

Russell/Nomura Indexes Annual Reconstitution

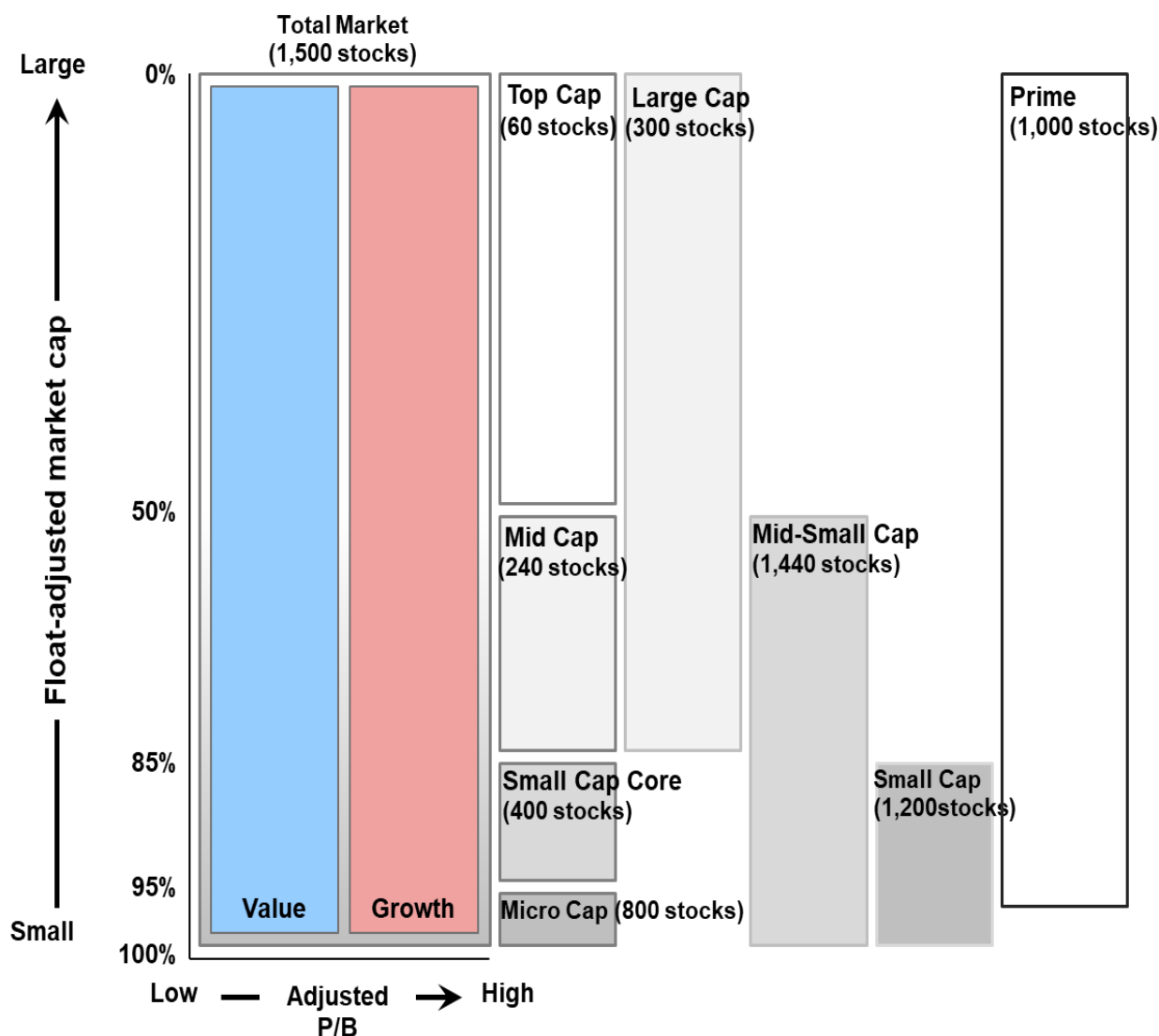
Tokyo, November 21, 2022—Nomura Securities Co., Ltd. and FTSE Russell today announced that the Russell/Nomura Japan Equity Indexes' annual reconstitution for 2022 has been implemented. The number of constituents in the Russell/Nomura Total Market Index, which captures 98% of the float-adjusted market capitalization of the Japanese equity market, came to 1,500. The membership list has been posted on <http://qr.nomuraholdings.com/en/frcnri/index.html>.

