

**S&P Dow Jones
Indices**

A Division of **S&P Global**

**S&P Asia Corporate
Group Indices**
Methodology

May 2018

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Introduction

Index Objective and Highlights

The S&P Corporate Group Indices are designed to measure the performance of the component companies of corporate groups or conglomerates. Each S&P Corporate Group Index is comprised of the listed constituents of a given corporate group. The components of each index are selected to provide liquid exposure to constituents of a diversified conglomerate. In some cases, a corporate group may be diversified across several different sectors despite being comprised of a small basket of securities.

S&P Corporate Group Indices are calculated in the domestic currency of the primary group company and, if required, in other currencies.

Index Family

Two corporate group index series exist for the Asia region. Each series measures the performance of publicly traded companies from Japanese and Korean conglomerates.

S&P Japan Corporate Group Index - Mitsubishi Group Cluster. The Mitsubishi cluster is derived from entities that are traded on Japanese exchanges and deemed to be part of the Mitsubishi Corporate Group, as defined by Mitsubishi Public Affairs Committee.

S&P Korea Corporate Group Index - Samsung Corporate Group Cluster. The Samsung cluster is derived from entities that are traded on the Korea Stock Exchange and deemed to be part of the Samsung Corporate Group, as defined by the Korean Fair Trade Commission.

S&P Korea Corporate Group Index - Hyundai Corporate Group Cluster. The Hyundai cluster is derived from entities that are traded on the Korea Stock Exchange and deemed to be part of the Hyundai Corporate Group, as defined by the Korean Fair Trade Commission.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

| Supporting Document | URL |
|------------------------------------------------------------------------|---------------------------------------------------------|
| S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology | Equity Indices Policies & Practices |
| S&P Dow Jones Indices' Index Mathematics Methodology | Index Mathematics Methodology |
| S&P Dow Jones Indices' Float Adjustment Methodology | Float Adjustment Methodology |

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

S&P Japan Corporate Group Index

To be eligible for the index, a company must be a member of the Mitsubishi Public Affairs Committee. A list of member companies is published by the Committee at <http://www.mitsubishi.com/mpac/e/>.

The index comprises all domestic listed members of the Mitsubishi Public Affairs Committee. Changes to the list of Mitsubishi Corporate Group companies between index rebalancings, officially announced or otherwise, will not result in changes to the index until the next rebalancing.

There are no market capitalization or liquidity eligibility requirements.

S&P Korea Corporate Group Indices

Index Universe. S&P Global BMI Index.

For information on the S&P Global BMI please refer to the S&P Global BMI, S&P/IFCI Index Methodology available on our Web site at www.spdji.com.

Market Capitalization. Stocks must have a minimum float-adjusted market capitalization of 2 trillion Korean Won (KRW) on the rebalancing reference date.

IWF. Stocks must have a minimum Investable Weight Factor (IWF) of 0.45 on the rebalancing reference date.

Eligible Securities. All common shares are eligible for inclusion in the index. Preferred shares, convertible stock, bonds, warrants, and rights are not eligible.

At each rebalancing, the minimum market capitalization and IWF requirements may be relaxed depending on prevailing market conditions. Clients will be notified in advance of any such changes.

Index Construction

Constituent Selection

At each rebalancing the companies that satisfy the eligibility criteria are selected and form the indices, subject to the weighting restrictions described below.

Constituent Weightings

The indices are weighted by float-adjusted market capitalization. At each rebalancing the following single constituent maximum weight caps are implemented in the indices:

- Mitsubishi Corporate Group index constituents are capped at 10%
- Hyundai Corporate Group index constituents are capped at 30%
- Samsung Corporate Group index constituents are capped at 50%

Index Calculations

The indices are calculated by means of the divisor methodology used in all S&P Dow Jones Indices' equity indices.

For more information on index calculations please refer to the Capped Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

S&P Japan Corporate Group Index. The index is rebalanced annually in September, effective after the market close of the third Friday in September. The data reference date is the last trading date in August.

S&P Korea Corporate Group Indices. The indices are rebalanced annually in December, effective after the market close of the third Friday in December. The data reference date is the last trading date in November.

