales have emerged.</li> </ul>	<ul style="list-style-type: none"> <li>● The population inflow into Tokyo is accelerating, increasing demand for REIT-owned properties, and high occupancy rates and rent increases are coexisting.</li> <li>● In addition to family-type properties, which were originally strong, there has been a marked recovery in single-type properties in central Tokyo, where demand temporarily declined due to the Corona disaster. The rate of rent fluctuation when tenants are replaced has turned positive, and the company has achieved internal growth as a REIT.</li> <li>● We continue to pay attention to the rent increase for single-type properties with a high ratio of investment in REITs.</li> </ul>	<ul style="list-style-type: none"> <li>● Demand is growing due to the development of e-commerce. On the other hand, vacancy rates are rising due to large supply. Large vacancies are concentrated in newly supplied properties.</li> <li>● Existing logistics facilities owned by the REIT are expected to maintain high occupancy. Rental increases are also expected to continue.</li> <li>● Supply is expected to decrease in the future due to rising land prices and construction costs. Vacancy rates are expected to improve in the medium to long term on the back of firm demand.</li> </ul>
<div>fore cast</div>  <div>cloudy then sunny</div>	 <div>sunny</div>	 <div>cloudy</div>	 <div>sunny</div>	 <div>sunny then cloudy</div>

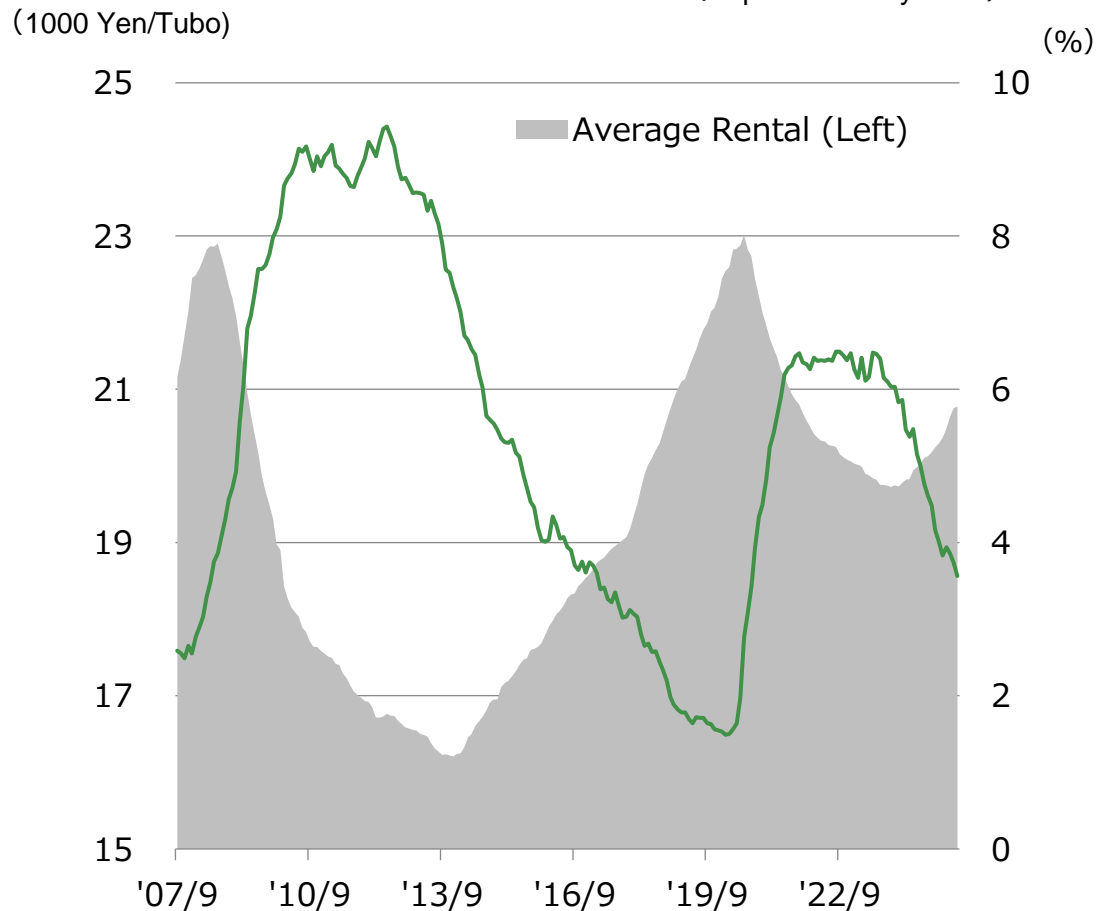
\*5 central Tokyo wards (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya).

The above is an image. The above is the opinion of Daiwa Asset Management at the time of preparation and is subject to change.

# Office: Vacancy rates are improving, rents have bottomed

## Trends in Rent and Vacancy Rates for Office Buildings in Urban Areas:

(Sep 2007~May 2025)



The target areas are the five central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya). The surveyed buildings are major rental office buildings within the Tokyo business district, each with a standard floor area of 100 tsubo (approximately 330 square meters) or more. Buildings with special circumstances, such as those leased entirely to a single tenant, are not included in the survey.

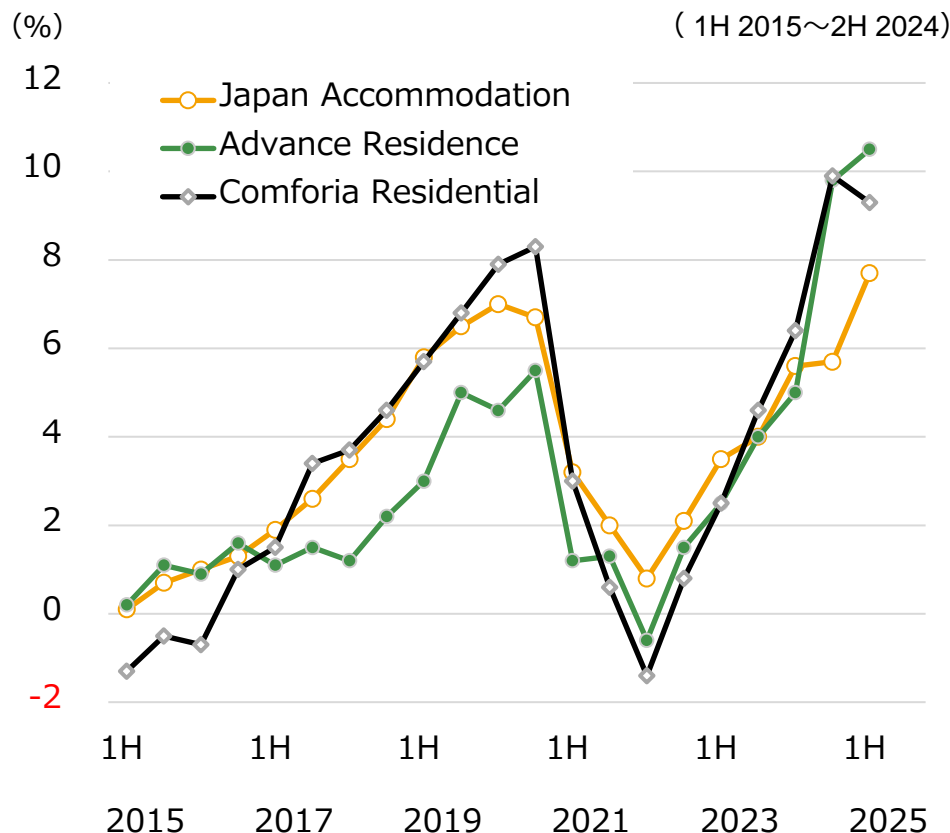
(Source) Created by Daiwa Asset Management based on data from Sanko Estate

- The average vacancy rate for office buildings in the five central wards of Tokyo has been on an improving trend since the summer of 2023. Although there were concerns about market deterioration due to the massive supply of new office buildings in 2023, the recovery from the COVID-19 pandemic has led to an increase in office demand as more companies emphasize face-to-face communication.
- During earnings briefings by real estate companies and REITs that own office properties, it was indicated that they plan to actively pursue rent increases due to the declining vacancy rates and improving office market conditions. Indeed, statistics show that average rents have bottomed out, with five consecutive months of increase.
- Office supply in 2024 was at a low level, and although an increase is anticipated again in 2025, construction delays due to labor shortages suggest that supply will be more limited than previously expected. When considering the mid-term outlook for the office market, the risk of significant market deterioration due to increased supply appears to be low. Attention will focus on the sustained strong demand for office space.



# Residential: High Occupancy, Rent Increases Expected to Continue

## Rent Fluctuation Range During Tenant Turnover



※Japan Accommodation designates the period up to February as the first half and up to August as the second half. Advance Residence and Comforia Residential designate the period up to January as the first half and up to July as the second half.