The total number of firms in the Russell/Nomura Total Market Index was 1,500 as a result of 65 deletions and 72 additions. The total capitalization of the index was approximately 471 trillion yen (as of October 14, 2022; float-adjusted).

The number of constituents in the Large Cap Index was 300 stocks, the same as last year. The number of stocks in the Top Cap Index and Mid Cap Index, both sub-indices of the Large Cap Index, was unchanged at 60 and 240, respectively. The Small Cap Core Index and Micro Cap Index, sub-indices of the Small Cap Index, which accounts for the bottom 15% of the Total Market Index, had 400 and 800 stocks, respectively, remaining unchanged from last year (see Chart 1).

The Total Value Index had 86 deletions and 82 additions, while the Total Growth Index had 93 deletions and 126 additions. The capitalization turnover ratios (one-sided) for the Total Value and Growth indexes are 11.2% and 11.4%, respectively (see Chart 2). In terms of sector concentration, the weighting of "Information & Communication" is tilted toward Growth, while the Value weighting decreased. In the Large Cap Index, Growth weightings decreased for "Electric Appliances" and increased for "Land Transportation." In the Small Cap Index, the weighting of "Electric Appliances" is tilted toward Value, while the weighting of "Land Transportation" and "Retail Trade" decreased in both styles (see Chart 3).

Chart 1 Russell/Nomura Japan Equity Indexes



Note: Number of stocks is as of November 21, 2022 following annual reconstitution

Chart 2 November 2022 Rebalancing Summary

	No. of stocks					% of total market cap			Turnover ratio (one-sided)
	Pre	Post	Diff	Out	In	Pre	Post	Diff	
Total	1,493	1,500	7	65	72	100.00%	100.00%	-	1.3%
Value	1,107	1,103	-4	86	82	52.57%	47.78%	-4.79%	11.2%
Growth	743	776	33	93	126	47.43%	52.22%	4.79%	11.4%
Large	300	300	0	20	20	84.63%	84.96%	0.33%	2.3%
Value	194	201	7	20	27	42.40%	38.83%	-3.57%	12.4%
Growth	195	187	-8	30	22	42.23%	46.13%	3.90%	12.0%
Small	1,193	1,200	7	84	91	15.37%	15.04%	-0.33%	9.8%
Value	913	902	-11	89	78	10.16%	8.95%	-1.21%	16.4%
Growth	548	589	41	85	126	5.21%	6.09%	0.88%	21.3%
Prime	992	1,000	8	24	32	97.83%	97.91%	0.08%	1.3%
Value	723	719	-4	46	42	51.07%	46.39%	-4.67%	11.3%
Growth	527	544	17	60	77	46.76%	51.51%	4.75%	11.5%

Note: "Percentage of total market cap" was based on the share price as of October 14, 2022. Turnover ratio (one-sided) was calculated: $[\Sigma | \text{market cap weighting before reconstitution} - \text{market cap weighting after reconstitution} | / 2]$

