

Russell/Nomura Indexes Annual Reconstitution

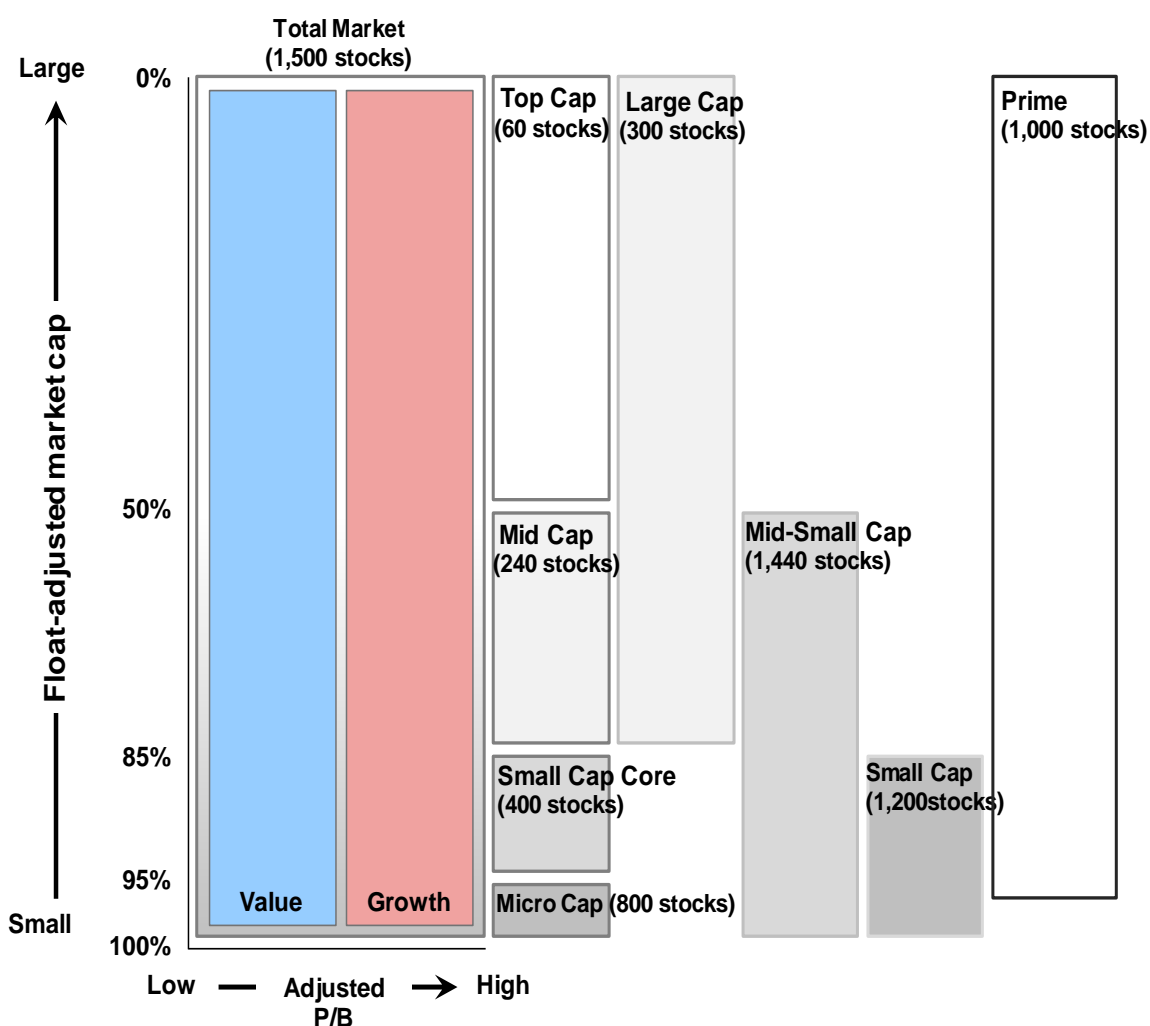
Tokyo, November 22, 2021—Nomura Securities Co., Ltd. and FTSE Russell today announced that the Russell/Nomura Japan Equity Indexes' annual reconstitution for 2021 has been implemented. The number of constituents in the Russell/Nomura Total Market Index, which captures 98% of the float-adjusted market 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 66 additions and 154 deletions. The total capitalization of the index was approximately 505 trillion yen (as of October 15, 2021; float-adjusted).

The number of constituents in the Large Cap Index was 300 stocks, decreasing by 50 stocks from the annual reconstitution held last year. The number of stocks in the Top Cap Index was unchanged at 60, and the Mid Cap Index decreased by 50 stocks to 240. The number of stocks in the Small Cap Core Index and the Micro Cap Index, both of which represent the bottom 15% of the Total Market Index, was 400 and 800 stocks, respectively (see Chart 1).

The Total Value Index had 64 additions and 169 deletions, while the Total Growth Index had 95 additions and 155 deletions. The capitalization turnover ratios (one-sided) for the Total Value and Growth indexes are 10.6% and 11.8%, respectively (see Chart 2). In terms of sector concentration in the Large Cap Index, the weighting of "Information & Communication" is tilted toward Value this year, while the weighting of "Chemicals" and "Electric Appliances" is tilted toward Growth. In the Small Cap Index, the weighting of "Foods" increased in both Value and Growth, while the weighting of "Services" decreased in both styles (see Chart 3).

