

News Release

Date: December 2, 2013

Contacts: Public Relations, JAPAN: Marketing & Communications, Russell Investments Japan +813-5411-3790 / USA: Russell Investments +1-206-505-1858

Index Products Group, Quantitative Research Dept., Nomura Securities +813-6703-3986

Russell/Nomura Japan Equity Indexes add 41 new firms in annual reconstitution

The family of Russell/Nomura Indexes, which captures 98% of the float-adjusted market capitalization of the Japanese equity market, added 41 new firms as part of the annual reconstitution process on December 2, announced Nomura Securities Co., Ltd. and Russell Investments. The membership list was posted on <http://qr.nomuraholdings.com/en/frcnri/index.html>.

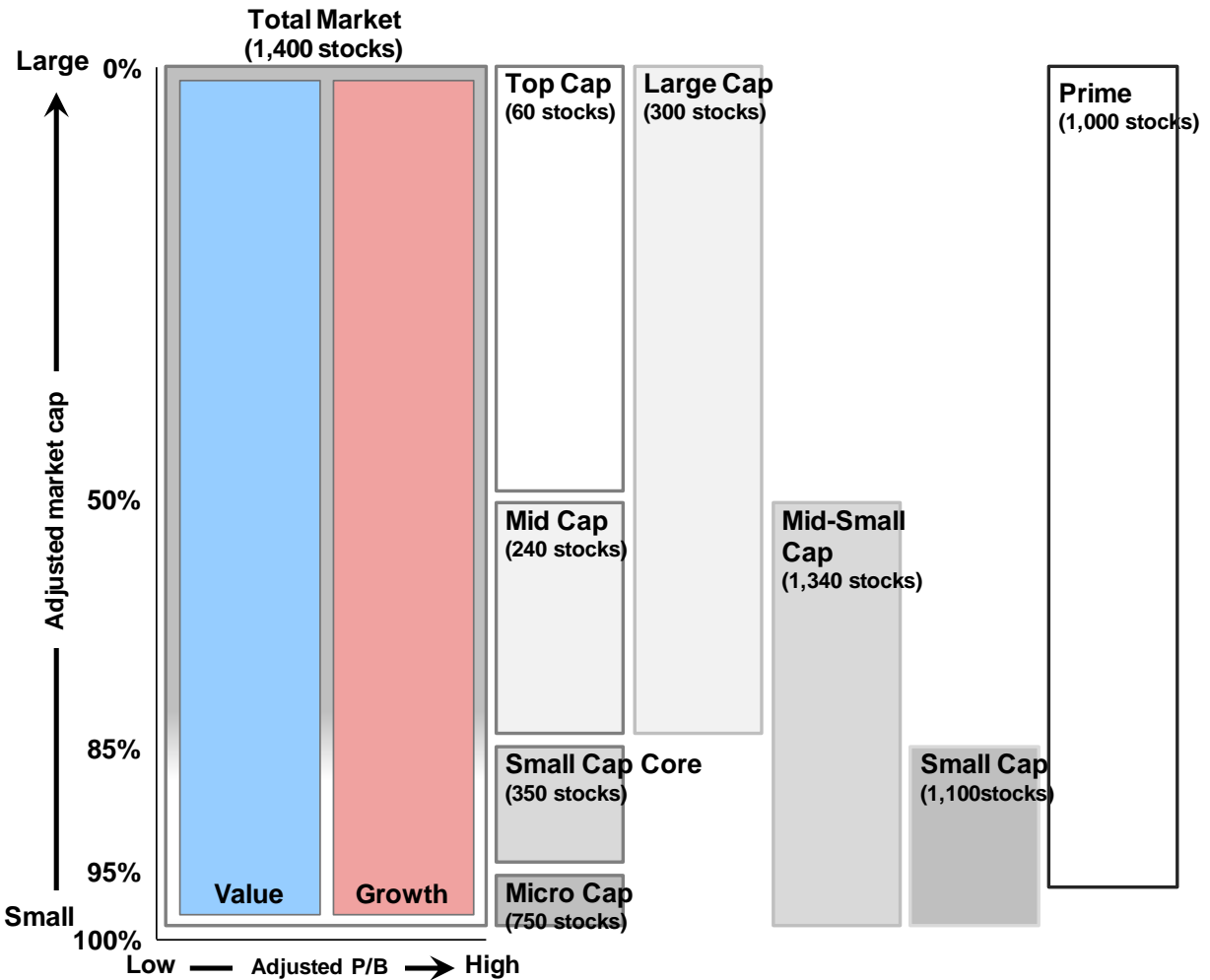
The number of Russell\Nomura constituents has decreased because of the rising stock prices

The total number of firms in the Russell/Nomura Total Market Index became 1,400, an decrease of 81. While 165 were eliminated from the Index, there were 84 additions, 41 of which were included in the Index for the first time. The total capitalization of the Index slightly increased from 281.1trillion yen to 284.7trillion yen (as of October 15, 2013, after float-adjusted).