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	0.0%	0.0%	-	-	-0.1%	0.3%
MINING	0.1%	-	0.1%	-	0.0%	-
CONSTRUCTION	0.3%	0.0%	0.5%	-0.1%	-0.6%	0.3%
FOODS	0.0%	-0.1%	-0.1%	0.1%	0.3%	-1.3%
TEXTILES & APPARELS	0.0%	0.0%	0.0%	-	0.1%	0.0%
PULP & PAPER	0.0%	0.0%	0.0%	-	0.2%	-0.1%
CHEMICALS	1.0%	-1.4%	1.1%	-1.6%	0.8%	0.5%
PHARMACEUTICAL	0.0%	-0.6%	0.0%	-0.6%	0.2%	-0.3%
OIL & COAL PRODUCTS	0.1%	-	0.1%	-	0.1%	-
RUBBER PRODUCTS	0.1%	0.0%	0.1%	0.0%	0.2%	-
GLASS & CERAMICS PRODUCTS	0.1%	0.0%	0.3%	0.0%	-0.5%	-0.2%
IRON & STEEL	0.1%	-0.1%	0.0%	-	0.2%	0.0%
NONFERROUS METALS	0.1%	0.0%	0.2%	-	-0.3%	0.3%
METAL PRODUCTS	0.3%	-0.2%	0.3%	-0.2%	0.2%	-0.1%
MACHINERY	0.8%	-0.9%	0.9%	-1.1%	0.6%	0.9%
ELECTRIC APPLIANCES	0.7%	-2.1%	0.5%	-2.2%	1.6%	0.0%
TRANSPORTATION EQUIPMENT	0.4%	0.4%	0.4%	0.4%	0.2%	-0.1%
PRECISION INSTRUMENTS	0.0%	-0.4%	0.0%	-0.4%	0.1%	-0.1%
OTHER PRODUCTS	0.0%	-0.4%	0.1%	-0.5%	-0.1%	1.0%
ELECTRIC POWER & GAS	0.2%	0.0%	0.3%	-	0.0%	0.0%
LAND TRANSPORTATION	-1.0%	1.3%	-0.7%	1.6%	-2.3%	-1.3%
MARINE TRANSPORTATION	0.3%	-0.2%	0.4%	-	0.0%	0.0%
AIR TRANSPORTATION	-0.5%	0.6%	-0.7%	0.7%	-	-
WAREHOUSING & HARBOR TRANSPORTATION SERVICES	0.0%	0.0%	-	-	-0.5%	0.1%
INFORMATION & COMMUNICATION	-3.2%	2.3%	-3.8%	2.2%	-0.4%	2.4%
WHOLESALE TRADE	0.2%	0.4%	0.1%	0.5%	0.8%	-0.4%
RETAIL TRADE	-0.9%	0.6%	-0.6%	0.7%	-2.1%	-0.9%
BANKS	0.9%	-	1.0%	-	0.5%	-
SECURITIES & COMMODITY FUTURES	0.2%	0.0%	0.2%	-	0.1%	-0.2%
INSURANCE	-0.6%	1.0%	-0.8%	-	-	0.0%
OTHER FINANCING BUSINESS	0.1%	0.0%	0.1%	0.0%	0.2%	0.0%
REAL ESTATE	0.0%	0.2%	0.0%	0.3%	-0.2%	-0.8%
SERVICES	0.0%	-0.2%	-0.1%	-0.3%	0.4%	-0.3%

Note: Based on the share price as of October 14, 2022. Highlights in red indicate that the weighting increased by 1 pp. or more, while highlights in gray indicate that the weighting decreased by 1 pp. or more. Changes by 2 pp. or more are highlighted in darker colors.

Russell/Nomura Prime Index had 24 deletions and 32 additions

The Russell/Nomura Prime Index is a sub-index of the Russell/Nomura Total Market Index. The index was designed as a benchmark for passive management strategies for institutional investors and is composed of Japan's top 1,000 market cap stocks (float-adjusted). As a result of this year's reconstitution, the index had 24 deletions and 32 additions. The total market capitalization of the Prime Index was approximately 461 trillion yen (as of October 14, 2022; float-adjusted), and the turnover ratio (one-sided) of the index was 1.3% (see Chart 2).

13 stocks entered the index for the first time, including 4 stocks from the "Information & Communication" sector and 3 stocks from the "Service" sector. Others were adopted from "Wholesale Trade", "Precision Instruments", "Banks", "Other Financing Business" and "Real Estate".

About Russell/Nomura Japan Equity Indexes:

In 1995, FTSE Russell and Nomura Securities Co., Ltd. jointly developed the Russell/Nomura Japan Equity Indexes that serve to measure performance based on various investment policies. The indexes are weighted by float-adjusted market cap 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 in order to accurately reflect changes in the Japanese marketplace. (The annual reconstitution for this year was implemented on Nov 21, 2022, after closing on Nov 18). Component stocks are determined based on the float-adjusted market capitalization as of 15 October each year (or the preceding business day if this is a non-business day).

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).

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