NOMURA

Nomura Japan Equity High Dividend 70

Global Markets Research
13 December 2024

EQUITY: INDEX SERVICES DEPARTMENT

Index rulebook

Research Analysts

Japan index products

Index Services Department - NFRC

idx_mgr@nfrc.co.jp

The index is an equally weighted index which comprises 70 Japanese stocks with highly estimated dividend yields. These constituents are selected considering both continuity of dividends and investability based on predefined methodology.

- An equally weighted index that invests in 70 Japanese stocks with a high current-FY dividend yield forecast
- To take dividend sustainability into account, stocks that have recorded negative recurring profits in any of the previous three years are excluded
- Limited to stocks with a March, June, September, or December fiscal year-end to facilitate quarterly dividend payments to passive investment funds that track it
- Dividend forecasts are monitored, and any stock for which the dividend forecast has fallen to zero is removed between periodic reconstitutions and replaced with a stock with a high dividend yield forecast for the current fiscal year
- To take investability into account, stocks with a low daily average trading value or a low free-float market cap are excluded
- As a rule, the index is reconstituted annually

Table of contents

1 Introduction ... 3
2 Periodic reconstitutions ... 4
2.1 Periodic reconstitution date ... 4
2.2 Periodic reconstitution base date ... 4
2.3 Announcement of periodic reconstitutions ... 4
3 The Selection and Construction Method for Index Constituent Stocks ... 5
3.1 Terminology ... 5
3.2 Universe ... 5
3.3 Stock selection ... 7
3.4 Number of shares of the stock within the index ... 7
4 Unscheduled reconstitutions ... 8
4.2 Newly listed stocks ... 9
4.3 Treatment of stock swaps, stock transfers, mergers, etc. ... 9
4.4 Removal of stocks ... 10
4.5 Announcement of unscheduled reconstitutions ... 10
5 Index calculation ... 11
5.1 Index base date, Index base values, Publication start date ... 11
5.2 Index market cap ... 11
5.3 Calculation of index values ... 12
6 Data services ... 16
For further information on the index ... 17
Disclaimer ... 18
Policies with regard to NFRC’s indices ... 19

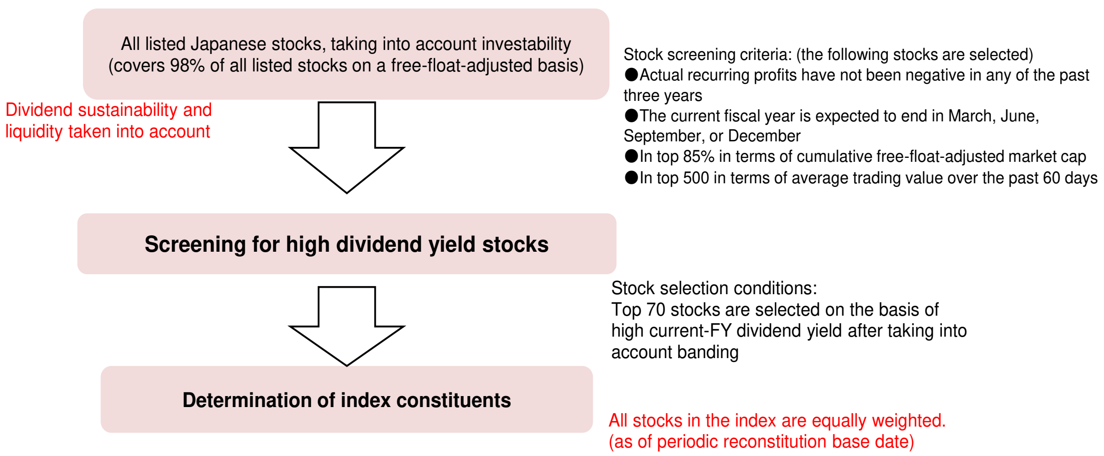
1 Introduction

The Nomura Japan Equity High Dividend 70 is an equally weighted index comprising 70 Japanese stocks with high dividend yields. It was developed as a tool to help passive investors achieve a consistently high dividend income. This index is composed of 70 Japanese listed common stocks with the high forecast dividend yield for the current FY. Taking dividend sustainability and investability into account.

