

August 6, 2013

Change to the method for reflecting dividends in calculation of index values including dividends (Russell/Nomura Japan Equity Indexes)

Russell Investments and the Quantitative Research Dept. of Nomura Securities have changed the method for reflecting dividends in calculation of index values including dividends.

Change to the method for reflecting dividends

“Russell/Nomura Japan Equity Indexes rulebook”, published July 12, 2013

P. 16, 6-1-2. Calculation of index values - Calculating dividends per share

(1) Old rule

For indexes including dividends, dividend data are reflected on the ex-dividend date. However, on the ex-dividend date, the amount of the dividend is not yet definite. As such, **dividend forecasts by Nomura** are used (if unavailable, Toyo Keizai’s dividend forecasts are used). In the event of a difference between the dividend forecast and the actual dividend, the base market capitalization is readjusted on the last trading day of the month of the earnings announcement¹, except that announcements made on the last day of the month are reflected at the end of the following month.

(2) New rule

For indexes including dividends, dividend data are reflected on the ex-dividend date. However, on the ex-dividend date, the amount of the dividend is not yet definite. As such, **dividend forecasts announced by companies** are used (if unavailable, Toyo Keizai’s dividend forecasts are used). In the event of a difference between the dividend forecast and the actual dividend, the base market capitalization is readjusted on the last trading day of the month of the earnings announcement¹, except that announcements made on the last day of the month are reflected at the end of the following month.

¹ Applied from end-June 2007. Prior to that, adjustments were made on the first trading day of the month following the announcement of results.

Please refer to the link below for Russell/Nomura Japan Equity Indexes rulebook.
http://qr.nomuraholdings.com/en/frcnri/docs/RN_rule201307E.pdf

Implementation

The change to the index rules will take effect on September 26, 2013.

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