(Source) Compiled by Daiwa Asset Management based on various company disclosure

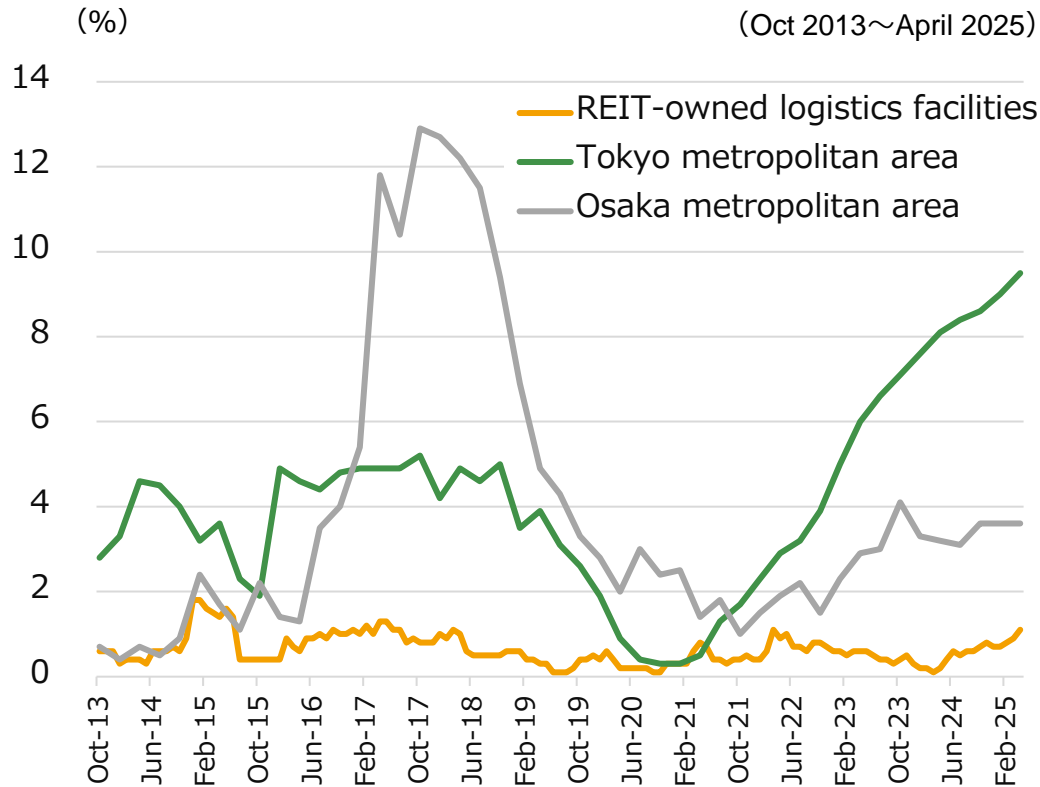
- The demand for rental housing in urban areas owned by residential REITs has been increasing, leading to an improvement in occupancy rates to record-high levels. As economic activities normalize, the inflow of population into urban centers, where many properties owned by residential REITs are located, is accelerating.

- Particularly noticeable is the net influx of young people into Tokyo, significantly expanding the demand for single and compact-type rental housing for individuals. Additionally, the increase in dual-income households and the surge in condominium prices have heightened the demand for family-type rental housing intended for families.

- Along with the expanding demand, the rent fluctuation rate during tenant turnover has been accelerating, approaching pre-COVID peak levels. The rising wages enhance tenants' rent-paying ability, further accelerating the rent fluctuation rate during turnovers. Consequently, the internal growth of residential REITs is expected to continue.

# Logistics: High Vacancy Rates, but Minimal Impact on REITS

## Logistics Facilities: Vacancy Rates for REIT-Owned Properties and the Market



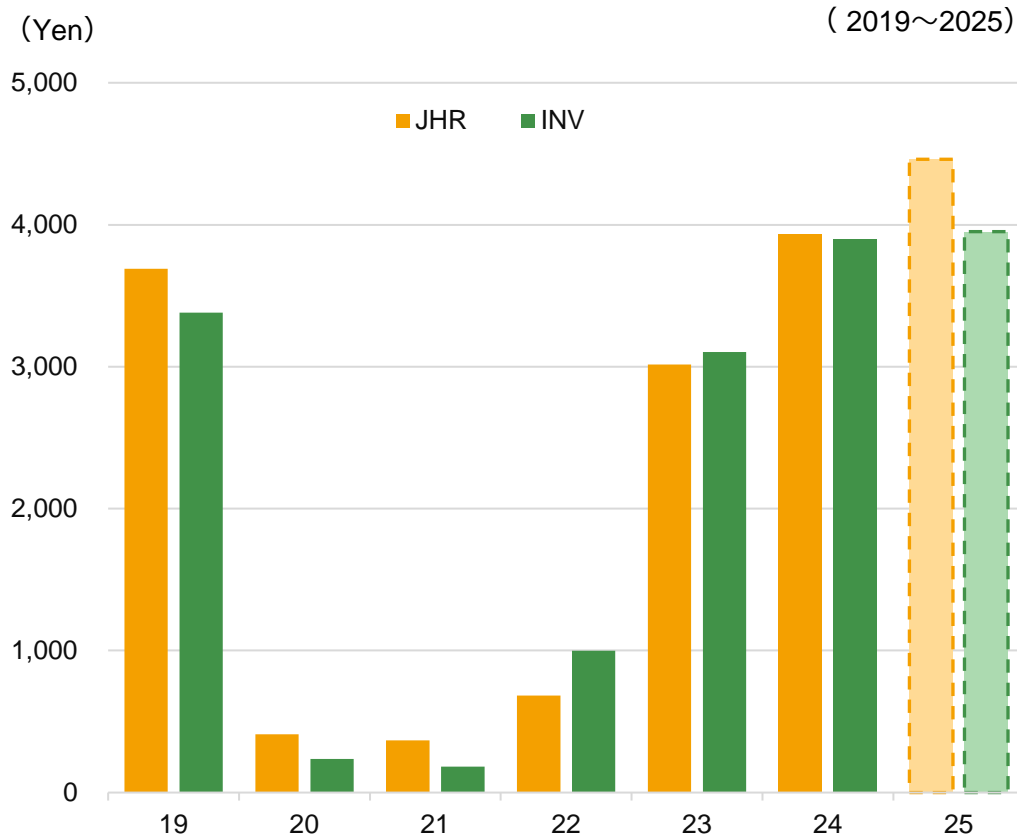
※The vacancy rates for logistics facilities in the Tokyo and Kansai metropolitan areas are based on data from Ichigo Real Estate Service. This data has been tracked every three months since October 2013.

- In the Tokyo metropolitan area, there has been a substantial influx of new logistics facilities, leading to an increase in the market vacancy rate, which has reached its highest level in the past decade. However, the vacancy rate for logistics facilities owned by REITs remains low and stable.
- The market vacancies are primarily concentrated in newly supplied properties and have had little impact on properties owned by REITs. The reasons include:
  1. The superior location and building specifications of the properties owned by REITs.
  2. The high costs associated with relocation, such as moving expenses and the reemployment of warehouse workers.
  3. The higher rental rates necessary for newly supplied properties due to rising land prices and construction costs, which give existing properties a rental advantage.
- Looking ahead, the impact of soaring land prices and construction costs is expected to reduce supply. Although the vacancy rate has increased, solid demand persists, and in the medium to long term, we anticipate an improvement in market conditions due to the reduced supply.

(Source) Compiled by Daiwa Asset Management from Ichigo Real Estate Service and Investment Trusts Association data.

# Hotels: Performance Improvement Expected from Inbound Demand

## Dividend per Unit for Hotel REITs



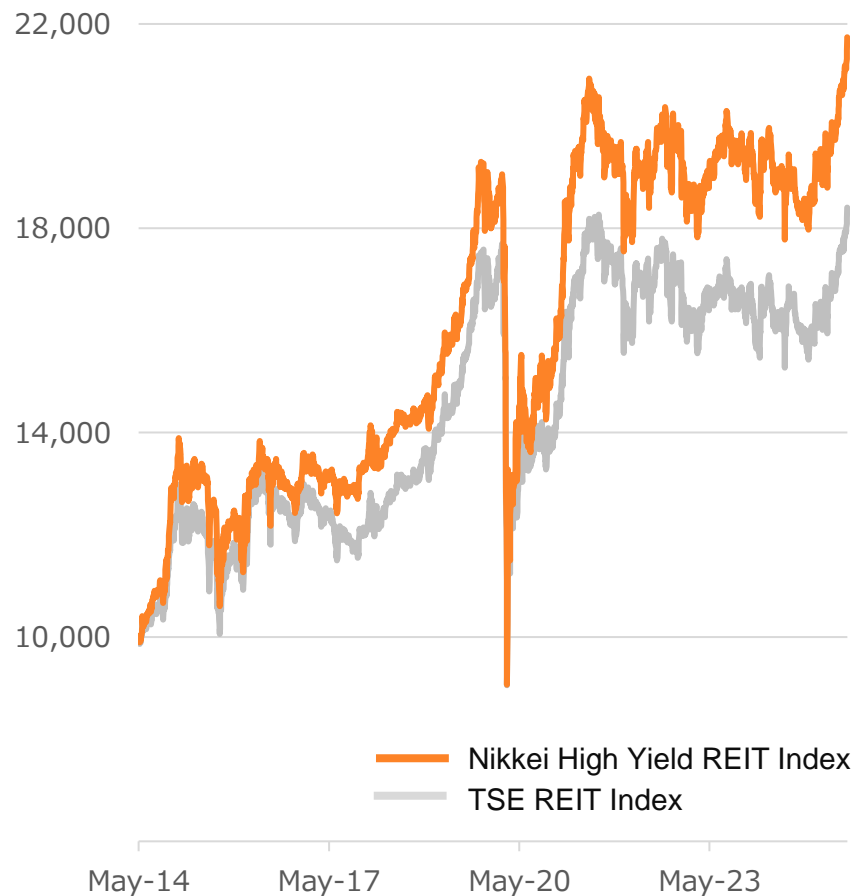
※Dividend per Unit for Hotel REITs: For 2025, company forecasts are used. Since Invincible (INV) has a fiscal period ending in June, the actual and company forecast figures for the June and December periods are combined to calculate the annual value. Japan Hotel REIT (JHR) has a fiscal period ending in December, so the figures are used as they are.