Advantages of the Nomura Japan Equity High Dividend 70

- It enables investors to invest in high dividend yield Japanese stocks easily and at low cost
- Stocks that have recorded negative recurring profits in any of the previous three years are excluded from the index in order to take dividend sustainability into account
- Component stocks are limited to those with a March, June, September, or December fiscal year-end in order to facilitate quarterly dividend payments
- To prevent the index's average dividend yield from decreasing, component stocks with a current FY forecast dividend of zero are removed during periodic reconstitutions
- Investability is taken into account by setting certain criteria for free float–adjusted market cap and average daily trading volume
- The banding method is used to limit frequent replacements of stocks in periodic reconstitutions of the index

Fig. 1: Overview of Nomura Japan Equity High Dividend 70 stock selection process



Source: Nomura Fiduciary Research & Consulting Co., Ltd. ("NFRC")

2 Periodic reconstitutions

2.1 Periodic reconstitution date

The periodic reconstitution date is the first business day of December every year, and reconstitution is carried out after the close of trading on the business day preceding the periodic reconstitution date.

2.2 Periodic reconstitution base date

Component stocks and the number of shares of each component stock to be included in the index following its periodic reconstitutions are determined on the basis of data as of the periodic reconstitution base date, defined as the fifth business day of November each year.

2.3 Announcement of periodic reconstitutions

As a general rule, an announcement will appear on our website at around 16:00 JST 10 business days before the periodic reconstitution, except in cases of unforeseen circumstances or when information cannot be confirmed.
Website: *http://qr.nomuraholdings.com/en/nhdiv/index.html*

3 The Selection and Construction Method for Index Constituent Stocks

3.1 Terminology

- Free float-adjusted market cap
  We use the following method to calculate free float-adjusted market capitalization in order to reflect the number of shares that are actually available for investment.
  Nomura composite price × (number of shares outstanding for index calculation purposes - stable shareholding)

- Nomura composite price
  The Nomura composite price refers to the stock price of the exchange selected based on the number of traded days and volume of contracts in the last 60 trading days. As a general rule, the exchange is selected on a daily basis. The share price is selected according to the following order of precedence:
  Contract price on selected exchange (see note) > standard price on selected exchange > Nomura composite price on previous business day
  Note: Priority is given to the final special quote price when the market closed with a special quote.

- Number of shares outstanding for index calculation purposes
  The number of shares outstanding for index calculation purposes is the number of shares outstanding after reflecting changes in the number of shares, in accordance with 5.4.2 Adjustments resulting from changes in capital structure.

- Stable shareholdings
  The stable shareholding is the number of shares deemed to be held stably. It is estimated based on major shareholders data, a list of securities held in an annual securities report, and information published by an exchange or company (such as a bulletin or prospectuses, etc.).

3.2 Universe

3.2.1 Universe fixing date

The universe fixing date is 15 October (or the preceding business day if 15 October is a non-business day) preceding the periodic stock reconstitution base date.

3.2.2 Universe

The universe includes, out of all stocks listed on Japanese stock exchanges[1] as of end-March preceding the periodic reconstitution base date, the top 98% of stocks in terms of cumulative free float–adjusted market cap as of the universe fixing date.

However, of the stocks that were newly listed in or after April preceding the periodic reconstitution base date, those in approximately the top 85% in terms of cumulative free float–adjusted market cap, and newly merged stocks, are also included in the universe, while stocks that meet the following criteria as of the periodic reconstitution date are excluded from the universe.

- Equities other than common stock
  As a general rule, only common stock is included in the universe. However, exceptions to this rule will be made if necessary.

- Stocks assigned for delisting
  Stocks assigned for delisting are not included in the universe.

- Stocks under supervision

- Stocks designated as securities under supervision are not included in the universe.