The number of constituents in the Large Cap Index, which contains the top 85% of the Russell/Nomura Total Market Index based on capitalization size, decreased by 49 and became 300. The number of stocks in the Small Cap Index, which contains the bottom 15% of the Total Market Index, also decreased by 32 and became 1,100. (see Chart 1).

The Total Value Index had 211 deletions and 108 additions, while the Total Growth Index had 183 deletions and 169 additions. The capitalization turnover ratios for the Value and Growth Indexes are 15.8% and 16.4% respectively (see Chart 2). The ratios are higher than those of last year but lower than those of 33-year historical average since the calculation start period. In terms of sector, while “Pharmaceutical”, “Insurance”, and “Foods” are tilted to Value, “Transportation equipment”, “Securities & commodity futures”, and “Services” are tilted to Growth (see Chart 3).

Chart 1 Russell/Nomura Japan Equity Indexes



Note: Number of stocks as of December 2, 2013 following annual reconstitution

Chart 2 Rebalancing Summary

	No. of stocks					% of total market cap			Turnover
	Pre	Post	Diff	Out	In	Pre	Post	Diff	
Total	1481	1400	-81	165	84	100.00%	100.00%	-	1.6%
Value	1146	1043	-103	211	108	49.99%	50.29%	0.31%	15.8%
Growth	700	686	-14	183	169	50.01%	49.71%	-0.31%	16.4%
Large	349	300	-49	58	9	86.36%	84.28%	-2.07%	3.2%
Value	218	194	-24	56	32	40.41%	40.16%	-0.25%	17.9%
Growth	238	197	-41	66	25	45.94%	44.12%	-1.82%	17.3%
Small	1132	1100	-32	173	141	13.64%	15.72%	2.07%	20.0%
Value	928	849	-79	195	116	9.57%	10.13%	0.56%	23.3%
Growth	462	489	27	153	180	4.07%	5.58%	1.51%	42.3%
Prime	990	1000	10	48	58	97.67%	98.10%	0.43%	1.8%
Value	740	741	1	89	90	48.34%	49.01%	0.67%	15.9%
Growth	521	522	1	113	114	49.33%	49.09%	-0.24%	16.5%

Note: "% of total market cap" based on share price as of October 15, 2013.

Turnover ratio is calculated: $[\sum | \text{market cap weighting before reconstitution} - \text{market cap weighting after reconstitution} | / 2]$

Chart 3 Change in Weighting by Sector in Russell/Nomura Style Indexes

	Total Value	Total Growth	Large Value	Large Growth	Small Value	Small Growth
FISHERY, AGRICULTURE & FORESTRY	0.1%	-0.1%	-	-	0.2%	-0.8%
MINING	0.0%	0.0%	-0.1%	-	0.3%	0.1%
CONSTRUCTION	-0.1%	0.1%	-0.1%	0.1%	-0.3%	-0.4%
FOODS	1.2%	-0.8%	1.2%	-0.9%	1.0%	1.1%
TEXTILES & APPARELS	0.3%	-0.4%	0.4%	-0.4%	0.1%	-0.2%
PULP & PAPER	0.0%	0.0%	0.0%	-	-0.1%	-0.1%
CHEMICALS	0.7%	-0.9%	0.7%	-1.0%	0.9%	0.3%
PHARMACEUTICAL	1.6%	-1.6%	1.8%	-1.6%	0.7%	-0.8%
OIL & COAL PRODUCTS	-0.1%	0.1%	-0.2%	0.1%	0.4%	-
RUBBER PRODUCTS	0.1%	-0.2%	0.2%	-0.1%	-0.1%	0.1%
GLASS & CERAMICS PRODUCTS	-0.2%	0.2%	-0.4%	0.3%	0.4%	-0.2%
IRON & STEEL	-0.3%	0.3%	-0.5%	0.3%	0.2%	0.2%
NONFERROUS METALS	0.1%	-0.1%	-0.1%	-0.1%	0.7%	-0.2%
METAL PRODUCTS	0.1%	-0.1%	0.1%	-0.2%	-0.1%	0.7%
MACHINERY	-0.5%	0.6%	-0.1%	0.5%	-2.0%	1.4%
ELECTRIC APPLIANCES	-1.0%	0.8%	-1.1%	1.1%	-0.9%	0.6%
TRANSPORTATION EQUIPMENT	-3.5%	4.0%	-4.3%	4.8%	-0.2%	1.1%
PRECISION INSTRUMENTS	0.2%	-0.1%	0.1%	-0.1%	0.6%	-0.7%
OTHER PRODUCTS	0.7%	-0.7%	0.9%	-0.6%	-0.2%	-1.8%
ELECTRIC POWER & GAS	0.4%	-0.5%	0.5%	-0.5%	0.1%	-0.4%
LAND TRANSPORTATION	0.1%	-0.2%	0.1%	-0.1%	0.2%	0.4%
MARINE TRANSPORTATION	0.0%	0.0%	0.2%	-	-0.7%	0.2%
AIR TRANSPORTATION	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAREHOUSING & HARBOR TRANSPORTATION SERVICES	0.0%	0.0%	-0.1%	0.0%	0.5%	-0.1%
INFORMATION & COMMUNICATION	0.7%	-0.8%	0.9%	-0.9%	0.0%	-0.8%
WHOLESALE TRADE	1.0%	-1.2%	1.1%	-1.2%	0.4%	-2.4%
RETAIL TRADE	0.1%	-0.3%	-0.2%	-0.4%	1.3%	-3.0%
BANKS	-0.4%	0.0%	-0.7%	0.0%	1.3%	-
SECURITIES & COMMODITY FUTURES	-1.1%	1.2%	-1.1%	1.0%	-1.3%	2.2%
INSURANCE	1.4%	-1.5%	1.8%	-1.6%	-	-0.1%
OTHER FINANCING BUSINESS	-0.2%	0.4%	-0.1%	0.4%	-0.7%	0.5%
REAL ESTATE	-0.8%	0.8%	-0.7%	1.0%	-1.0%	0.2%
SERVICES	-0.6%	0.8%	-0.4%	0.3%	-1.7%	2.8%

