



## Russell/Nomura Japan Equity Indexes

Global Markets Research

24 April 2023

EQUITY: INDEX SERVICES DEPARTMENT

### FY23 handbook

This report constitutes the Russell/Nomura Japan Equity Indexes FY23 handbook.

Russell/Nomura Japan Equity Indexes have the following characteristics:

- They are share price indexes that are weighted by free-float adjusted market capitalization and cover the top 98% of all listed stocks in terms of float-adjusted market capitalization, thereby offering broad market coverage.
- Stocks are chosen from the whole Japanese stock market.
- Because the indexes take into consideration the stable shareholding ratio, they reflect the stocks that are actually available for investment.
- There are style indexes for large and small companies and for value and growth stocks.
- The Prime Index consists of the top 1,000 stocks in the Total Market Index by market cap excluding stable shareholdings.
- Stocks are selected quantitatively based on clearly defined criteria.
- The composition of each index is reviewed once a year.

#### Research Analysts

[Japan index products](#)

Index Services Department - NFRC

idx\_mgr@nfrco.jp

# Table of contents

---

1. Introduction.....	3
2. Russell/Nomura Japan Equity Indexes.....	4
3. Russell/Nomura Japan Equity Indexes: composition.....	5
3.1 Number of stocks and market capitalization.....	5
3.2 Number of stocks as of date of regular reconstitution.....	6
3.3 Sector allocation.....	7
3.4 Top 10 stocks by market capitalization.....	8
4. Performance analysis.....	9
4.1 Annual returns.....	9
4.2 Performance.....	10
4.3 Relative performance of style indexes.....	11
4.4 Risk-return characteristics of individual indexes.....	12
4.5 Impact of dividends.....	12
5. Index investability.....	13
5.1 Turnover ratios as of regular reconstitutions.....	13
5.2 Estimated number of days' impact in the case of regular reconstitutions.....	14
5.3 Estimating number of days of impact and minimum unit of investment when a fund is established.....	15
6. Data publication services.....	16
Disclaimer.....	17

---

# 1. Introduction

The Russell/Nomura Japan Equity Indexes are Japanese equity indexes developed jointly by Nomura Fiduciary Research & Consulting Co., Ltd. (“NFRFC”) and Frank Russell Company.<sup>[1]</sup>

Russell/Nomura Japan Equity Indexes should be useful in:

- Determining investment strategies (strategic asset allocation)
- Determining manager structures
- Devising asset management benchmarks
- Supporting portfolio management activities
- Evaluating the performance of various investment styles
- Managing risk

Russell/Nomura Japan Equity Indexes have the following characteristics:

- They are share price indexes that are weighted by free-float adjusted market capitalization and cover the top 98% of all listed stocks in terms of float-adjusted market capitalization, thereby offering broad market coverage
- Stocks are chosen from the whole Japanese stock market<sup>[2]</sup>
- Because the indexes take into consideration the stable shareholding ratio, they reflect the stocks that are actually available for investment
- There are style indexes for large and small companies and for value and growth stocks
- The Prime Index consists of the top 1,000 stocks in the Total Market Index by market cap excluding stable shareholdings
- Stocks are selected quantitatively based on clearly defined criteria
- The composition of each index is reviewed once a year

Complete details of rules for the Russell/Nomura Japan Equity Index can be found in the Russell/Nomura Japan Equity Index Rulebook.