- Target companies of a tender offer
  Stocks that are the targets of tender offers (i.e., TOBs) may be excluded from the universe of stock selection only if all of the following requirements are met:
  (1) the company conducting the tender offer plans to acquire all the outstanding shares in the target company; and
  (2) the company conducting the tender offer is planning to acquire all of the stock of the target company in exchange either for money or its own stock and the target company agrees to the offer.

- Exchange Traded Funds/REITs

- Foreign stocks
  Stocks listed on foreign sections of Japanese exchanges or stocks regarded as overseas companies are excluded from the universe even if they are traded in the Japanese market.

- Other exceptions
  Latent stocks, warrants, and rights on them are excluded. The Bank of Japan is also excluded.

---

1. Tokyo Stock Exchange (Prime Market, Standard Market, Growth Market, TOKYO PRO Market), Nagoya Stock Exchange, Sapporo Securities Exchange, and Fukuoka Stock Exchange.

3.3 Stock selection[2]

Stocks are selected for the Nomura Japan Equity High Dividend 70 from the universe. A total of 70 stocks with a high current-FY dividend yield[3] are selected after taking into account the stock screening criteria and banding, as set out below[4].

Stock screening criteria

These are rules aimed at limiting inclusion in the index of stocks for which there are doubts about dividend sustainability and low-liquidity stocks such as those with a low free float–adjusted market cap. Stocks that meet the following criteria on the periodic reconstitution base date are eligible for inclusion in the index.

- Actual recurring profits have been above zero for the past three years[5]
- The current fiscal year is expected to end in March, June, September, or December
- In the top 85% in terms of cumulative free float–adjusted market capitalization
- In the top 500 in terms of average trading value over the past 60 days

Screening and Banding

Banding is the rule aiming to reduce frequent stock replacements caused by very small differences in current-FY dividend yield forecasts. Among the stocks that meet the stock screening criteria, index's constituents are selected in the following order.

1. The top 50 stocks in terms of current-FY dividend yield forecast on the periodic reconstitution base date are selected unconditionally.
2. Stocks that rank from 51st to 90th in terms of current-FY dividend yield forecast (the rebalancing band) and are already included in the index are then selected until a total of 70 stocks have been selected.
3. If the total number of stocks selected in 1 and 2 above is less than 70, the shortfall is supplied by stocks ranked from 51st onward in terms of the current-FY dividend yield forecast that are not currently included in the index, in order of ranking[6].

3.4 Number of shares of the stock within the index

The component stocks are determined as the 70 stocks selected as described in Section 3.3. Index inclusion weights for each component stock will be allocated an equal weight as of the periodic reconstitution base date.
The number of shares per component stock as of the periodic reconstitution date is calculated by dividing the market capitalization of the index on that day by the number of component stocks (70), and then dividing that amount by the Nomura composite share price for each stock on the periodic reconstitution base date. Please see Adjustments to index weightings in Section 5.4 Index maintenance regarding adjustment of the number of shares included in the index for each component stock between the reconstitution base date and the next scheduled reconstitution.

---

2. The stock selection criteria may be revised in response to changes in the economic situation, etc. In this case, a revised rulebook will be published at least two weeks before the periodic reconfiguration date.
3. The current FY dividend yield forecast for each stock is calculated by dividing the estimated dividend per share (or the lowest estimated dividend per share if the estimation is given by range) for the most farthest future accounting period within 12 months after the month following the periodic reconstitution base date by the closing value of its Nomura composite price on the periodic reconstitution base date. Special and commemorative dividends are excluded.
4. When a zero dividend forecast is confirmed for a stock between the periodic reconstitution base date and the periodic reconstitution announcement, the stock is not included in the index and replaced with the second choice candidate.
5. Actual recurring profit for the past three years are calculated from full-year fiscal result up to the end of the month that is five months prior to the periodic reconstitution base date. Accounting standards are adopted in the following order of priority, the latest IFRS, the latest J GAAP (consolidated), the latest US GAAP and the latest J GAAP (non-consolidated). In terms of recurring profits, Net income before taxes are referred in the case of IFRS, and Earnings before income taxes and others are used for US GAAP.
6. When two or more stocks have the same current -FY dividend yield forecast, the stock with the larger free float–adjusted market cap is selected on a priority basis.

