

Russell/Nomura Japan Equity Indexes add 19 new firms in annual reconstitution

Tokyo, December 1, 2015—The family of Russell/Nomura Indexes, which captures 98% of the float-adjusted market capitalization of the Japanese equity market, added 19 new firms as part of the annual reconstitution process on December 1, announced Nomura Securities Co., Ltd. and FTSE Russell indexes. The membership list was posted on <http://qr.nomuraholdings.com/en/frcnri/index.html>

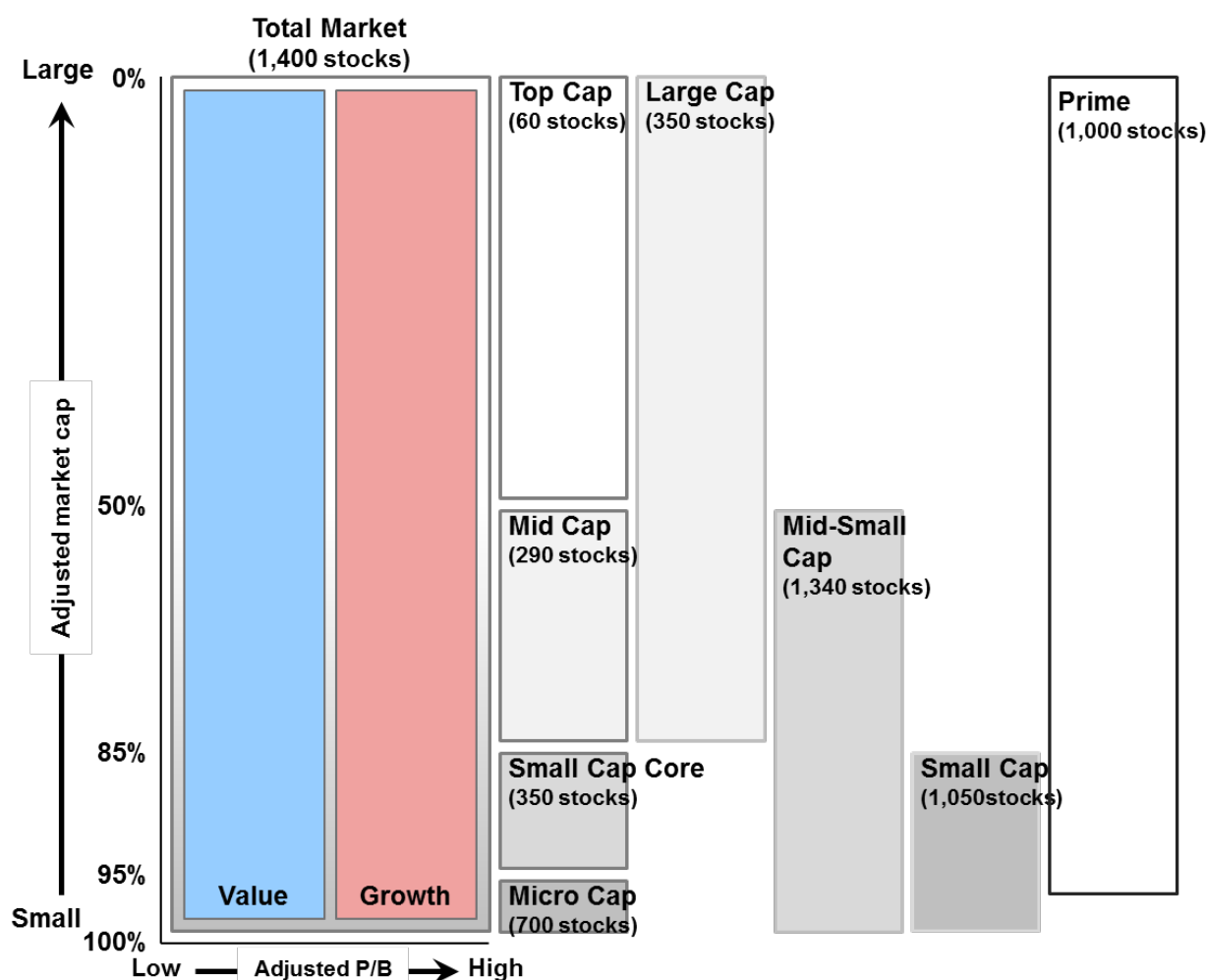
The number of Russell\Nomura constituents has decreased because of the rising stock prices

The total number of firms in the Russell/Nomura Total Market Index decreased by 91 to 1,400. While 135 firms were eliminated from the Index, there were 44 additions, 19 of which were included in the Index for the first time. The total capitalization of the Index slightly increased from 362.2 trillion yen to 364.6 trillion yen (as of October 15, 2015, 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, got the same 350 stocks as in previous annual reconstitution. The number of stocks in the Small Cap Index, which represents the bottom 15% of the Total Market Index, decreased by 90 to 1,050.

The Total Value Index had 174 deletions and 80 additions, while the Total Growth Index had 152 deletions and 109 additions. The capitalization turnover ratios for the Value and Growth Indexes are 13.1% and 13.5% respectively (see Chart 2). The ratios are higher than those of last year but lower than those of historical average since the calculation start period. In terms of sector concentration, “ELECTRIC APPLIANCES”, “MACHINERY” and “TRANSPORTATION EQUIPMENT” are now tilted toward Value while “LAND TRANSPORTATION”, “INFORMATION & COMMUNICATION” and “RETAIL TRADE” are tilted toward Growth (see Chart 3).

