

News Release

Date: December 1, 2014

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Russell/Nomura Japan Equity Indexes add 38 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 38 new firms as part of the annual reconstitution process on December 1, announced Nomura Securities Co., Ltd. and Russell Investments. The membership list was posted on <http://qr.nomuraholdings.com/en/frcnri/index.html>.

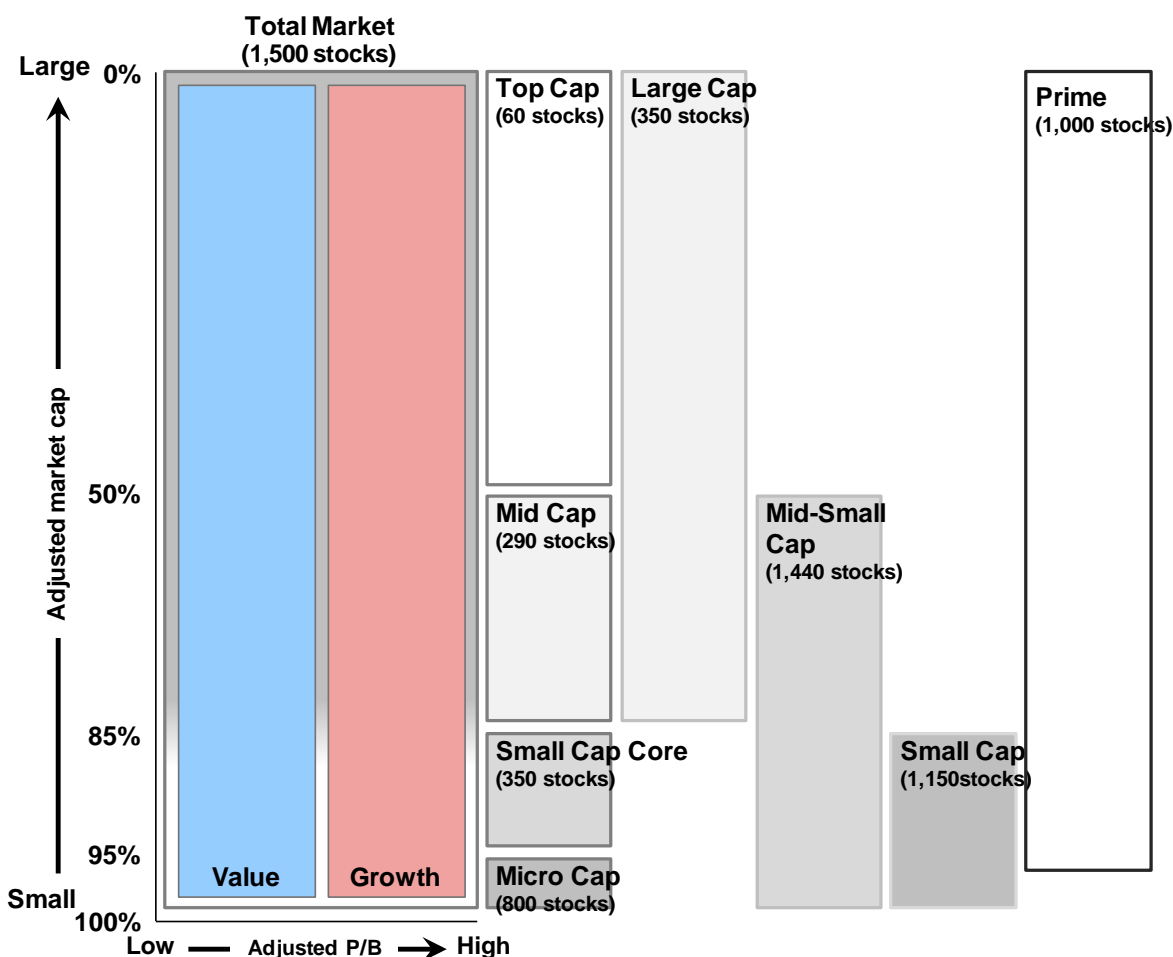
The turnover ratios of Total Value and Total Growth decreased to their lowest levels since 1990.