4 Unscheduled reconstitutions

As a general rule each time an event such as corporate realignment occurs, the reconstitution shall be carried out based on the following rules, taking into consideration the actual situation after the event. However, a material event other than those below may lead to an unscheduled index reconstitution. Any such change would be announced in advance.

4.1 Stocks for which the current FY dividend has fallen to zero

In order to increase the index’s dividend yield, if it is confirmed that the current-FY dividend forecast of a component stock is zero, as a general rule the stock will be removed from the index on the 11th business day after this confirmation[7] and a new stock will be added from the waiting list as defined below.

- If a stock issuer forecasts that its annual dividend for the current fiscal year or the final dividend for the full year result until the index's next periodic reconstitution will be zero, the firm's stock will be determined as that its year-end dividend forecast falls to zero.
- If one or more stocks are to be removed from the index because their current FY dividend forecasts have fallen to zero, the same number of stocks are added to the index on the day of removal as the number of stocks that are to be removed. Substitute stocks for this alternation are selected from the waiting list as defined below in order of estimate current FY dividend yield[8]. The number of shares of the stock to be added is calculated by this formula based on data for a business day before the date of confirmation of removal from the index.
  Number of shares within the index for the stock to be removed × (Sum of Nomura composite price of stocks to be removed / Number of stocks to be removed) / Nomura composite price of the stock to be added to index..
- Even if the current FY dividend forecast falls to zero, (1) there is no ex-dividend date of the stock's dividend in the period from the 11th business day following the confirmation date to the next periodic reconstitution date, (2) the 11th business day following the confirmation date falls during the period from the first business day in October through one business day prior to the next periodic reconstitution date, and in any of these cases, the issue will not be replaced at this time. It will be reviewed at the time of the next periodic reconstitution.
- Waiting list
  Waiting list stocks are stocks in the universe (see Section 2.1) for which it is possible to estimate the free float–adjusted market cap and that meet the stock screening criteria (see Section 2.2) on the fifth business day of November, February, May, and August (waiting list base dates)[9]. Stocks are selected from the valid waiting list following confirmation of the stocks that are to be removed. Stocks are removed from the waiting list if their current-FY dividend forecast falls to zero after the waiting list base date.

Fig. 2: Waiting list base date and corresponding date of confirmation of zero current-FY dividend forecast

Date of confirmation of zero current-FY dividend forecast	Valid waiting list base date
20 November - 19 February	Fifth business day of November (Periodic reconstitution base date)
20 February - 19 May	Fifth business day of February
20 May - 19 August	Fifth business day of May
20 August - 19 November	Fifth business day of August

Source: NFRC

7. This rule applies from 25 July 2014. Through 24 July 2014, if it is confirmed that the current-FY dividend forecast of a component stock is zero, as a general rule the stocks will be removed from the index on the 11th business day after this confirmation. If the zero dividend forecast confirmation date is on or after 20 September, however, the stock will not be removed.
8. The current-FY dividend yield forecast is calculated by dividing the expected dividend per share (or the minimum estimated dividend per share if the estimation is given by range) in the most farthest future accounting period within 12 months from the month following the waiting list base date by the closing value of Nomura composite price on the waiting list base date.
9. Stocks are selected using the waiting list base date instead of the periodic reconstitution base date, as set out in Section 3.3.

4.2 Newly listed stocks

Stocks newly listed in the period following the periodic reconstitution base date will be considered for inclusion in the index at the time of the next periodic reconstitution[10].

4.3 Treatment of stock swaps, stock transfers, mergers, etc.

Unscheduled reconstitutions are carried out in response to various forms of corporate reorganization, based on the following rules. Changes are made on a case-by-case basis taking the situation following the restructuring into account. The objective is to avoid temporary exclusions of companies that have conducted a stock swap, stock transfer or similar action, and thus maintain the consistency of the stocks included in the index.