(Source) Compiled by Daiwa Asset Management from disclosures by each company

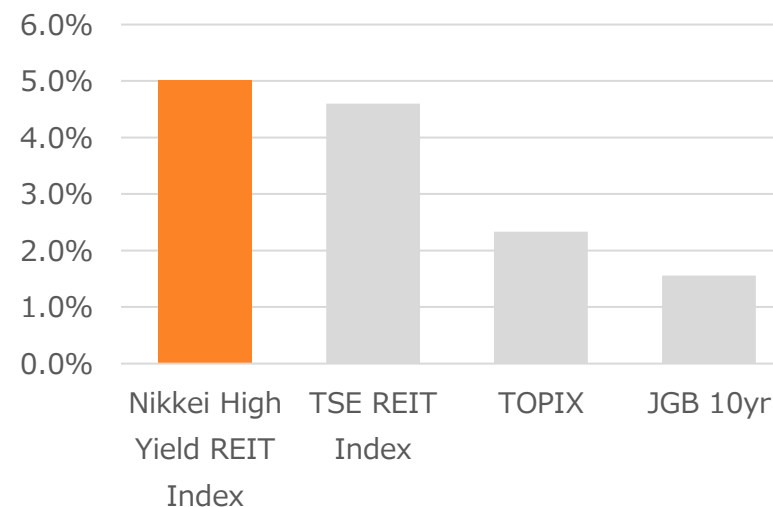
- The dividend per share for the two major hotel REITs exceeded pre-COVID levels in 2024. As shown in the figure, this sector was significantly impacted by the pandemic, with dividends once nearing zero. However, it has finally achieved a full recovery. The primary driver of demand recovery has been the surge in inbound tourism.
- The number of foreign visitors to Japan in 2024 reached a record high of 36.87 million, marking a 47% increase compared to the previous year. The recovery in flight numbers from autumn 2024 further boosted demand, and hotel performance in January-March 2025 has also shown robust trends.
- This strong inbound demand is expected to continue, and we anticipate that hotel performance will remain favorable moving forward.

# TSE REIT Index and Nikkei High Yield REIT Index (Total Return)

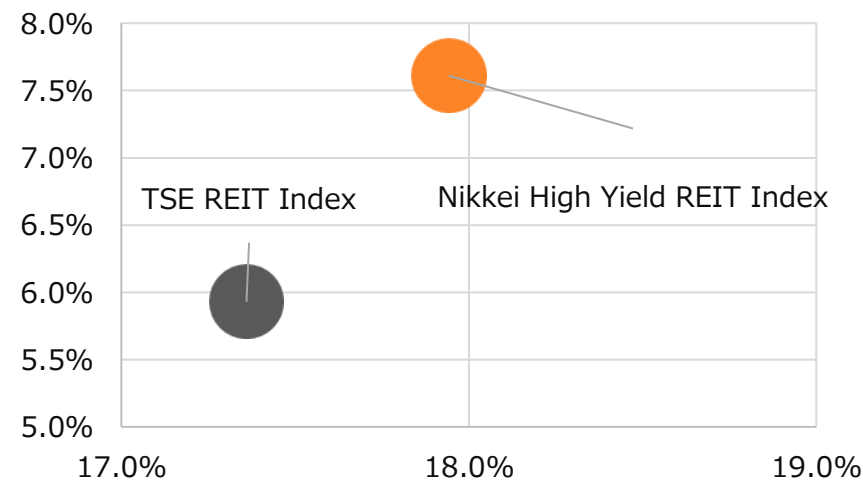
**Index Performance (Total Return)**  
(May 2014~July 2025, daily, 10,000 at May 2014)



**Dividend Yield**



**Risk / Return (May 2014 - July 2025)**



Source: Bloomberg, compiled by Daiwa Asset Management.

# Key Points

## 1 Stable and High-Income Earnings

- ✓ Composed of about 35 stocks selected based on liquidity and Nikkei expected dividend yield
- ✓ High yield relative to the TSE REIT Index is achieved by weighting stocks based on their market capitalization and expected dividend yield

## 2 Good performance supported by high income

- ✓ Outperforms the TSE REIT Index by generating stable and high income to support the total return.
- ✓ High level of income acts as a cushion in the event of price declines

## 3 High correlation with the TSE REIT Index and equivalent liquidity

- ✓ While the index focuses on high yields, it has a high correlation with the TSE REIT Index, enabling the same level of risk management.
- ✓ In principle, the index consists of 35 stocks, but its market capitalization and weighted average trading value are more than half those of the TSE REIT Index.



**An ETF that is expected to secure a higher yield than the TSE REIT Index in yen-denominated terms**

# What is the Nikkei High Yield REIT Index?

- ✓ The index based on the market capitalization x yield weighting method, consisting of high-yielding stocks among REITs listed on the Tokyo Stock Exchange
- ✓ Calculated and published by Nikkei Inc.

## Basic Information

Number of stocks	35
Replacement of stocks Rebalance Date	Once a year (End of May)
Base date for calculation	May 30, 2014 Starting date = 1,000 points
Index calculation start date	2020/7/20
Weighting Method	Market capitalization x Yield weight (Maximum 5% per issue)
Publication of Index Values	Daily
Universe	REITs listed on the Tokyo Stock Exchange
Index Ticker	NKYHR (Price Return) NKYHRTR (Total return) NKYHRNTR (Net Total Return)

## Top-ranked stocks and industries (ETF basis)

Code	REIT Name	Weight
1 8985	Japan Hotel REIT Investment Corporation	5.14%
2 8953	Japan Metropolitan Fund Investment Corporatio	5.11%
3 3281	GLP J-REIT	5.02%
4 8963	Invincible Investment Corporation	5.01%
5 8972	KDX Realty Investment Corporation	5.01%
6 8954	ORIX JREIT INC.	4.98%
7 3462	Nomura Real Estate Master Fund, Inc.	4.93%
8 8960	United Urban Investment Corporation	4.92%
9 8984	Daiwa House REIT	4.85%
10 3309	Sekisui House REIT, Inc	4.41%

Sector	Weighting (%)
Diversified	43.7
Industrial	14.9
Retail	13.6
Office	13.4
Hotel and resort	10.7
Residential	3.7
Healthcare	0.0

## Rules for Stock Replacement and Rebalancing

		Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
Issue Selection Reference Date	Last business day of the month				○								
Rebalance Implementation Date	Last business day of the month					○							

\*Reconstitution and rebalancing of the index will be conducted after the close of trading on the rebalancing implementation date.

\*The benchmark for the ETFs is the total return

Data base date: End of June 2025

**Daiwa Asset Management**

# All Listed J-REITs on the Tokyo Stock Exchange (TSE)

As of 30<sup>th</sup> June 2025

NAME	Div Yield	Weight	NAME	Div Yield	Weight
8951 Nippon Building Fund Inc	3.7		8976 Daiwa Office Investment Corp	4.3	
8952 Japan Real Estate Investment Corp	4.2		8956 NTT UD REIT Investment Corp	4.7	
8953 Japan Metropolitan Fund Invest	5.0	5.1%	3481 Mitsubishi Estate Logistics REIT Investment Corp	5.4	
3462 Nomura Real Estate Master Fund Inc	4.7	4.9%	8987 Japan Excellent Inc	4.3	
8972 KDX Realty Investment Corp	5.2	5.0%	3296 NIPPON REIT Investment Corp	5.4	2.1%
3281 GLP J-Reit	5.1	5.0%	3468 Star Asia Investment Corp	5.8	2.0%
3283 Nippon Prologis REIT Inc	4.5		8966 Heiwa Real Estate REIT Inc	5.5	2.2%
8954 Orix JREIT Inc	4.2	5.0%	3287 Hoshino Resorts REIT Inc	3.8	
8984 Daiwa House REIT Investment Corp	5.3	4.9%	8958 Global One Real Estate Investment Corp	4.7	1.8%
8960 United Urban Investment Corp	5.1	4.9%	8968 Fukuoka REIT Corp	4.6	2.0%
8963 Invincible Investment Corp	6.3	5.0%	8977 Hankyu Hanshin REIT Inc	4.1	
3269 Advance Residence Investment Corp	4.0		8975 Ichigo Office REIT Investment Corp	6.6	1.9%
8985 Japan Hotel REIT Investment Corp	5.2	5.1%	3487 CRE Logistics REIT Inc	5.0	1.3%
8955 Japan Prime Realty Investment Corp	4.3		3476 Mirai Corp	5.9	1.1%
3471 Mitsui Fudosan Logistics Park Inc	3.3		3492 Takara Leben Real Estate Investment Corp	6.1	1.1%
3309 Sekisui House Reit Inc	5.5	4.4%	2979 SOSiLA Logistics REIT Inc	5.0	1.1%
3249 Industrial & Infrastructure Fund Investment Corp	5.8	4.1%	3290 One REIT Inc	5.5	0.9%
3226 Nippon Accommodations Fund Inc	3.8		8979 Starts Proceed Investment Corp	6.0	0.6%
8967 Japan Logistics Fund Inc	3.9		2972 Sankei Real Estate Inc	5.2	0.6%
3279 Activia Properties Inc	4.9	3.9%	3451 Tosei Reit Investment Corp	5.6	
3466 LaSalle Logiport REIT	5.5	3.4%	3455 Health Care & Medical Investment Corp	5.6	
3234 Mori Hills REIT Investment Corp	4.8	3.2%	2971 ESCON Japan Reit Investment Corp	5.5	
3292 AEON REIT Investment Corp	5.3	3.6%	3459 Samty Residential Investment Corp	5.9	
8964 Frontier Real Estate Investment Corp	5.4	3.0%	2989 Tokaido REIT Inc	5.9	0.5%
3282 Comforia Residential REIT Inc	4.0		3463 Ichigo Hotel REIT Investment Corp	10.1	0.6%
8986 Daiwa Securities Living Investments Corp	5.4	3.1%	3470 Marimo Regional Revitalization REIT Inc	6.7	0.4%
3295 Hulic Reit Inc	4.9	3.0%	3488 XYMAX REIT Investment Corp	6.2	
8961 Mori Trust Reit Inc	5.1	3.3%	3472 Nippon Hotel & Residential Investment Corp	5.4	
8957 Tokyu REIT Inc	4.0				