Chart 1 Russell/Nomura Japan Equity Indexes



Note: Number of stocks is as of November 22, 2021 following annual reconstitution

Chart 2 November 2021 Rebalancing Summary

	No. of stocks					% of total market cap			Turnover ratio (one-sided)
	Pre	Post	Diff	Out	In	Pre	Post	Diff	
Total	1,588	1,500	-88	154	66	100.00%	100.00%	-	1.7%
Value	1,218	1,113	-105	169	64	53.06%	48.60%	-4.46%	10.6%
Growth	806	746	-60	155	95	46.94%	51.40%	4.46%	11.8%
Large	349	300	-49	58	9	86.64%	84.63%	-2.01%	3.7%
Value	242	194	-48	60	12	43.94%	38.80%	-5.14%	13.4%
Growth	213	195	-18	43	25	42.70%	45.83%	3.13%	12.4%
Small	1,239	1,200	-39	163	124	13.36%	15.37%	2.01%	18.7%
Value	976	919	-57	153	96	9.12%	9.80%	0.68%	18.8%
Growth	593	551	-42	150	108	4.24%	5.57%	1.33%	30.8%
Prime	992	1,000	8	28	36	97.58%	97.83%	0.25%	1.6%
Value	758	727	-31	60	29	51.44%	47.14%	-4.30%	10.4%
Growth	521	533	12	57	69	46.14%	50.69%	4.55%	11.8%

Note: "Percentage of total market cap" is based on the share price as of October 15, 2021. Turnover ratio (one-sided) 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%	-0.1%
MINING	0.0%	-	0.1%	-	0.0%	-
CONSTRUCTION	0.1%	0.1%	-0.1%	0.0%	0.7%	0.5%
FOODS	0.0%	0.0%	-0.4%	-0.2%	1.2%	1.8%
TEXTILES & APPARELS	0.0%	0.0%	-0.1%	-	0.3%	0.8%
PULP & PAPER	0.0%	-	0.0%	-	0.0%	-
CHEMICALS	-1.3%	1.2%	-1.7%	1.4%	0.1%	-0.7%
PHARMACEUTICAL	-0.2%	-0.2%	-0.6%	-0.2%	1.5%	0.1%
OIL & COAL PRODUCTS	0.1%	-	0.1%	-	0.1%	-
RUBBER PRODUCTS	0.0%	0.2%	0.0%	-	-0.1%	-
GLASS & CERAMICS PRODUCTS	0.1%	0.0%	-0.3%	0.0%	1.3%	0.0%
IRON & STEEL	0.0%	0.1%	0.1%	0.1%	-0.2%	-
NONFERROUS METALS	0.1%	0.0%	0.0%	-	0.3%	0.0%
METAL PRODUCTS	-0.2%	0.2%	-0.3%	0.2%	0.0%	0.5%
MACHINERY	-0.1%	-0.1%	0.1%	0.0%	-1.3%	0.1%
ELECTRIC APPLIANCES	-2.0%	0.7%	-2.1%	1.2%	-0.9%	0.8%
TRANSPORTATION EQUIPMENT	0.3%	0.7%	1.0%	0.7%	-1.1%	0.1%
PRECISION INSTRUMENTS	0.0%	-0.5%	0.0%	-0.5%	-0.3%	0.5%
OTHER PRODUCTS	-0.1%	-0.2%	0.0%	-0.2%	-0.5%	0.2%
ELECTRIC POWER & GAS	0.2%	0.0%	0.1%	-	0.8%	-0.2%
LAND TRANSPORTATION	0.2%	0.0%	-0.1%	-0.1%	1.9%	0.7%
MARINE TRANSPORTATION	-0.1%	-	0.1%	-	-0.8%	-
AIR TRANSPORTATION	0.0%	-	0.0%	-	-	-
WAREHOUSING & HARBOR TRANSPORTATION SERVICES	0.0%	0.0%	-	-	-0.2%	-0.1%
INFORMATION & COMMUNICATION	1.0%	-1.9%	1.5%	-2.0%	-0.8%	-3.4%
WHOLESALE TRADE	0.5%	0.1%	0.7%	-0.1%	-0.6%	1.6%
RETAIL TRADE	-0.2%	0.0%	-0.6%	0.0%	0.9%	-1.0%
BANKS	0.7%	-	1.0%	-	0.0%	-
SECURITIES & COMMODITY FUTURES	0.0%	0.0%	0.1%	0.0%	-0.3%	0.5%
INSURANCE	0.2%	0.0%	0.4%	-	-	-0.1%
OTHER FINANCING BUSINESS	0.1%	-0.1%	0.1%	-0.1%	-0.3%	0.3%
REAL ESTATE	0.2%	0.0%	0.3%	0.0%	-0.3%	-0.7%
SERVICES	0.1%	-0.5%	0.4%	-0.5%	-1.4%	-2.5%

Note: Based on the share price as of October 15, 2021. 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 36 additions and 28 deletions

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 36 additions and 28 deletions. The total market capitalization of the Prime Index is approximately 494 trillion yen (as of October 15, 2021; float-adjusted), and the turnover ratio (one-sided) of the index is 1.6%.

26 stocks entered the index for the first time, including 10 stocks from the "Services" sector and 3 stocks from the "Information & Communication" sector.

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 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 in order to accurately reflect changes in the Japanese marketplace. (The annual reconstitution for this year was implemented on Nov 22, 2021, after closing on Nov 19). 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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