- Stock swaps and absorption-type mergers

  When a stock is delisted because it is about to become a wholly owned subsidiary or be merged into another company, it may be included in the index after its delisting but must be removed from the index on the day of the listing change. Following its delisting, and until the business day prior to the listing change, the merged company's valuation is based on the market value of the company that will become the parent company or the surviving company multiplied by the exchange or merger ratio. Also, the number of shares of the stock within the index of the surviving company is changed on the listing change date based on the exchange or merger ratio.

- Stock transfers and consolidation-type mergers

  When an unlisted surviving company takes over the operations of another company and becomes listed after a short period of time, the merged company is removed from the index on the new listing date of the surviving company. The price used for the delisted merged company through to the business day prior to the surviving company's listing is the price on the day before its delisting. The price used for the surviving company is the price on its new listing date. However, if it is apparent the surviving company will not be eligible for the index periodic reconstitution, the merged company is removed from the index on the delisting date.

- If the surviving company has a current-FY expected dividend of zero

  In the case of a stock swap, merger, or stock transfer, etc., as set out above, if it is confirmed by 11 business days before the delisting date that the surviving company (the parent company or the surviving company after the merger) has a current-FY expected dividend of zero, the wholly owned subsidiary or merged company will be excluded from the index, the surviving company will not be included in the index, and a new stock will be added, based on the waiting list as set out in 4.1 Unscheduled replacement of stocks for which the current-FY dividend has fallen to zero between scheduled reconfigurations, on the date on which the wholly owned subsidiary or merged company is delisted.

---

10. Excludes newly listed stocks as a result of stock transfers or consolidation-type mergers. See 4.3 for the treatment of such stocks.

4.4 Removal of stocks

- Assignment to securities to be delisted
  Stocks assigned as securities to be delisted will be removed from the index four business days after the assignment. However, stocks that are listed on more than one stock exchange and not assigned to be delisted on all stock exchanges will not be removed.

- Delisting
  Stocks delisted for reasons other than those cited in 4.3 Treatment of stock swaps, stock transfers, mergers, etc., are removed from the index on the delisting date.
- Marked loss of eligibility for inclusion in the universe
  In the case of an event that is considered to seriously damage a component stock's eligibility for inclusion in the universe, the stock may be removed from the index following an official announcement by the company in question, the stock exchange, or a government/regulatory agency.

As a general rule, if a stock has been removed from the index for a reason other than a zero current-FY dividend forecast, a stock will not be added to replace it.

4.5 Announcement of unscheduled reconstitutions

As a rule, unscheduled reconstitutions are announced on the NFRC website no later than five business days before the date of reconstitution, except in the case of unforeseen circumstances or when information cannot be confirmed. Website: *http://qr.nomuraholdings.com/en/nhdiv/index.html*

5 Index calculation

5.1 Index base date, Index base values, Publication start date

Index base date : 29 December 2000

Index base values : 10,000

Publication start date : 17 December 2012

Index values before the publication start date were calculated based on the rules as of the publication start date for reference purposes.

5.2 Index market cap

5.2.1 Index market capitalization

Stock market cap for the index$_i$

= Nomura composite price$_i$ × number of shares of the stock within the index$_i$

Index market cap = Σ_i (stock$_i$'s market cap of the index)

i indicates each index constituent. Σ_i indicates the sum for all index constituents.

5.2.2 Base market capitalization

Base market capitalization is used in index calculations to avoid index values being affected by changes in market capitalization that are caused by non-market factors, such as changes in capital structure or in the constituents of the index.

- Base market capitalization (excluding dividends)

Base market capitalization$_t$ (excluding dividends) = index market capitalization$_{t-1}$ + adjusted market cap$_t$

t is the day in question. t-1 is the preceding business day.

- Base market capitalization (including dividends)

Base market capitalization$_t$ (including dividends)

= index market capitalization$_{t-1}$ + adjusted market capitalization$_t$ - adjusted total dividend$_t$

t is the day in question. t-1 is the preceding business day.

Adjusted market capitalization refers to the movement of market capitalization due to the change in the capital structure or the change in constituents. Regarding the method of adjusting the base market capitalization, please see Section 5.4.2 Adjustments resulting from changes in capital structure. Adjusted total dividends is calculated as the difference between forecast dividends and actual dividends. Regarding the method of adjusting total dividends please see Method for reflecting dividends on the next page.