Chart 1 Russell/Nomura Japan Equity Indexes



Note: Number of stocks as of December 1, 2015 following annual reconstitution

Chart 2 Rebalancing Summary

	No. of stocks					% of total market cap			Turnover
	Pre	Post	Diff	Out	In	Pre	Post	Diff	
Total	1491	1400	-91	135	44	100.00%	100.00%	-	1.6%
Value	1094	1000	-94	174	80	50.34%	48.42%	-1.92%	13.1%
Growth	803	760	-43	152	109	49.66%	51.58%	1.92%	13.5%
Large	351	350	-1	25	24	86.03%	86.20%	0.17%	2.6%
Value	225	219	-6	37	31	41.59%	39.81%	-1.78%	14.1%
Growth	234	240	6	37	43	44.45%	46.39%	1.94%	14.4%
Small	1140	1050	-90	157	67	13.97%	13.80%	-0.17%	11.9%
Value	869	781	-88	162	74	8.75%	8.61%	-0.14%	17.1%
Growth	569	520	-49	147	98	5.21%	5.19%	-0.02%	28.7%
Prime	997	1000	3	28	31	97.78%	98.03%	0.25%	1.6%
Value	737	712	-25	78	53	48.99%	47.21%	-1.79%	13.0%
Growth	562	568	6	85	91	48.79%	50.83%	2.04%	13.6%

Note: "% of total market cap" based on share price as of October 15, 2015.

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%	-	-	0.0%	0.0%
MINING	0.0%	0.0%	0.0%	-	0.0%	0.0%
CONSTRUCTION	-0.8%	0.7%	-1.1%	0.8%	0.8%	0.5%
FOODS	-0.6%	0.3%	-0.6%	0.3%	-0.6%	0.3%
TEXTILES & APPARELS	-0.3%	0.3%	-0.4%	0.4%	0.0%	-0.1%
PULP & PAPER	0.0%	0.0%	0.0%	-	0.0%	0.0%
CHEMICALS	0.7%	-0.9%	0.9%	-0.7%	-0.1%	-2.5%
PHARMACEUTICAL	-0.4%	0.2%	-0.6%	0.3%	0.9%	-1.6%
OIL & COAL PRODUCTS	0.0%	0.0%	-0.1%	0.0%	0.4%	0.0%
RUBBER PRODUCTS	0.0%	-0.1%	0.1%	-0.1%	-0.2%	0.3%
GLASS & CERAMICS PRODUCTS	0.1%	-0.1%	0.1%	-0.1%	0.2%	-0.3%
IRON & STEEL	0.2%	-0.1%	0.2%	-0.1%	0.0%	0.0%
NONFERROUS METALS	0.1%	0.0%	-0.1%	0.0%	0.9%	0.1%
METAL PRODUCTS	-0.1%	0.2%	-0.1%	0.3%	-0.1%	-0.7%
MACHINERY	1.7%	-1.8%	1.8%	-1.8%	1.3%	-1.4%
ELECTRIC APPLIANCES	2.2%	-2.2%	2.3%	-2.6%	1.7%	0.6%
TRANSPORTATION EQUIPMENT	1.6%	-1.7%	2.0%	-2.0%	0.1%	0.4%
PRECISION INSTRUMENTS	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%
OTHER PRODUCTS	-0.7%	0.6%	-0.8%	0.7%	-0.1%	0.1%
ELECTRIC POWER & GAS	0.0%	0.2%	0.0%	0.2%	0.0%	0.1%
LAND TRANSPORTATION	-1.7%	1.5%	-2.0%	1.6%	-0.4%	0.8%
MARINE TRANSPORTATION	0.0%	-	0.0%	-	0.0%	-
AIR TRANSPORTATION	-0.4%	0.3%	-0.4%	0.4%	-	-
WAREHOUSING & HARBOR						
TRANSPORTATION SERVICES	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%
INFORMATION & COMMUNICATION	-1.0%	1.0%	-0.9%	1.1%	-1.5%	0.2%
WHOLESALE TRADE	0.0%	0.1%	0.1%	0.1%	-0.3%	0.5%
RETAIL TRADE	-0.9%	0.9%	-0.6%	0.5%	-2.7%	4.2%
BANKS	0.3%	0.1%	0.5%	0.2%	-0.2%	-
SECURITIES & COMMODITY						
FUTURES	0.3%	-0.2%	0.3%	-0.2%	0.1%	-0.2%
INSURANCE	0.1%	0.0%	0.1%	0.0%	-	0.0%
OTHER FINANCING BUSINESS	0.0%	0.1%	0.1%	0.2%	-0.3%	-1.1%
REAL ESTATE	0.2%	-0.3%	0.2%	-0.4%	0.3%	0.6%
SERVICES	-0.6%	0.8%	-0.7%	1.0%	-0.1%	-0.4%

Note: Based on the share price as of October 15, 2015. 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 24 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, 24 companies entered the Index for the first time. Its total market capitalization increased slightly from 354.2 trillion yen to 357.4 trillion yen (as of October 15, 2015, float-adjusted). The turnover ratio of the Index was low at 1.6%, following the same trend seen in the previous years. Among the 24 additions overall, 7 RETAIL TRADE sector stocks, 5 SERVICES sector stocks, and 4 REAL ESTATE sector stocks are newly added constituents.

About Russell/Nomura Japan Equity Indexes:

In 1995, Russell Indexes (now FTSE Russell indexes) 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).

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For further information please contact:

Name	Company	Telephone
Index Operations Dept.	Nomura Securities Co., Ltd.	81-3-6703-3986

Nomura

Nomura is an Asia-based financial services group with an integrated global network spanning over 30 countries. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its three business divisions: Retail, Asset Management, and Wholesale (Global Markets and Investment Banking). Founded in 1925, the firm is built on a tradition of disciplined entrepreneurship, serving clients with creative solutions and considered thought leadership. For further information about Nomura, visit www.nomura.com.