With shading indicating those included in the Nikkei High Yield REIT Index and their respective weights

## GIGS Sector

Sector(%)	TSE REIT	Nikkei High Div	Sector(%)	TSE REIT	Nikkei High Div
Diversified	30.9	43.7	Retail	9.1	13.6
Office	25.8	13.4	Hotel & Resort	7.4	10.7
Industrial	18.4	14.9	Health Care	0.3	0.0
Residential	8.2	3.7			

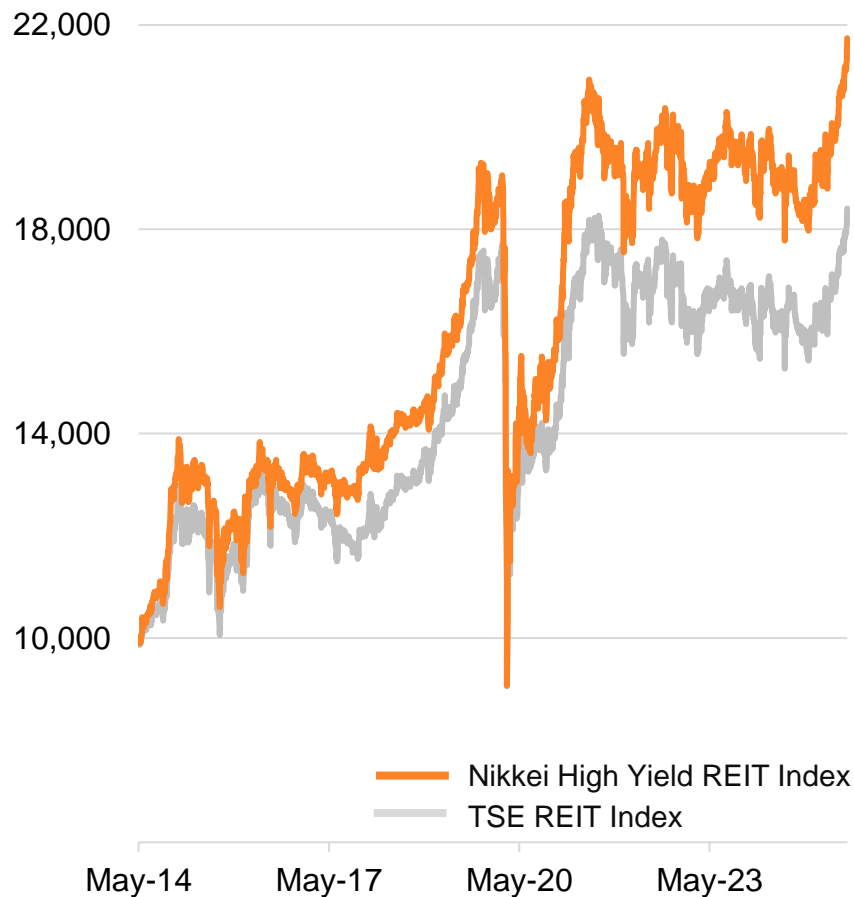
※Dividend yields based on 12-month actual values

Source: Prepared by Daiwa Asset Management Co. Ltd. based on Bloomberg data as 30th June 2025

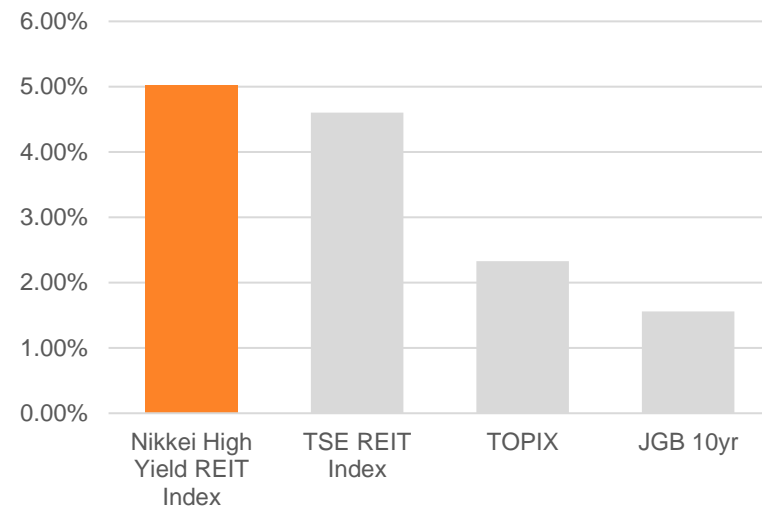
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# TSE REIT Index and Nikkei High Yield REIT Index (Total Return)

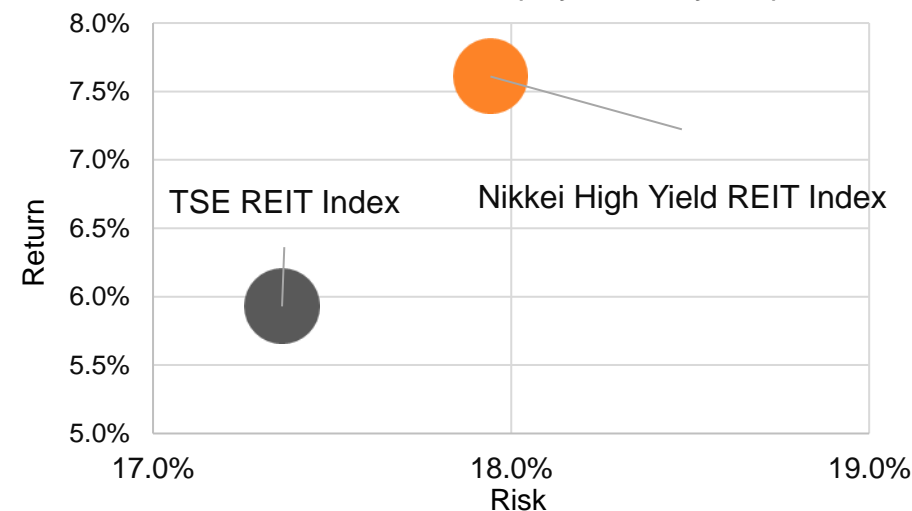
**Index Performance (Total Return)**  
(May 2014~July 2025, daily, 10,000 at May 2014)



**Dividend Yield**



**Risk / Return (May 2014 - July 2025)**



(Note) There is a discrepancy of more than 1% between the dividend yield and the actual dividend payout for Nikkei High Yield REIT ETF (Code: 210A). This is due to the dilution effect as the fund has been established for one year and the AUM has increased to USD 50mil. As the AUM continues to grow, the impact of dilution will minimize in the future. Additionally, the TSE J-REIT (Code: 1488) has an AUM of USD 1.8 billion, so the impact is minimal.

Source: Bloomberg, compiled by Daiwa Asset Management.