5.3 Calculation of index values

The index value and return are calculated using the values described above as follows;

5.3.1 JPY–denominated index value

- Index excluding dividends

Return$_t$ (excluding dividends) = index market capitalization$_t$ / base market capitalization$_t$ -1

Index value$_t$ (excluding dividends) = index value$_{t-1}$ (excluding dividends) × (1 + return$_t$ (excluding dividends))

t is the day in question. t -1 is the preceding business day.

- Index including dividends

Return$_t$ (including dividends) = (index market capitalization$_t$ + total dividends$_t$) / base market capitalization$_t$ – 1

Index value$_t$ (including dividends) = index value$_{t-1}$ (including dividends) × (1 + return$_t$ (including dividends))

t is the day in question. t-1 is the preceding business day.

- Method for reflecting dividends

For the index including dividends, dividend data are reflected on the ex-dividend date. However, as the value of the dividend has not yet been determined on the ex-dividend date, the stock issuer's dividend forecast is used (if this is unavailable, the Toyo Keizai dividend forecast is used)[11]. Furthermore, in the following circumstances, base market capitalization (including dividends) is adjusted for adjusted total dividends on the stipulated business day.

In the event of a difference between the dividend forecast and the actual dividend:

Base market capitalization is adjusted on the last business day of the month of the earnings announcement (or the last business day of the following month if the earnings announcement is made on the last business day of the month)

When a dividend adjustment is necessary:

Base market capitalization is adjusted on the last business day of the month in which NFRC comes to know (or the last business day of the following month if the day in which NFRC comes to know is the last business day of the month)

5.3.2 Calculation of US dollar–denominated index values

The US dollar–denominated index is calculated from the yen-denominated index and the exchange rate using the formula below. The index including dividends and the index excluding dividends are calculated respectively. The exchange rate used is the mid-rate announced by the BOJ (at 17:00).

US dollar–denominated index value

= yen-denominated index value × (exchange rate on index base date / exchange rate)

5.3.3 Calculation of US dollar hedged index values

The US dollar hedged index indicates performance for investing in the underlying index on a US dollar basis while hedging currency. The currency hedge for the investment at the end of each month is performed using rolling one-month USD/JPY forward contracts. The US dollar hedged index is hedged against currency risk for all index constituents at the end of each month (100% hedging ratio), but this does not mean that currency risk is completely hedged.

---

11. This rule is effective from fiscal years ended end-December 2011 onward. For fiscal years before this, the actual dividend is used on the ex-dividend date.

The USD/JPY rates used to calculate values for the US dollar hedged index are the closing values of the WM/Refinitiv spot rate and one-month forward rate (the exchange rate of the Japanese yen against the US dollar, mid-rate at 16:00 London time). When these rates are not available, the equivalent rates on the previous day are used.
The yen-denominated underlying index of the US dollar hedged index is the Net Total Return Index of the Nomura Japan Equity High Dividend 70. The tax rates applied in Japan to nonresidents are used in the calculation of net total return[12].
The official name of the US dollar hedged index is the Nomura Japan Equity High Dividend 70, Net Total Return US Dollar Hedged Index.

- Yen-denominated underlying index

Base market capitalization after tax$_t$
= market capitalization$_{t-1}$ + market capitalization adjustment$_t$ – tax-adjusted total dividend adjustment$_t$

Return$_t$ = (market capitalization$_t$ + tax-adjusted total dividends$_t$) / tax-adjusted base market capitalization$_t$ - 1

Index value$_t$ = index value$_{t-1}$ + (1 + return$_t$)

t is the day in question. t-1 is the preceding business day.