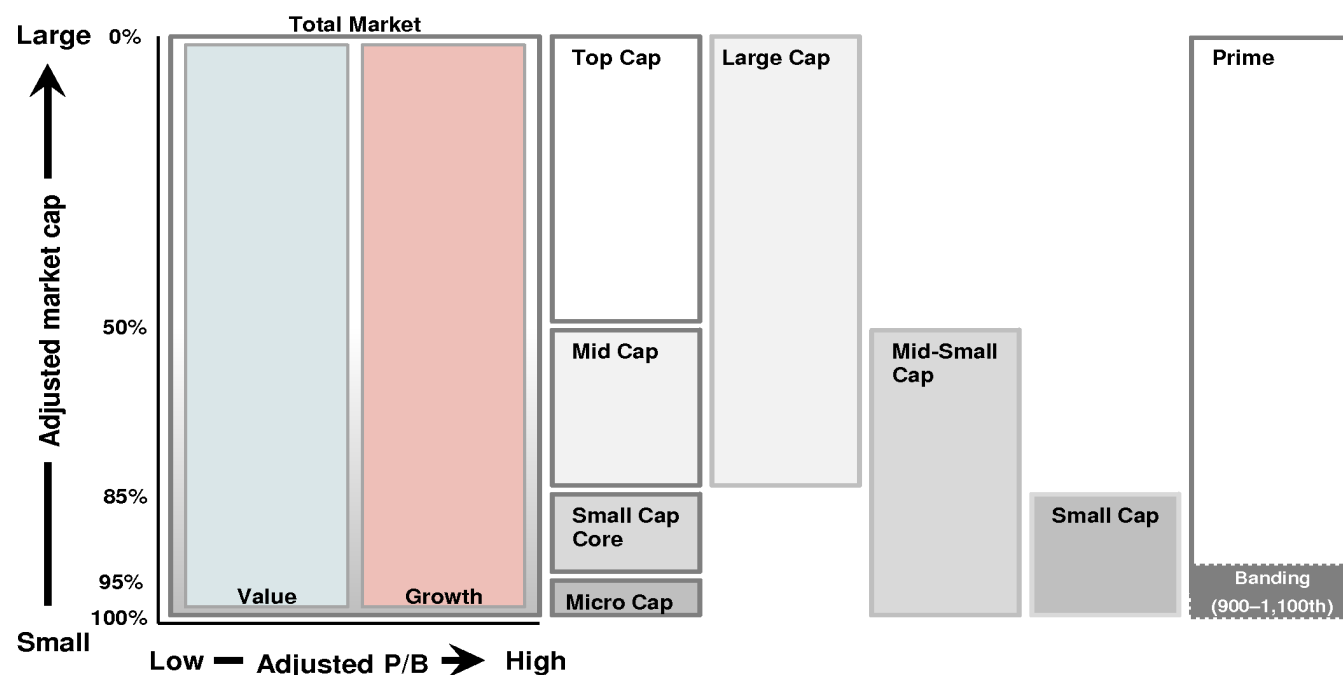
---

1. NFRFC took over the index business of Nomura Securities Co., Ltd., effective 1 February 2023.  
2. Tokyo Stock Exchange (Prime Market, Standard Market, Growth Market, TOKYO PRO Market), Nagoya Stock Exchange, Sapporo Securities Exchange, and Fukuoka Stock Exchange.

## 2. Russell/Nomura Japan Equity Indexes

The Russell/Nomura Japan Equity Indexes cover the top 98% of stocks listed on all markets in terms of float-adjusted market value. Size-based and investment style indexes are published separately as subindexes. Stocks are divided between the size-based indexes on the basis of their float-adjusted market capitalization, while the adjusted market capitalization of constituent stocks is divided between Value and Growth investment style indexes on the basis of their adjusted P/B ratios.

Fig. 1: Russell/Nomura Japan Equity Indexes



Source: NFRC

- The Russell/Nomura Total Market Index contains the top 98% of all stocks listed on Japan's stock exchanges in terms of float-adjusted market capitalization
- The Russell/Nomura Large Cap Index contains the top 85% of the Russell/Nomura Total Market Index in terms of float-adjusted market capitalization
- The Russell/Nomura Small Cap Index contains the bottom 15% of the Russell/Nomura Total Market Index in terms of float-adjusted market capitalization
- The Russell/Nomura Top Cap Index contains the top 50% of the Russell/Nomura Total Market Index in terms of float-adjusted market capitalization
- The Russell/Nomura Mid Cap Index contains the middle 35% of the Russell/Nomura Total Market Index in terms of float-adjusted market capitalization
- The Russell/Nomura Mid-Small Cap Index contains the bottom 50% of the Russell/Nomura Total Market Index in terms of float-adjusted market capitalization
- The Russell/Nomura Small Cap Core Index comprises stocks in the Small Cap Index, excluding the Micro Cap Index, and represents the bottom 15% of the Russell/Nomura Total Market Index in terms of float-adjusted market capitalization minus the bottom 5%
- The Russell/Nomura Micro Cap Index contains the bottom 5% of the Russell/Nomura Total Market Index in terms of float-adjusted market capitalization
- The Russell/Nomura Prime Index contains the top 1,000 stocks in the Total Market Index in terms of float-adjusted market capitalization, taking into account "banding" and the "negative list"

### 3. Russell/Nomura Japan Equity Indexes: composition

#### 3.1 Number of stocks and market capitalization

Figure 2 shows the number and market capitalization of the stocks in the Russell/Nomura Total Market Index and in the total market.