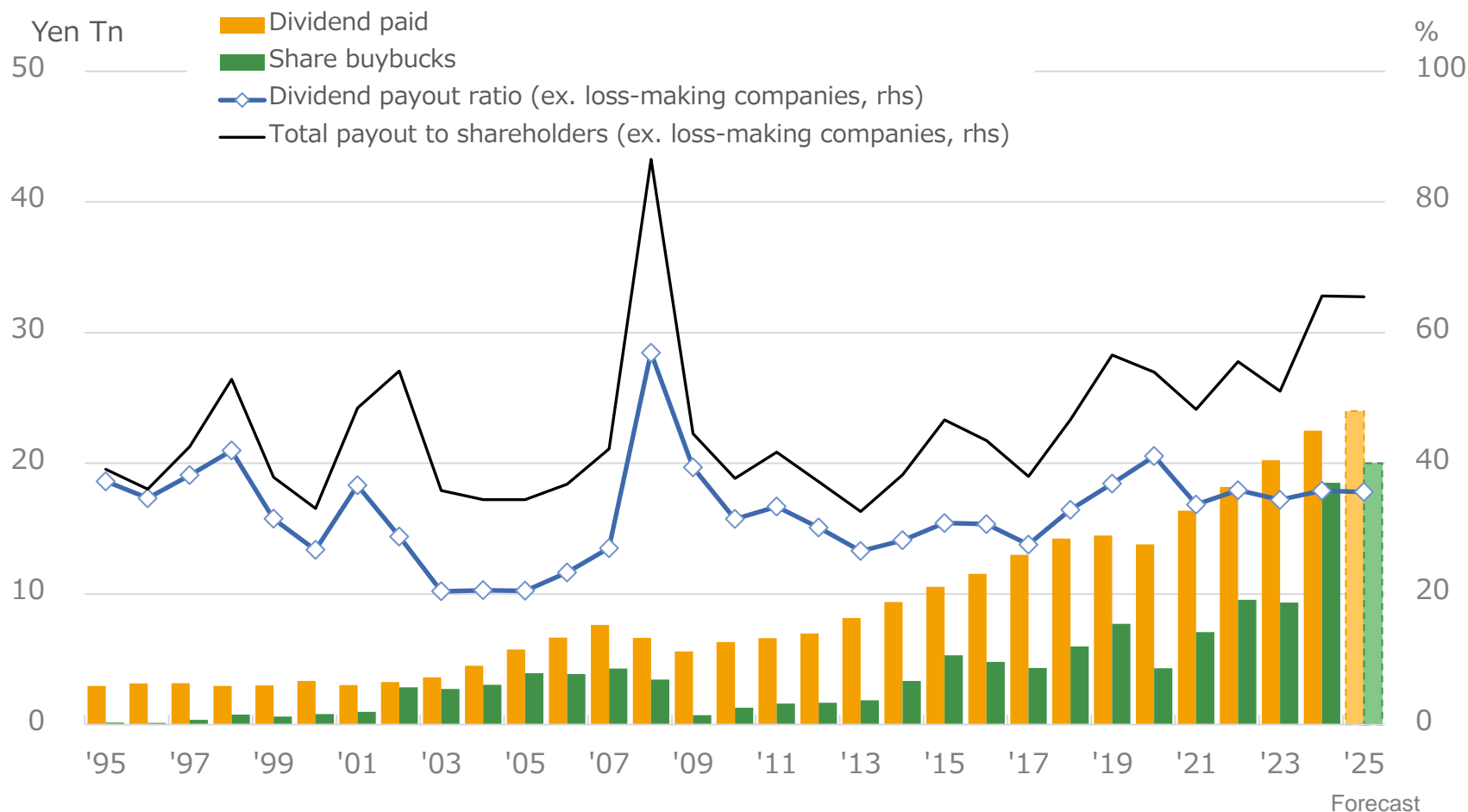


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# | Japan High Dividend Stock

# The trend of shareholder returns among listed companies is further increasing

## Shareholders return by all companies listed



- Management is increasingly conscious of capital efficiency and shareholder returns
- Share buybacks increased significantly in 2024 and are expected to be higher in 2025, while dividends continue to steadily increase, helped by high levels of corporate profits and cash holdings

※ Source: QUICK, Tokyo Keizai, INDB, Daiwa Sec

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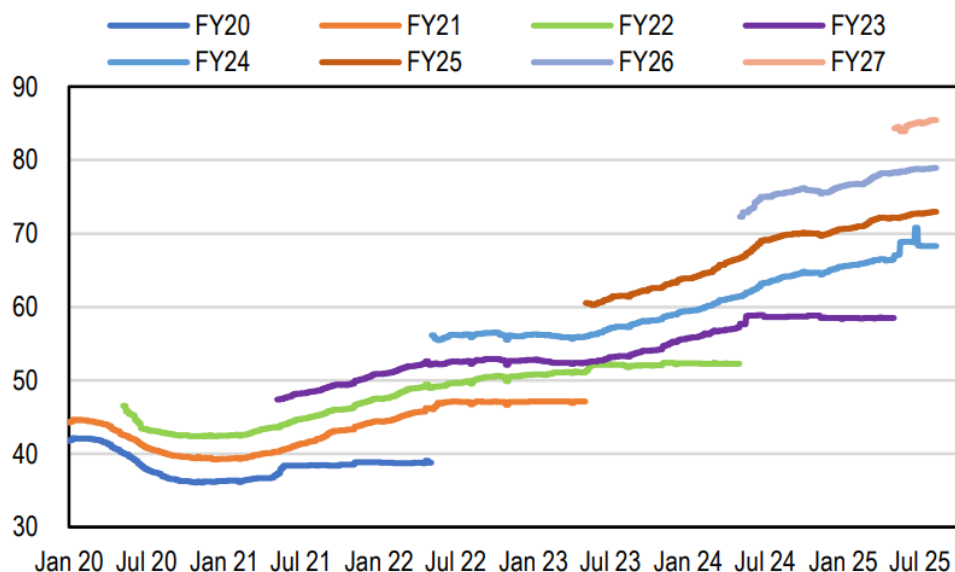
※Please refer to "Important Information" on the last page.

※Nothing contained in this document is intended to imply or guarantee future performance.

# Consensus estimates for FY25-27 TOPIX DPS raised modestly

## Dividend hikes may signal management's confidence in earnings performances

**Chart 1: TOPIX DPS Forecasts (Y)—FY25 estimates on uptrend since mid-2023**



Source: LSEG; compiled by Daiwa.

**Chart 2: Comparison with End-Jun 2025 TOPIX DPS Forecast (Y)—Consensus estimate for FY25-27 TOPIX DPS modestly raised**

	As of 30 Jun 2025			As of 8 Aug 2025			B / A – 1
	DPS (A)	Y/y	Dividend payout ratio	DPS (B)	Y/y	Dividend payout ratio	
FY24 E	68.4	16.9%	36.3%	68.3	16.7%	36.3%	-0.1%
FY25 E	72.8	6.4%	37.8%	73.0	6.9%	38.4%	0.3%
FY26 E	78.8	8.3%	36.7%	78.9	8.2%	36.8%	0.1%
FY27 E	85.2	8.1%	36.5%	85.5	8.3%	36.6%	0.3%

Source: LSEG; compiled by Daiwa.

E: LSEG estimates

※ Source: LSEG, compiled by Daiwa Securities

※Please refer to "Important Information" on the last page.

24 ※Nothing contained in this document is intended to imply or guarantee future performance.

## What is the Bloomberg 50 High Dividend Index?

- ✓ Comprised of **50 stocks with high expected dividend yields** while maintaining financial soundness
- ✓ Stocks are selected with market capitalization and liquidity in mind, and stocks are rebalanced every three months to ensure that they are replaced and evenly weighted

### Basic Information

Number of stocks	50 stocks
Total market capitalization	82.3 trillion yen
Replacement of stocks Rebalance Date	4 times a year (January, April, July, October)
Base date for calculation	April 15, 2015 Starting date = 1,000 points
Index calculation start date	3/13/2025
Weighting Method	Equal weight (2% per issue)
Publication of Index Values	Daily
Universe	Top TSE listed 500 Stocks by Market Capitalization (Excludes REIT)
Index Ticker	BJHD50 (Price Return) BJHD50T (Total return) BJHD50N (Net return)

### Portfolio Characteristic

P/E Ratio	9.4
P/B Ratio	0.8
ROE	8.0
Dividend Yield (12-month Actual)	4.5

### Rules for Stock Replacement and Rebalancing

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Stock Replace	Last business day of the month			○			○			○			○
Rebalance	Stock selection day +10 business days	○			○			○			○		

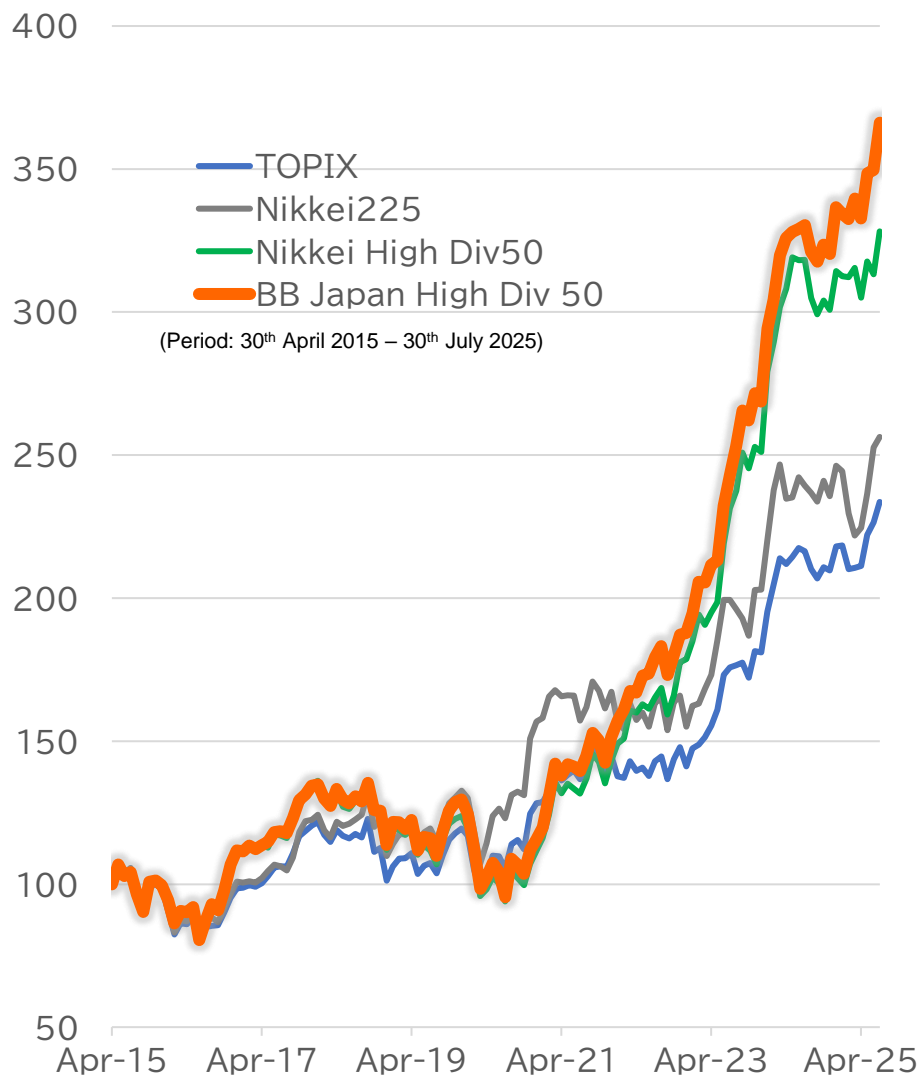
\*The benchmark for the ETFs is the total return