- US dollar hedged index

US dollar hedged index $_{md}$ = US dollar hedged index $_{m0}$ × (1 ＋ index return before hedging $_{md}$ ＋ hedged return $_{md}$)

Index return before hedging $_{md}$

= (yen-denominated underlying index $_{md}$ / yen-denominated underlying index $_{m0}$) × (spot rate $_{m0}$ / spot rate $_{md}$) - 1

Hedged return $_{md}$ = (spot rate$_{m0}$ / forward rate$_{m0}$) - (spot rate $_{m0}$ / linearly interpolated forward rate $_{md}$)

Linearly interpolated forward rate $_{md}$ = spot rate $_{md}$ + (D' − d) / D × (forward rate $_{md}$ – spot rate $_{md}$)

Here "m" denotes month; other related notations are shown below with their meanings.

$m0$	:	the last business day of the previous month
md	:	the day in question
d	:	day of the month
D	:	the number of days in the month
D'	:	the number of calendar days until the last business day of the month

5.4 Index maintenance

5.4.1 Reconstitutions

Constituents are replaced in periodic and unscheduled reconstitutions and also when necessary for other reasons. The base market capitalization is calculated on the reconstitution date using share prices from day prior to the reconstitution date.

12. For total dividends after tax, we use the tax rate as-of previous business day of the ex-dividend date. Reviews are conducted quarterly.

5.4.2 Adjustments resulting from changes in capital structure

Adjusting the base market capitalization

The base market capitalization is adjusted in the following way if market cap moved due to a change of capital structure regardless of market movement. However, no adjustment is made to base market capitalization to reflect changes in capital structure that do not involve payment, such as stock splits, reverse stock splits, and changes in face value, as these do not affect market capitalization.

Fig. 3: Timing of adjustments resulting from changes in capital structure

	Change in capital structure	Adjustment date	Share price used
Corporate reorganization	Stock transfer, stock swap, merger	Date of listing change	Previous day's price
	Corporate divestiture(company/division spin-off)	Ex-rights date	Not used[13]
Capital increase	Shareholder allocation	Ex-rights date	Issue price
	Allotment of acquisition rights to shares without contribution	Ex-rights date	Exercise price
	Allotment of treasury stock without contribution	Ex-rights date	Previous day's price
	Public offering	Business day following payment date (listing date of new shares when settlement is on issuance date)	Previous day's price
	Third-party allocation of shares	Five business days after date of listing change	Previous day's price
	Conversion of preferred stock	Last business day of month in which number of converted shares becomes known	Previous day's price
	Conversion of CBs Exercise of stock acquisition rights	Last business day of month in which number of new shares for which rights were exercised becomes known	Previous day's price
	Corporate divestiture (new shares of successor company)	Date of listing change	Previous day's price
Capital reduction	Retirement of treasury stock	Last business day of month following month of treasury stock retirement	Previous day's price
	Forfeiture of stock acquisition rights	Last business day of month in which rights offering refusal is announced (or last business day of following month if announcement is within five business days of month-end)	Previous day's price
	Capital reduction with compensation	Effective date	Previous day's price
Other	Other adjustments	Other adjustments to base market capitalization, if required, are made on the last business day of the month of the disclosure of the relevant information (or the last business day of the following month if the disclosure is made within five business days of the month-end)	Previous day's

Source: NFRC

13. In the case of a corporate divestiture (company/division spin-off), the base market capitalization is adjusted for the reduction in capital. The reduction in capital is defined as follows:
(1) when the divesting entity does not announce the value of the divested division or of the shares of the divested (spun-off) company, capital is reduced by the amount by which the divesting entity's shareholders' equity is expected to be reduced and
(2) when the divesting entity does announce the value of the divested division or of the shares of the divested (spun-off) company, capital is reduced by the value of the division or the value of the divested company's shares multiplied by the total number of shares

Adjustments to index weightings

When the following changes in capital structure result in a change in the number of shares outstanding for index calculation purposes, the number of shares of the stock within the index is adjusted so that the number of shares in the stock that are included in the index does not change.

- Stock transfer, stock swap, merger[14]
- Shareholder allocation
- Allotment of acquisition rights to shares without contribution
- Public offering
- Third-party allocation of shares
- Conversion of preferred stock
- Conversion of CBs, exercise of stock acquisition rights
- Corporate divestiture (new shares of successor company)
- Retirement of treasury stock
- Forfeiture of stock acquisition rights
- Capital reduction with compensation
- Other adjustments

---

14. When an index constituent becomes a wholly owned subsidiary (or merged company), the index inclusion ratio of the parent (or surviving company) is changed so that the total number of shares in the index remains the same as it was before, taking the exchange ratio (or merger ratio) into account.