The total number of firms in the Russell/Nomura Total Market Index increased by 108 to 1,500. While 37 firms were eliminated from the Index, there were 145 additions, 38 of which were included in the Index for the first time. The total capitalization of the Index slightly increased from 291.9 trillion yen to 296.3 trillion yen (as of October 15, 2014, 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 market capitalization, increased by 50 to 350. The number of stocks in the Small Cap Index, which represents the bottom 15% of the Total Market Index, also increased by 58 to 1,150.

The Total Value Index had 89 deletions and 155 additions, while the Total Growth Index had 86 deletions and 207 additions. The capitalization turnover ratios for the Value and Growth Indexes both decreased to 11.7%, their lowest level since 1990. In terms of sector concentration, "Transportation equipment" is now tilted toward Value while "Foods, Chemicals, and Information & Communication" are tilted toward Growth.

Chart 1 Russell/Nomura Japan Equity Indexes



Note: Number of stocks as of December 1, 2014 following annual reconstitution

Chart 2 Rebalancing Summary

	No. of stocks					% of total market cap			Turnover
	Pre	Post	Diff	Out	In	Pre	Post	Diff	
Total	1392	1500	108	37	145	100.00%	100.00%	-	1.8%
Value	1037	1103	66	89	155	49.37%	49.36%	-0.01%	11.7%
Growth	685	806	121	86	207	50.63%	50.64%	0.01%	11.7%
Large	300	350	50	2	52	83.98%	86.17%	2.19%	3.9%
Value	194	225	31	14	45	38.84%	40.63%	1.78%	13.6%
Growth	197	233	36	19	55	45.14%	45.54%	0.40%	12.2%
Small	1092	1150	58	88	146	16.02%	13.83%	-2.19%	18.3%
Value	843	878	35	103	138	10.52%	8.73%	-1.80%	23.3%
Growth	488	573	85	100	185	5.49%	5.10%	-0.39%	34.2%
Prime	994	1000	6	21	27	98.05%	97.67%	-0.38%	1.5%
Value	737	740	3	58	61	48.02%	47.91%	-0.11%	11.6%
Growth	521	563	42	59	101	50.03%	49.75%	-0.27%	11.5%

Note: "% of total market cap" based on share price as of October 15, 2014.