Note: Based on the share price as of October 15, 2013. Highlighted in red are sectors whose weightings in Growth Index increased over 1%, while highlighted in blue are sectors whose weightings in Value Index increased over 1%.

Russell/Nomura Prime Index adds 33 new companies

The Russell/Nomura Prime Index, which is a sub-index of the Russell/Nomura Japan Equity Index, was designed as a benchmark for passive management strategies for institutional investors. It represents all Japanese equity markets and measures the performance of Japan's top 1,000 float-adjusted stocks. As a result of this year's reconstitution, 33 companies came into the Index for the first time. Its total market capitalization slightly increased from 274.6 trillion yen to 279.3 trillion yen (as of October 15, 2013, after float-adjusted). The turnover ratio of the Index was low at 1.8%, following the same trend seen in the previous years.

Among the 33 additions overall, eight services sector stocks, four information & communication, three retail trade, and three pharmaceutical are newly added constituents.

About Russell/Nomura Japan Equity Indexes

In 1995, Russell Investments and Nomura Securities Co., Ltd. jointly developed Russell/Nomura Japan Equity Indexes that serve to measure performance based on various investment policies. The indexes are value weighted and include only common stocks domiciled in Japan. All indexes are subsets of the Russell/Nomura Total Market Index, which represents approximately 98% of the investable Japan equity market.

The Indexes are reconstituted annually on the first business day of December, in order to accurately reflect changes in the Japanese marketplace. The membership list is determined based on the float-adjusted market capitalization as of October 15 (last business day is selected if October 15 is a holiday).

Securities that leave the Russell/Nomura indexes between reconstitution dates due to mergers, acquisitions or other similar corporate activity are not replaced. Thus, the number of securities in the indexes over the year fluctuates according to corporate activity. The only additions between reconstitution dates are as a result of spin-offs and initial public offerings falling in the large segment (as determined by the latest reconstitution).

About Russell Investments

Russell Investments (Russell) is a global asset manager and one of only a few firms that offers actively managed, multi-asset portfolios and services that include advice, investments and implementation. Working with institutional investors, financial advisors and individuals, Russell's core capabilities extend across capital markets insights, manager research, Indexes, portfolio implementation and portfolio construction.

Russell has more than \$173bn in assets under management (as of 31 March 2013) and works with over 2,500 institutional clients, independent distribution partners and individual investors globally. As a consultant to some of the largest pools of capital in the world, Russell has \$2.6trn in assets under advisement (as of 31 December 2012). It has four decades of experience researching and selecting investment managers and meets annually with more than 2,200 managers around the world. Russell traded more than \$1.4trn in 2012 through its implementation services business.

Russell calculates more than 700,000 benchmarks daily covering approximately 98% of the investable market globally, 80 countries and more than 10,000 securities. Approximately \$4.1trn in assets currently are benchmarked to these indexes.

Headquartered in Seattle, Washington, USA, Russell has offices around the world including Amsterdam, Auckland, Beijing, Chicago, Dubai, Frankfurt, London, Melbourne, Milan, New York, Paris, San Francisco, Seoul, Singapore, Sydney, Tokyo and Toronto. For more information about how Russell helps to improve financial security for people, visit www.russell.com or follow us @Russell_News.

About Nomura

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