Fig. 2: Russell/Nomura Total Market Index and the total market

	Number of stocks		Market cap (¥trn)		
	R/N	Total market	Russell/Nomura (adjusted for stable shareholdings)	Russell/Nomura (not adjusted for stable shareholdings)	Total market (not adjusted for stable shareholdings)
Tokyo Stock Exchange	1,346	1,799	471	680	689
Other	154	2,057	18	39	30
<b>Total</b>	<b>1,500</b>	<b>3,856</b>	<b>489</b>	<b>719</b>	<b>719</b>

Note: Market cap data as of 18 Nov 2022. The Russell/Nomura Total Market Index (Russell/Nomura) is as of the Nov 2022 regular reconstitution. Market selection was the TSE, followed by the Nagoya Stock Exchange, the Fukuoka Stock Exchange, and the Sapporo Securities Exchange, in that order.

Source: NFRC

Figure 3 shows the number of stocks for each index as of the date of its regular reconstitution, together with the percentage of total market capitalization, and the market capitalization of the largest and smallest stocks.

Fig. 3: Number of stocks in each index and % of total market capitalization

Index	Number of stocks	% of total market cap	Market cap of largest and smallest stock (¥100mn)	
			Largest	Smallest
Total Market	1,500	100.0%	138,225	24
Value	1,103	47.6%	107,270	9
Growth	776	52.4%	122,151	8
Large	300	85.1%	138,225	2,157
Large Value	201	38.8%	107,270	200
Large Growth	187	46.4%	122,151	245
Top	60	51.9%	138,225	16,425
Top Value	38	22.0%	107,270	1,075
Top Growth	44	29.9%	122,151	1,109
Mid	240	33.2%	17,906	2,157
Mid Value	163	16.8%	17,906	200
Mid Growth	143	16.5%	17,787	245
Mid-Small	1,440	48.1%	17,906	24
Mid-Small Value	1,065	25.6%	17,906	9
Mid-Small Growth	732	22.5%	17,787	8
Small	1,200	14.9%	3,215	24
Small Value	902	8.8%	2,569	9
Small Growth	589	6.1%	3,215	8
Small Core	400	10.2%	3,215	524
Small Core Value	285	5.8%	2,569	37
Small Core Growth	216	4.4%	3,215	41
Micro	800	4.7%	727	24
Micro Value	617	3.0%	639	9
Micro Growth	373	1.6%	727	8
Prime	1,000	97.9%	138,225	239
Prime Value	719	46.2%	107,270	18
Prime Growth	544	51.7%	122,151	15

Note: Based on constituent stocks as of regular reconstitutions in Nov 2022. Market cap data as of 18 Nov 2022. Number of stocks for Value and Growth indexes is the number of stocks for which all or part of the market capitalization is allocated to the Value or Growth indexes. Market cap of stocks in Value and Growth indexes is the market capitalization for these stocks that is allocated to the Value or Growth indexes.

Source: NFRC

### 3.2 Number of stocks as of date of regular reconstitution

Figure 4 shows the number of stocks in each index as of the date of past regular reconstitutions