6 Data services

Data for the indices can be obtained via the following channels[15]

Index values are published in the following media:

Bloomberg	:	JPY-denominated (excluding dividends): NMRIJOHD <Index>
		JPY-denominated (including dividends): NMRIJIHD <Index>
QUICK	:	JPY-denominated (excluding dividends): SNJPHD/NRIJ
		JPY-denominated (including dividends): SNJPHD#TR/NRIJ
LSEG	:	JPY-denominated (excluding dividends): .NHDIV70
		JPY-denominated (including dividends): .NHDIV70TR
		USD-hedged (Net Total Return): .NHDIV70UNH
Website	:	*http://qr.nomuraholdings.com/en/nhdiv/index.html*

15. Published data are all for reference only.

For further information on the index

Nomura Fiduciary Research & Consulting Co., Ltd
Index Services Department
e-mail : idx_mgr@nfrc.co.jp
Website : *http://qr.nomuraholdings.com/en/nhdiv/index_contacts.html*

16. NFRC took over the index business of Nomura Securities Co., Ltd., effective 1 February 2023.

Disclaimer

The intellectual property rights and any other rights in Nomura Agribusiness Index belong to Nomura Fiduciary Research & Consulting Co., Ltd. ("NFRC").

NFRC do not guarantee accuracy, completeness, reliability, usefulness, marketability, merchantability and fitness of the Index, and do not account for business activities or services that any index user and/or its affiliates undertakes with the use of the Index.

Publication of the index could be delayed or canceled if a computer malfunction, natural disaster, or other unavoidable event affects the index calculation process.

Should contingencies arise that were unforeseen at the time of the creation of this rulebook, NFRC may prioritize items not spelled out in this rulebook in its management of the index. In such cases, NFRC will issue an announcement in advance that details those items.

Please read “About The Index License” before using the indexes, regardless of the channel through which indexes/data is acquired (NFRC website, services via information vendors, etc).

"About The Index License" *http://qr.nomuraholdings.com/en/indexlicense.html*

The WMR FX Benchmarks (WMR Spot Rates) are provided by London Stock Exchange Group (LSEG). LSEG shall not be liable for any errors in or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same.

- This material has been prepared by Nomura Fiduciary Research & Consulting Co., Ltd. (NFRC) for information purposes only.
- All opinions and/or predictions contained in this material are based on the determination of NFRC at the time this material was prepared and are subject to change without notice. We do not provide any guarantee or assurance that opinions contained in this material relating to future predictions will actually take place. Some part of the content of this material is based on various information available to NFRC which NFRC determined to be reliable. However, NFRC does not guarantee the accuracy of such information, and there is a possibility that such information was summarized and imperfect. The past investment performance is not indicative of the future results.
- This material is not intended as an investment solicitation or an investment advice in connection with any particular security transaction.
- If a customer invests in an investment product that uses a market benchmark developed and provided by NFRC, a portion of the fees for the use of such benchmark may be directly or indirectly attributed to NFRC. For details, please visit the following website. Securities Market Benchmarks *http://qr.nomuraholdings.com/en/*
- This material may only be used by the customer to whom it was distributed. This material is the copyrighted work of NFRC and you may not copy, transmit or redistribute this material, in whole or in part, without the prior written consent of NFRC.

Nomura Fiduciary Research & Consulting Co., Ltd.

Registration Number: Director-General of the Kanto Local Financial Bureau (Finance & Commerce) Registration No.451

Membership: Japan Investment Advisers Association No. 011-00961

Policies with regard to NFRC’s indices

The below index-related policies are published on our website. See the following link for details: *http://qr.nomuraholdings.com/en/guides/index.html*

- Index Governance Framework
- Conflicts of Interest Policy
- Index Calculation Policy
- Complaints Handling Policy