

Russell/Nomura Indexes Annual Reconstitution

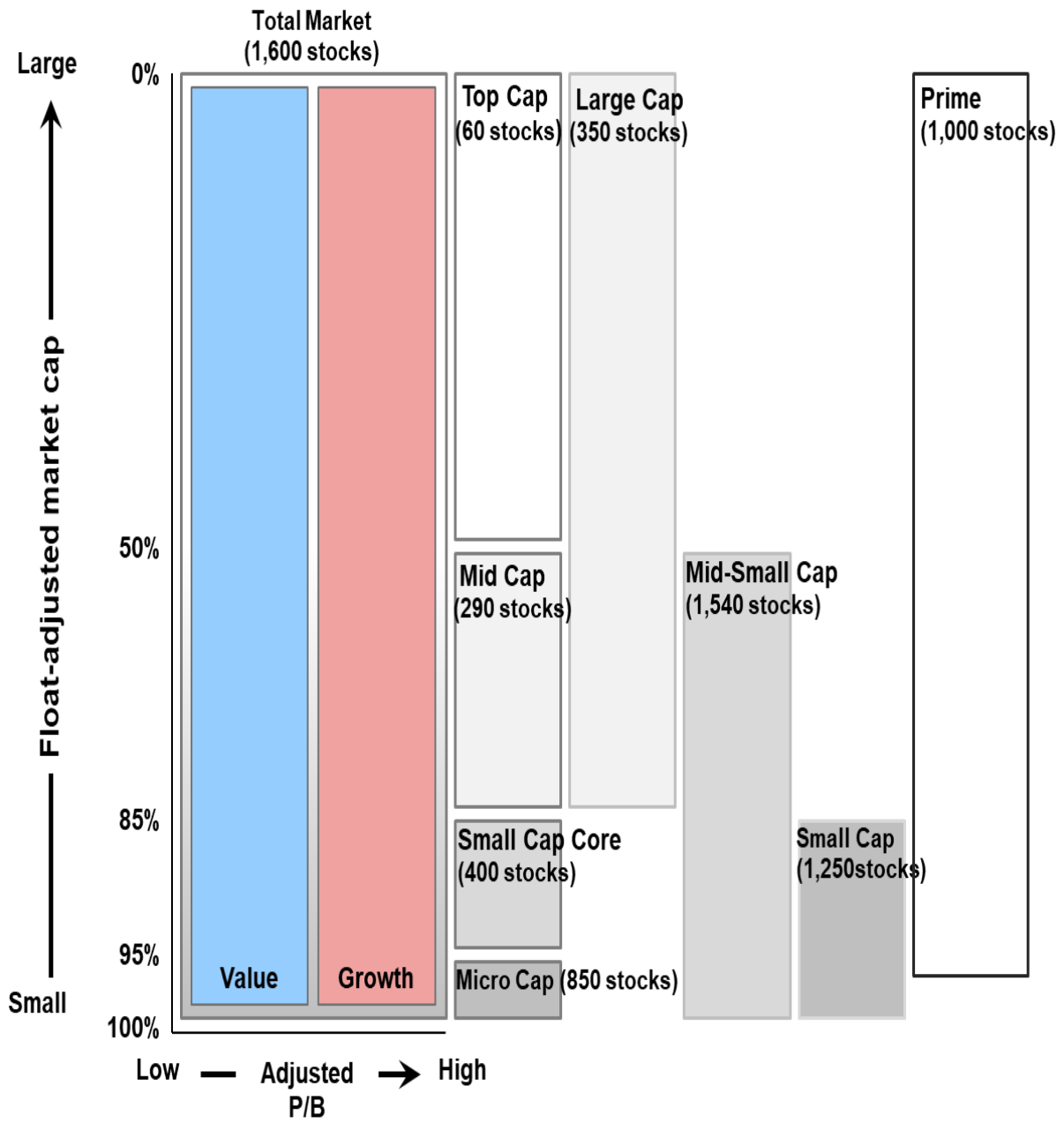
Tokyo, November 20, 2020—Nomura Securities Co., Ltd. and FTSE Russell today announced that the Russell/Nomura Japan Equity Indexes' annual reconstitution for 2020 has been implemented. The number of constituents in the Russell/Nomura Total Market Index, which captures 98% of the float-adjusted market capitalization of the Japanese equity market, came to 1,600. 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 1,600 as a result of 121 additions and 102 deletions. The total capitalization of the Index was approximately 406 trillion yen (as of October 15, 2020; float-adjusted). The index turnover was generally high due to the ongoing turmoil in the financial markets caused by the spread of coronavirus.

The number of constituents in the Large Cap Index was 350 stocks, the same as in the annual reconstitution held last year. The number of stocks in the Top Cap Index decreased by 10 to 60 and the Mid Cap Index increased by 15 to 290. 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 about the same as last year (see Chart 1).

The Total Value Index had 184 additions and 81 deletions, while the Total Growth Index had 149 additions and 137 deletions. The capitalization turnover ratios (one-sided) for the Total Value and Growth indexes are 16.8% and 17.1%, respectively (see Chart 2). In terms of sector concentration in the Large Cap Index, “Foods” and “Electric Appliances” are now tilted toward Value while “Information & Communication” decreased. The growth weighting of “Information & Communication” is now tilted toward Growth (see Chart 3).