Data base date: End of June 2025

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## Performance Comparison with Major Indices

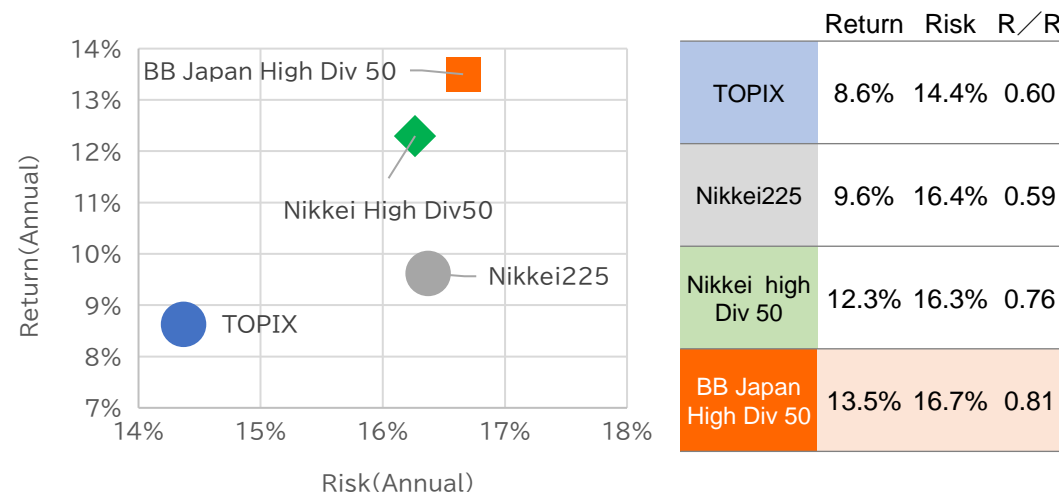
### Performance



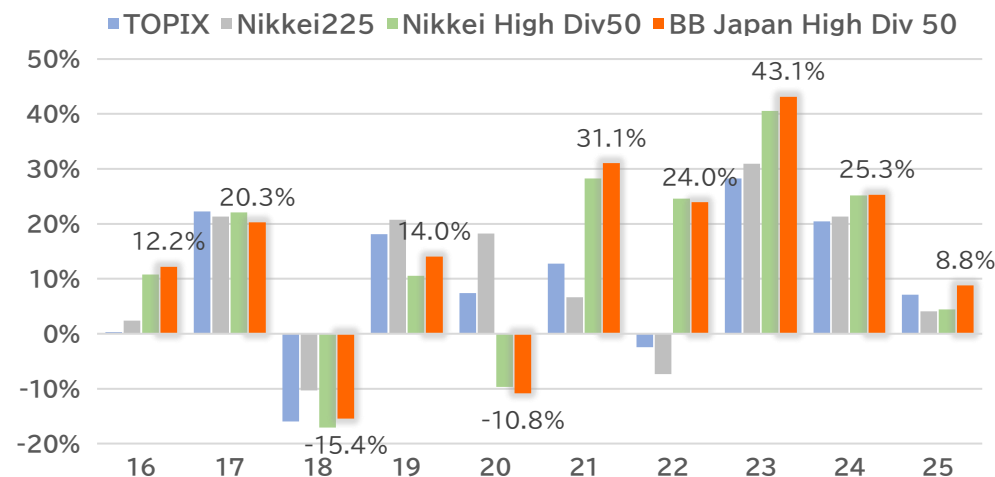
※ Indexed with 4/30/2015 as 100, using total return index

### Risk-Return (Annual)

(Period: 30<sup>th</sup> April 2015 – 30<sup>th</sup> July 2025)



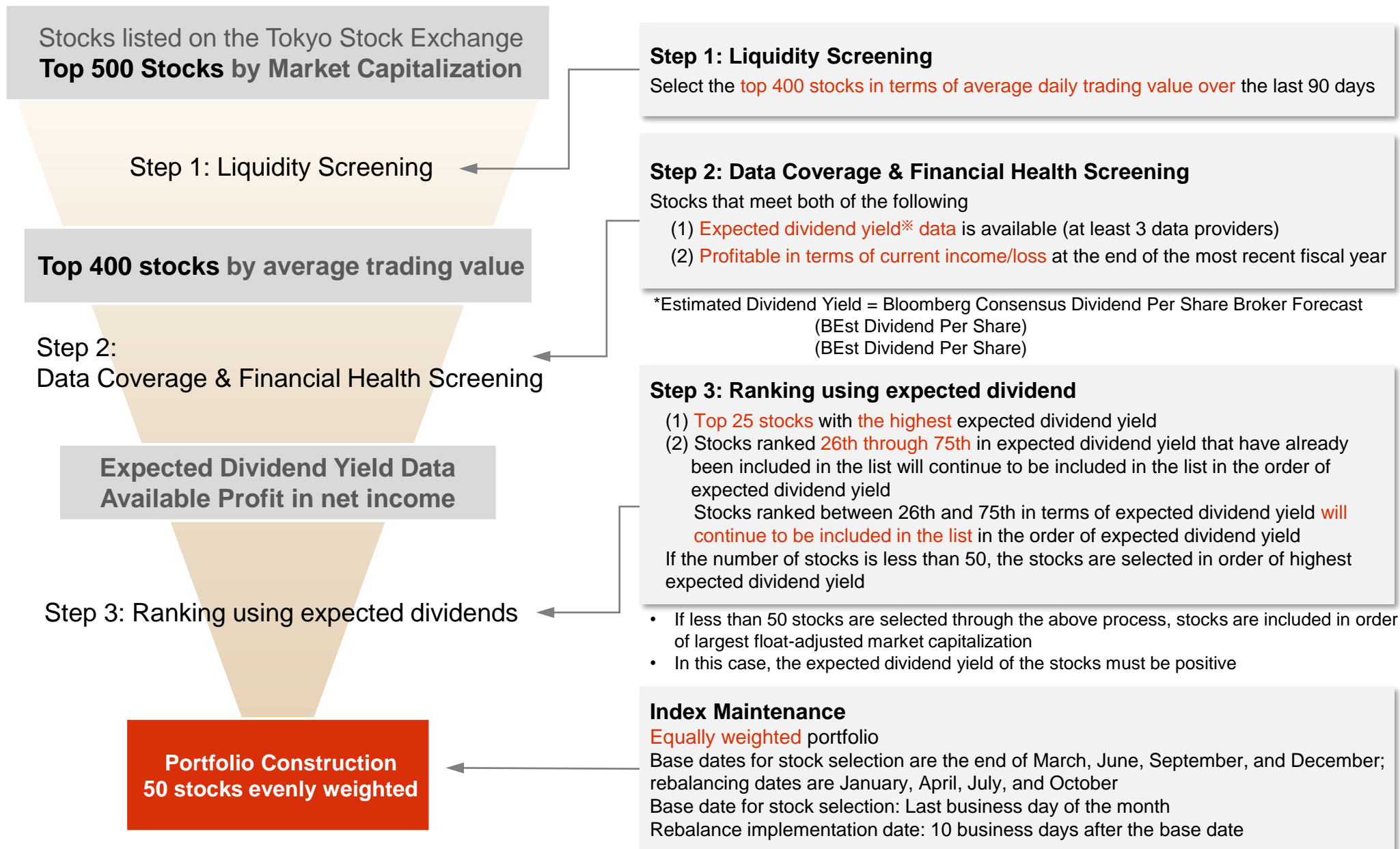
### Annual return (calendar year basis, through the end of July 2025)



Source: Prepared by Daiwa Asset Management Co. Ltd. based on Bloomberg data

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# Bloomberg Japan High Dividend Yield 50 Index Screening Process



Source: Daiwa Asset Management Co. Ltd. from Bloomberg

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※Please refer to "Important Information" on the last page.

※Nothing contained in this document is intended to imply or guarantee future performance.