Additions. Additions are made to the indices only during the annual rebalancing, except for spin-offs as detailed in *Corporate Actions*.

Deletions. Between the rebalancing dates, a company can be deleted from the indices due to corporate events such as mergers, acquisitions, delistings or a significant event that affects company size.

Corporate Actions

For information on Corporate Actions, please refer to *S&P Dow Jones Indices' Equity Indices Policies & Practices* document.

Currency, Currency Hedged, and Risk Control Indices

The indices are calculated in their respective domestic currencies. US Dollar versions are also calculated for the S&P Korea Corporate Group Indices, using the TTM exchange rate.

Additional currency, currency hedged, and risk control versions of the indices may be available. For a list of available currency, currency hedged, and risk control indices, please contact Client Services at index_services@spglobal.com.

For more information on currency, currency hedged, and risk control indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Base Date and History Availability

| Index | Launch Date | First Value Date | Base Date | Base Value |
|--------------------------------------|-------------|------------------|------------|------------|
| S&P Mitsubishi Corporate Group Index | 06/29/2009 | 04/02/2001 | 04/02/2001 | 1000 |
| S&P Hyundai Corporate Group Index | 05/11/2011 | 12/15/2006 | 12/15/2006 | 1000 |
| S&P Samsung Corporate Group Index | 05/11/2011 | 12/15/2006 | 12/15/2006 | 1000 |

Investable Weight Factor (IWF)

Please refer to S&P Dow Jones Indices' Float Adjustment Methodology for a detailed description of float adjustment and Investable Weight Factor (IWF).

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices document.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.

Index Governance

Index Committee

The S&P Dow Jones Indices' Asia Index Committee maintains the indices. The Index Committee members are all full-time professional members of S&P Dow Jones Indices' staff. The Index Committee meets regularly. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, share counts, maximum weight, or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Action report (SDE), delivered daily via ftp to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

Market-sensitive announcements, including the additions or deletions of stocks, are normally made when markets are closed. In general, announcements are made after the close of the last market in the index.

For more information on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy.

Pro-forma Files

In addition to the corporate actions file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since Index shares are assigned based on prices prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Holiday Schedule

The indices are calculated daily, throughout the calendar year. The only days the indices are not calculated are on days when all exchanges where the index constituents listed are officially closed.

A complete holiday schedule for the year is available at www.spdji.com.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact index_services@spglobal.com for a complete list of indices covered by this document.

| Index | Bloomberg | Reuters |
|-----------------------------------------------------------------------------------|-----------|-----------|
| S&P Japan Corporate Group Index - Mitsubishi Group Cluster Price Return (JPY) | SPSXMUJP | .SPSXMUJP |
| S&P Japan Corporate Group Index - Mitsubishi Group Cluster Total Return (JPY) | SPSXMUJT | --- |
| S&P Japan Corporate Group Index - Mitsubishi Group Cluster Net Total Return (JPY) | SPSXMUJN | --- |
| S&P Korea Corporate Group Index – Samsung Cluster (KRW) | SPXKCGKP | .SPXKCGKP |
| S&P Korea Corporate Group Index – Samsung Cluster Total Return (KRW) | SPXKCGKT | .SPXKCGKT |
| S&P Korea Corporate Group Index – Samsung Cluster (USD) | SPXKCGUP | .SPXKCGUP |
| S&P Korea Corporate Group Index – Samsung Cluster Total Return (USD) | SPXKCGUT | .SPXKCGUT |
| S&P Korea Corporate Group Index – Hyundai Cluster (KRW) | SP2KCGKP | .SP2KCGKP |
| S&P Korea Corporate Group Index – Hyundai Cluster Total Return (KRW) | SP2KCGKT | .SP2KCGKT |
| S&P Korea Corporate Group Index – Hyundai Cluster (USD) | SP2KCGUP | .SP2KCGUP |
| S&P Korea Corporate Group Index – Hyundai Cluster Total Return (USD) | SP2KCGUT | .SP2KCGUT |

FTP

Daily constituent and index level data are available via FTP subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

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