Chart 1 Russell/Nomura Japan Equity Indexes



Note: Number of stocks is as of November 20, 2020 following annual reconstitution

Chart 2 November 2020 Rebalancing Summary

	No. of stocks					% of total market cap			Turnover ratio (one-sided)
	Pre	Post	Diff	Out	In	Pre	Post	Diff	
Total	1,581	1,600	19	102	121	100.00%	100.00%	-	2.3%
Value	1,125	1,228	103	81	184	44.19%	50.62%	6.43%	16.8%
Growth	801	813	12	137	149	55.81%	49.38%	-6.43%	17.1%
Large	345	350	5	25	30	85.58%	85.58%	0.01%	3.3%
Value	215	242	27	24	51	35.97%	41.00%	5.04%	18.5%
Growth	221	214	-7	38	31	49.61%	44.58%	-5.03%	17.5%
Small	1,236	1,250	14	128	142	14.42%	14.42%	-0.01%	12.8%
Value	910	986	76	87	163	8.22%	9.62%	1.40%	20.4%
Growth	580	599	19	127	146	6.20%	4.80%	-1.40%	33.2%
Prime	988	1,000	12	49	61	97.21%	97.26%	0.05%	2.4%
Value	698	765	67	49	116	42.60%	48.81%	6.21%	17.0%
Growth	520	524	4	82	86	54.61%	48.45%	-6.16%	17.2%

Note: "Percentile of total market cap" is based on the share price as of October 15, 2020. Turnover ratio (one-sided) is calculated: $[\Sigma \text{ market cap weighting before reconstitution} - \text{market cap weighting after reconstitution}] / 2$

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%	-0.2%
MINING	0.0%	-	0.0%	-	-0.1%	-
CONSTRUCTION	0.3%	-0.7%	0.6%	-0.6%	-1.3%	-1.1%
FOODS	2.1%	-1.6%	2.6%	-1.7%	0.1%	-0.8%
TEXTILES & APPARELS	-0.1%	0.0%	0.0%	0.1%	-0.3%	-0.6%
PULP & PAPER	-0.1%	-	0.0%	-	-0.2%	-
CHEMICALS	-0.1%	0.6%	-0.1%	0.4%	-0.2%	1.5%
PHARMACEUTICAL	0.7%	0.1%	0.9%	-0.1%	0.0%	0.8%
OIL & COAL PRODUCTS	-0.1%	-	-0.1%	-	-0.1%	-
RUBBER PRODUCTS	0.3%	-0.4%	0.3%	-	0.5%	0.0%
GLASS & CERAMICS PRODUCTS	-0.1%	0.0%	0.0%	0.0%	-0.8%	0.1%
IRON & STEEL	-0.2%	-	-0.1%	-	-0.3%	-
NONFERROUS METALS	-0.2%	0.0%	-0.1%	-	-0.4%	0.2%
METAL PRODUCTS	0.0%	-0.1%	0.0%	-0.1%	0.0%	-0.1%
MACHINERY	0.1%	0.3%	-0.1%	0.4%	0.5%	-1.4%
ELECTRIC APPLIANCES	2.0%	-0.1%	2.4%	-0.4%	0.3%	-0.2%
TRANSPORTATION EQUIPMENT	-0.6%	-0.9%	-0.7%	-1.0%	0.2%	-0.1%
PRECISION INSTRUMENTS	0.0%	0.6%	0.0%	0.8%	0.2%	-0.6%
OTHER PRODUCTS	0.0%	0.5%	0.0%	0.5%	0.2%	-0.3%
ELECTRIC POWER & GAS	-0.3%	0.0%	-0.4%	0.0%	-0.2%	0.2%
LAND TRANSPORTATION	1.4%	-1.4%	1.8%	-1.5%	-0.1%	-0.8%
MARINE TRANSPORTATION	0.0%	-	0.0%	-	0.0%	-
AIR TRANSPORTATION	-0.1%	-	-0.1%	-	-	-
WAREHOUSING & HARBOR TRANSPORTATION SERVICES	0.0%	0.0%	-	-	0.2%	0.1%
INFORMATION & COMMUNICATION	-4.4%	4.0%	-5.7%	3.9%	1.0%	6.3%
WHOLESALE TRADE	-0.8%	-0.1%	-0.9%	0.3%	-0.4%	-3.2%
RETAIL TRADE	1.0%	-0.5%	1.2%	-0.4%	0.2%	-0.3%
BANKS	-1.2%	0.0%	-1.2%	-	-1.2%	-0.4%
SECURITIES & COMMODITY FUTURES	-0.3%	0.0%	-0.3%	0.0%	-0.1%	0.0%
INSURANCE	-0.5%	0.0%	-0.6%	-	-	0.2%
OTHER FINANCING BUSINESS	-0.1%	0.0%	-0.2%	0.2%	0.3%	-1.0%
REAL ESTATE	0.7%	-0.9%	0.9%	-1.0%	0.0%	0.3%
SERVICES	0.5%	0.7%	0.2%	0.7%	1.7%	1.7%

Note: Based on the share price as of October 15, 2020. 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%. Highlighted in darker colors are sectors whose weightings increased over 2%.

Russell/Nomura Prime Index had 61 additions and 49 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 61 additions and 49 deletions. The total market capitalization of the Prime Index is approximately 395 trillion yen (as of October 15, 2020; float-adjusted), and the turnover ratio (one-sided) of the index is 2.4%.

46 stocks entered the index for the first time, including 22 stocks from the Information & Communication sector, which accounted for about half of the newly entered stocks.

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 20, 2020, 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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Contacts:

Name	Company	Telephone
Kenji Yamashita	Nomura Holdings, Inc. Group Corporate Communications Dept.	81-3-3278-0591

For inquiries regarding index calculation:

Index Operations Dept.	Nomura Securities Co., Ltd. Financial Engineering & Technology Research Center e-mail: idx_mgr@jp.nomura.com	81-3-6703-3986
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