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	0.0%	0.0%	-	-	0.1%	0.1%
MINING	0.0%	0.0%	0.0%	-	0.1%	-0.1%
CONSTRUCTION	-0.6%	0.6%	-0.3%	0.4%	-0.7%	2.7%
FOODS	-1.2%	1.3%	-1.3%	1.4%	-0.1%	0.8%
TEXTILES & APPARELS	-0.2%	0.2%	-0.2%	0.1%	0.2%	0.4%
PULP & PAPER	0.0%	-	0.1%	-	-0.3%	-
CHEMICALS	-1.1%	1.0%	-0.8%	1.1%	-1.6%	0.7%
PHARMACEUTICAL	-0.4%	0.4%	-0.4%	0.3%	-0.6%	0.4%
OIL & COAL PRODUCTS	0.0%	0.0%	0.1%	0.0%	-0.3%	0.1%
RUBBER PRODUCTS	0.1%	-0.2%	0.2%	-0.2%	-0.2%	-0.1%
GLASS & CERAMICS PRODUCTS	0.0%	0.0%	-0.1%	0.0%	0.4%	-0.1%
IRON & STEEL	0.3%	-0.2%	0.2%	-0.2%	0.6%	-0.1%
NONFERROUS METALS	0.0%	0.0%	0.2%	0.0%	-0.6%	0.0%
METAL PRODUCTS	-0.1%	0.1%	0.0%	0.0%	-0.4%	0.6%
MACHINERY	0.0%	-0.1%	0.1%	0.0%	0.7%	-0.4%
ELECTRIC APPLIANCES	-0.8%	0.5%	-0.6%	0.7%	-1.5%	-2.0%
TRANSPORTATION EQUIPMENT	4.5%	-4.5%	5.2%	-5.0%	0.5%	-0.8%
PRECISION INSTRUMENTS	0.1%	-0.1%	0.2%	0.0%	-0.2%	-0.3%
OTHER PRODUCTS	-0.4%	0.4%	-0.6%	0.4%	0.4%	0.4%
ELECTRIC POWER & GAS	0.0%	0.0%	-0.2%	-0.1%	0.1%	0.1%
LAND TRANSPORTATION	-0.3%	0.1%	-0.5%	0.1%	0.2%	-0.4%
MARINE TRANSPORTATION	0.0%	0.0%	0.0%	-	0.1%	-0.2%
AIR TRANSPORTATION	0.0%	-0.1%	0.0%	-0.1%	0.0%	-
WAREHOUSING & HARBOR	0.0%	0.0%	0.1%	0.0%	-0.4%	0.1%
TRANSPORTATION SERVICES	0.0%	0.0%	0.1%	0.0%	-0.4%	0.1%
INFORMATION & COMMUNICATION	-0.9%	1.1%	-1.3%	1.2%	0.3%	1.0%
WHOLESALE TRADE	-0.2%	0.2%	-0.4%	0.0%	0.4%	2.7%
RETAIL TRADE	-0.3%	0.3%	-0.1%	0.4%	0.0%	-0.6%
BANKS	-0.2%	0.0%	-0.9%	0.0%	1.0%	-
SECURITIES & COMMODITY	0.6%	-0.6%	0.5%	-0.6%	0.8%	-1.0%
FUTURES	0.6%	-0.6%	0.5%	-0.6%	0.8%	-1.0%
INSURANCE	0.0%	-0.1%	-0.3%	-0.1%	-	0.0%
OTHER FINANCING BUSINESS	0.2%	-0.1%	0.1%	0.0%	1.0%	-0.9%
REAL ESTATE	0.6%	-0.5%	0.7%	-0.3%	0.3%	-2.0%
SERVICES	0.2%	0.0%	0.5%	0.3%	-0.2%	-1.3%

Note: Based on the share price as of October 15, 2014. 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 13 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. The Index 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, 13 companies entered the Index for the first time. Its total market capitalization increased slightly from 286.2 trillion yen to 289.4 trillion yen (as of October 15, 2014, float-adjusted). The turnover ratio of the Index declined to 1.5%, the lowest level in three years. Among the 13 additions overall, four stocks are added to Information & Communication sector. Other additions were spread among multiple sectors, none with more two or more new stocks.

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. Russell stands with institutional investors, financial advisors and individuals working with their advisors—using the firm's core capabilities that extend across capital market insights, manager research, portfolio construction, portfolio implementation and indexes to help each achieve their desired investment outcomes.

Russell has more than \$275 billion in assets under management (as of 9/30/2014) 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 \$2.6 trillion in assets under advisement (as of 6/30/2014). 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 \$1.6 trillion in 2013 through its implementation services business. Russell also calculates approximately 700,000 benchmarks daily covering 98% of the investable market globally, including more than 80 countries and more than 10,000 securities. Approximately \$5.2 trillion in assets are benchmarked (as of 12/31/2013) to the Russell Indexes, which have provided investors with 30 years of smarter beta.

Headquartered in Seattle, Washington, Russell operates globally, including through its offices in Seattle, New York, London, Paris, Amsterdam, Sydney, Melbourne, Auckland, Singapore, Seoul, Tokyo, Beijing, Toronto, Chicago, San Diego, Milwaukee and Edinburgh. For more information about how Russell helps to improve financial security for people, visit www.russell.com or follow @Russell_News.

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