# Advantages of Forecast Dividend Yield Data

Utilizes the Bloomberg Consensus Per Share Dividend Broker Forecast (BEst Dividend Per Share)

- ✓ Coverage of the consensus forecast is **very broad**
- ✓ Uses consensus forecasts with **at least three data providers** to improve the accuracy of dividend forecasts
- ✓ Improved **accuracy of dividend forecasts** by reflecting data within 24 hours of receipt of data

## Bloomberg Consensus data coverage of Japanese stocks

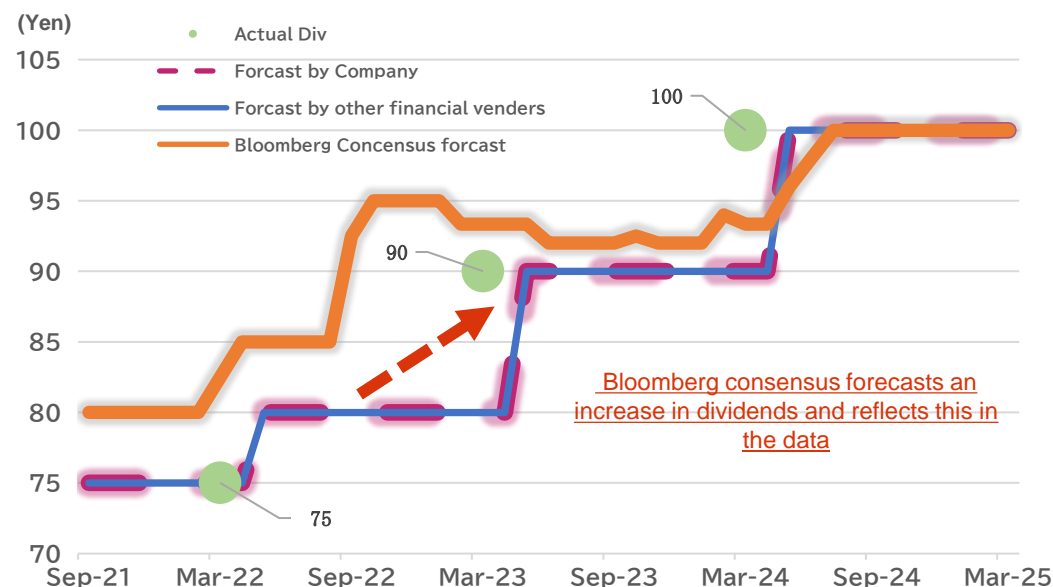
A	Coverage Number of Stocks	<b>1,627</b>
B	TOPIX Constituent Stocks	1,696
A/B	Coverage Rate (Coverage Stocks / TOPIX Stocks)	<b>95.9%</b>

Number of companies providing data to Bloomberg: 42

## Coverage by market capitalization (three or more companies providing data)

Market Cap	Number of Stocks	Coverage companies	Ratio
1~400	400	375	94%
401~500	100	76	76%
501~1,000	500	167	33%
1,001~1,500	500	42	8%
1,501~	196	9	5%

## Example of consensus forecast 9513 J-POWER



Example of expected dividend yield data from other financial information vendors

- Contains forecast dividend data based on publicly available company data
- Updated at most twice a year

On the other hand, the **Bloomberg Consensus Forecasts are**

- ✓ Based on information updated more frequently and by multiple Analysts
- ✓ Provides forecasts that are close to actual dividends

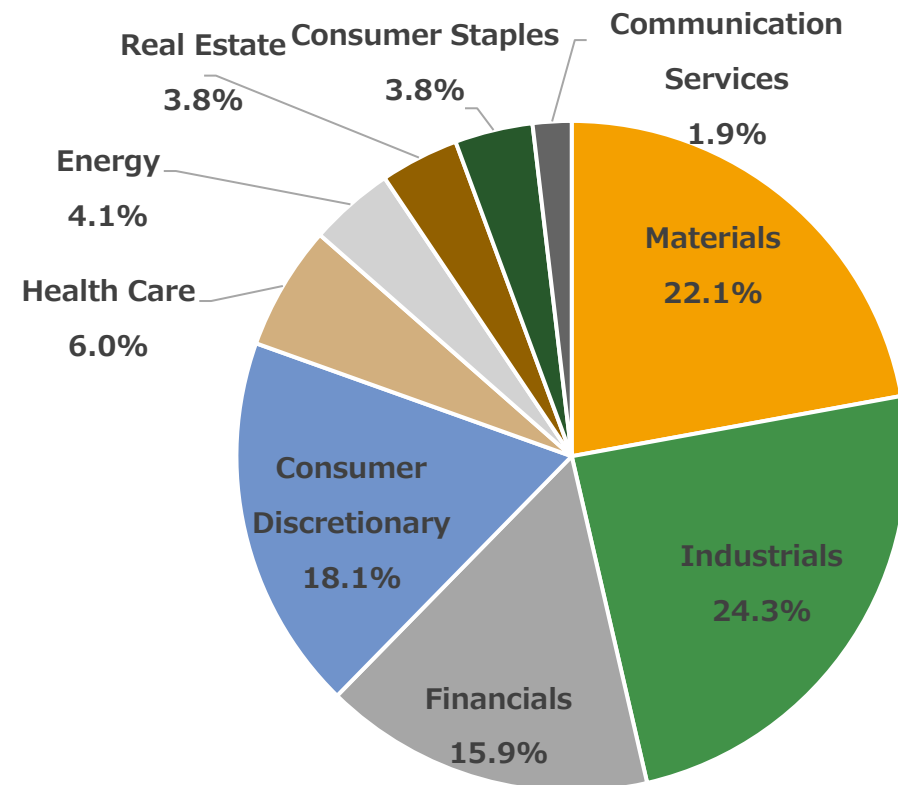
# Bloomberg Japan High Dividend Yield 50 Index

## Holdings and Sub-Sector Breakdown

### Holdings (as of July 2025)

Ticker	Name	Weight	GICS Sector
4182	Mitsubishi Gas Chemical Co Inc	2.3%	Materials
6302	Sumitomo Heavy Industries Ltd	2.2%	Industrials
8473	SBI Holdings Inc	2.1%	Financials
7267	Honda Motor Co Ltd	2.1%	Consumer Discretionary
4503	Astellas Pharma Inc	2.1%	Health Care
6481	THK Co Ltd	2.1%	Industrials
6473	JTEKT Corp	2.1%	Consumer Discretionary
5021	Cosmo Energy Holdings Co Ltd	2.1%	Energy
4528	Ono Pharmaceutical Co Ltd	2.1%	Health Care
6113	Amada Co Ltd	2.1%	Industrials
4043	Tokuyama Corp	2.1%	Materials
4042	Tosoh Corp	2.1%	Materials
5201	AGC Inc	2.1%	Industrials
6471	NSK Ltd	2.0%	Industrials
5401	Nippon Steel Corp	2.0%	Materials
7202	Isuzu Motors Ltd	2.0%	Consumer Discretionary
1605	Inpex Corp	2.0%	Energy
5110	Sumitomo Rubber Industries Ltd	2.0%	Consumer Discretionary
5406	Kobe Steel Ltd	2.0%	Materials
8604	Nomura Holdings Inc	2.0%	Financials
9104	Mitsui OSK Lines Ltd	2.0%	Industrials
8593	Mitsubishi HC Capital Inc	2.0%	Financials
5938	Lixil Corp	2.0%	Industrials
5105	Toyo Tire Corp	2.0%	Consumer Discretionary
9107	Kawasaki Kisen Kaisha Ltd	2.0%	Industrials
7261	Mazda Motor Corp	2.0%	Consumer Discretionary
4114	Nippon Shokubai Co Ltd	2.0%	Materials
5411	JFE Holdings Inc	2.0%	Materials
8591	ORIX Corp	2.0%	Financials
1808	Haseko Corp	2.0%	Consumer Discretionary
8309	Sumitomo Mitsui Trust Group Inc	2.0%	Financials
8601	Daiwa Securities Group Inc	2.0%	Financials
6301	Komatsu Ltd	2.0%	Industrials
4208	UBE Corp	2.0%	Materials
9101	Nippon Yusen KK	2.0%	Industrials
6305	Hitachi Construction Machinery Co Ltd	1.9%	Industrials
3861	Oji Holdings Corp	1.9%	Materials
4183	Mitsui Chemicals Inc	1.9%	Materials
2768	Sojitz Corp	1.9%	Industrials
2914	Japan Tobacco Inc	1.9%	Consumer Staples
7272	Yamaha Motor Co Ltd	1.9%	Consumer Discretionary
8252	Marui Group Co Ltd	1.9%	Financials
8725	MS&AD Insurance Group Holdings Inc	1.9%	Financials
1928	Sekisui House Ltd	1.9%	Consumer Discretionary
3231	Nomura Real Estate Holdings Inc	1.9%	Real Estate
1878	Daito Trust Construction Co Ltd	1.9%	Real Estate
9434	SoftBank Corp	1.9%	Communication Services
5444	Yamato Kogyo Co Ltd	1.9%	Materials
7956	Pigeon Corp	1.8%	Consumer Staples
4502	Takeda Pharmaceutical Co Ltd	1.8%	Health Care

### Sector Breakdown (%)

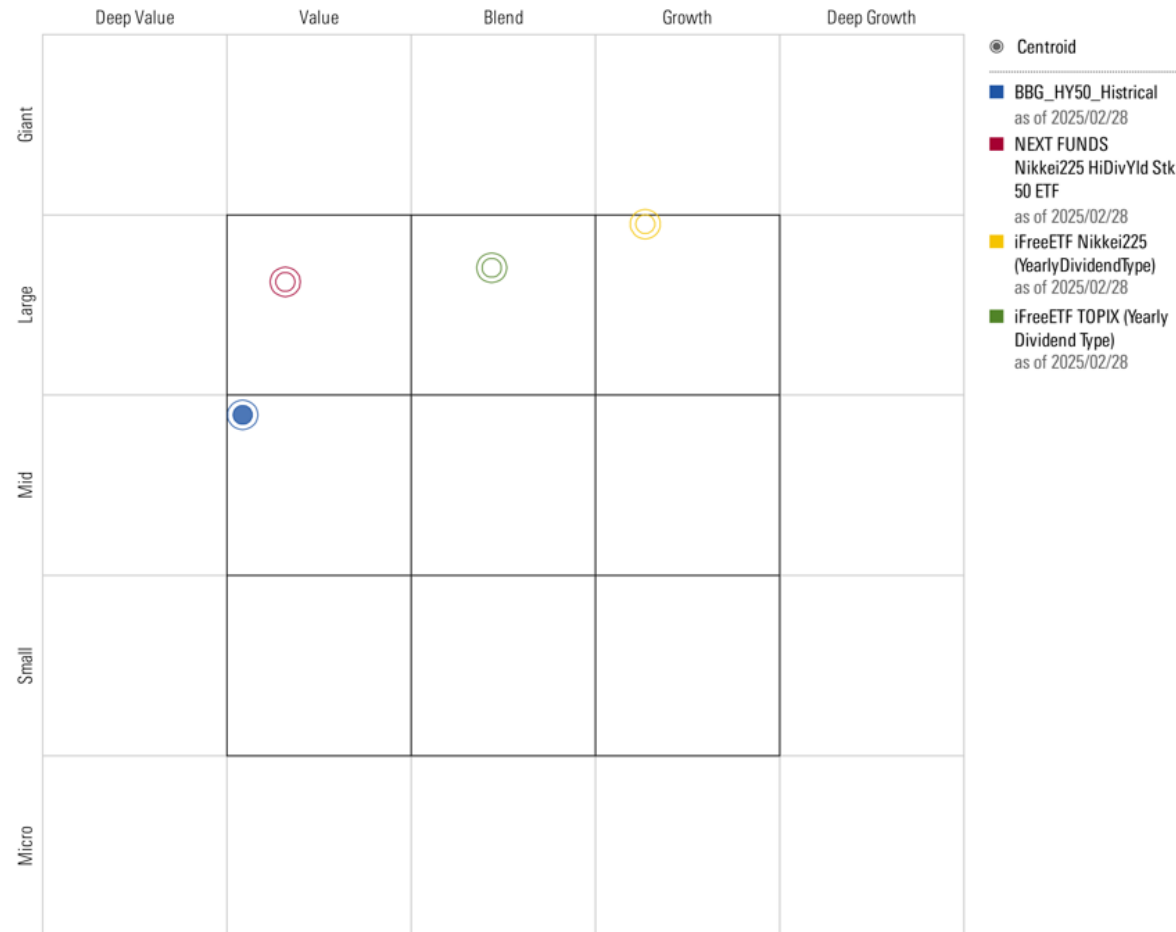


Source: Prepared by Daiwa Asset Management Co. Ltd. based on Bloomberg data as 31st July 2025

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- ✓ Comparison of TOPIX ETF, Nikkei225 ETF, Nikkei High Dividend 50 ETF and "Bloomberg Japan Equity High Dividend 50 Index
- ✓ Among high dividend Japanese stocks, the Nikkei High Dividend 50 Index tends to be large-cap and value-oriented, while the Bloomberg Japan High Dividend 50 Index tends to be mid-cap and value-oriented

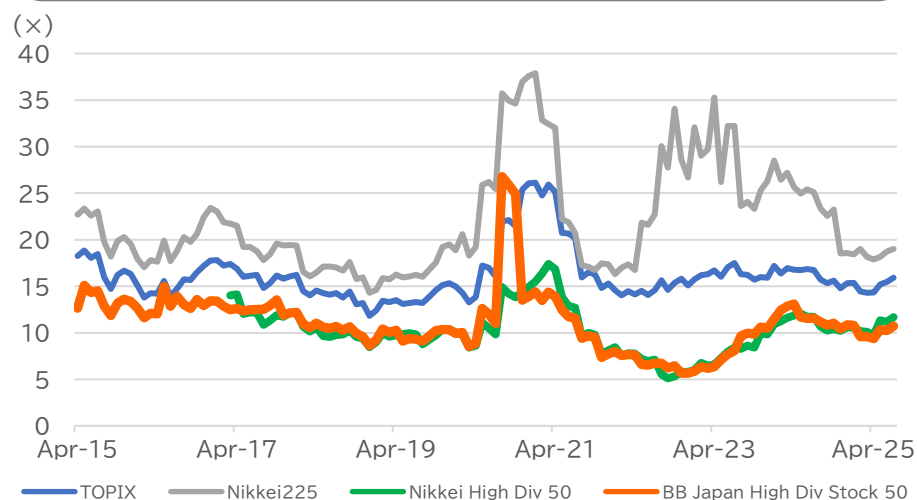


Please note that this is a comparison between the Nikkei High Dividend 50 Index and ETFs.

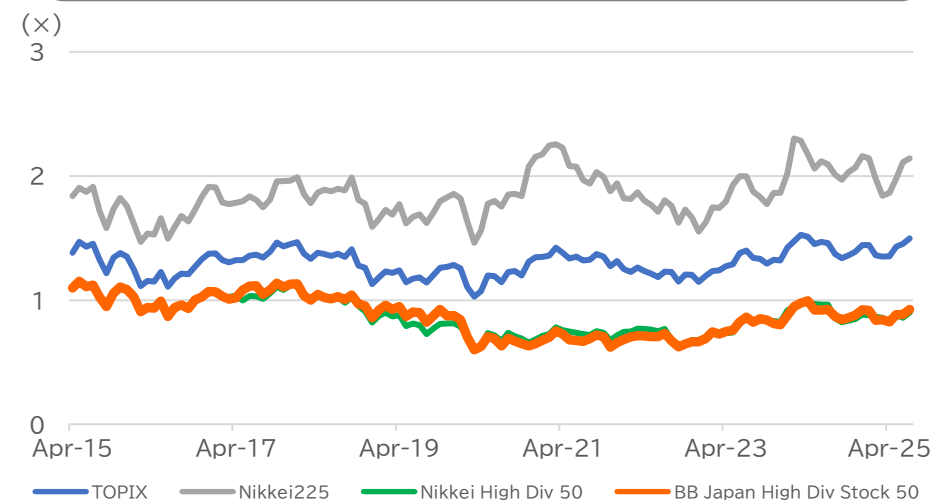
# Index Valuation Comparison

(Period: 30<sup>th</sup> April 2015 – 31<sup>st</sup> July 2025)

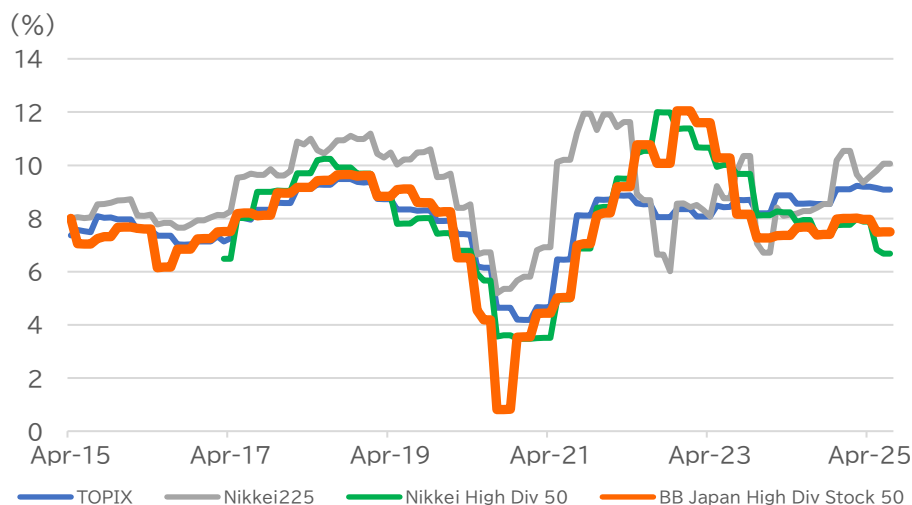
## P/E Ratio



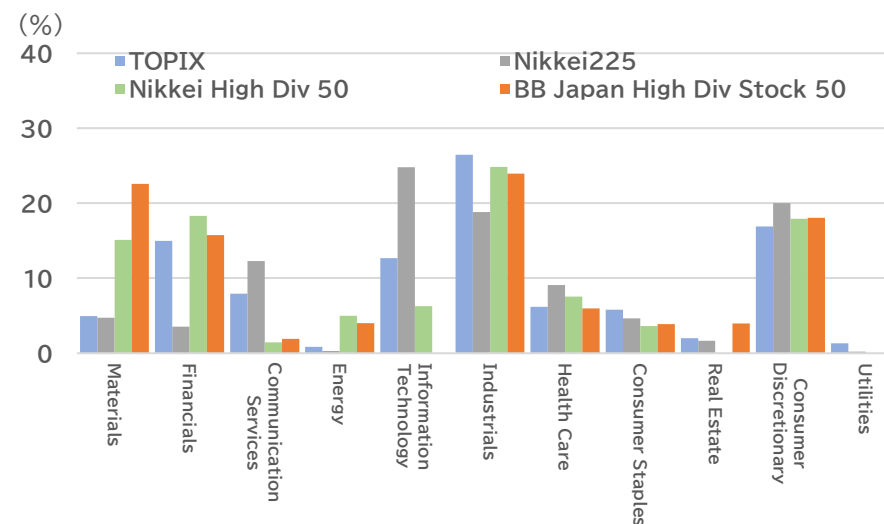
## P/B Ratio



## ROE



## Sector Weighting



※ The starting point of the Nikkei High Div 50 is 31st March 2017.

Source: Daiwa Asset Management Co. Ltd. based on data from Bloomberg and others.

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## Daiwa AM's Overseas Network



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