Fig. 4: Number of constituent stocks

Date (yyymm)	Total		Large	Small	Prime
	Value	Growth			
198101	1,091	656	400	691	—
198201	1,091	708	400	691	—
198301	1,091	766	400	691	—
198401	1,091	738	400	691	—
198501	1,104	706	400	704	—
198601	1,142	733	400	742	—
198701	1,142	833	400	742	—
198801	1,199	860	400	799	—
198901	1,267	877	400	867	—
199001	1,381	827	500	881	—
199101	1,561	920	500	1,061	—
199201	1,585	1,017	500	1,085	—
199301	1,586	1,092	500	1,086	—
199401	1,586	1,118	500	1,086	—
199501	1,749	1,111	500	1,249	—
199601	1,754	1,191	500	1,254	—
199701	1,854	1,251	500	1,354	—
199801	1,854	1,575	500	1,354	1,000
199901	1,854	1,584	500	1,354	1,000
200001	1,854	1,551	500	1,354	1,000
200101	1,854	1,544	500	1,354	1,000
200202	1,853	1,573	300	1,553	1,000
200212	1,500	1,225	300	1,200	1,000
200312	1,600	1,233	350	1,250	1,000
200412	1,700	1,231	400	1,300	1,000
200512	1,799	1,218	400	1,399	1,000
200612	1,700	1,241	350	1,350	1,000
200712	1,500	1,164	300	1,200	1,000
200812	1,400	1,111	300	1,100	1,000
200912	1,500	1,139	350	1,150	1,000
201012	1,400	1,081	300	1,100	1,000
201112	1,400	1,044	350	1,050	1,000
201212	1,500	1,159	350	1,150	1,000
201312	1,400	1,043	300	1,100	1,000
201412	1,500	1,103	350	1,150	1,000
201512	1,400	1,000	350	1,050	1,000
201611	1,500	1,104	350	1,150	1,000
201711	1,600	1,132	350	1,250	1,000
201811	1,600	1,108	350	1,250	1,000
201911	1,600	1,141	350	1,250	1,000
202011	1,600	1,228	350	1,250	1,000
202111	1,500	1,113	300	1,200	1,000
202211	1,500	1,103	300	1,200	1,000

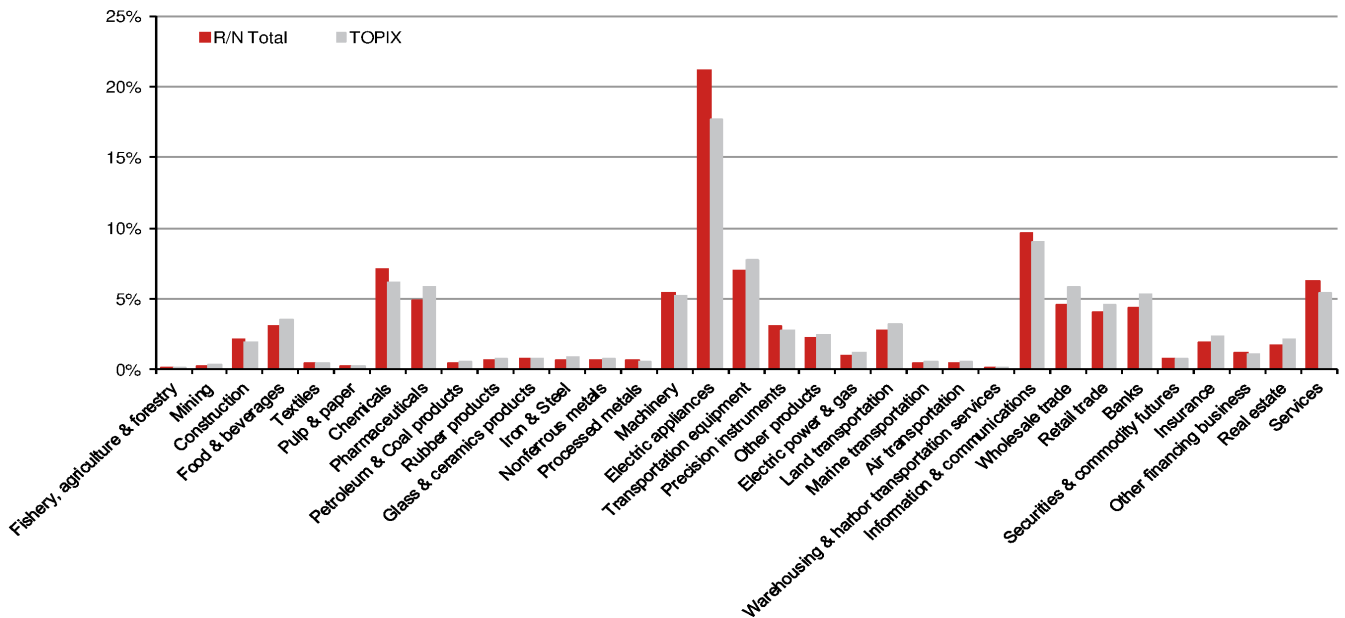
Note: As of regular reconstitution date each year.

Source: NFRC

### 3.3 Sector allocation

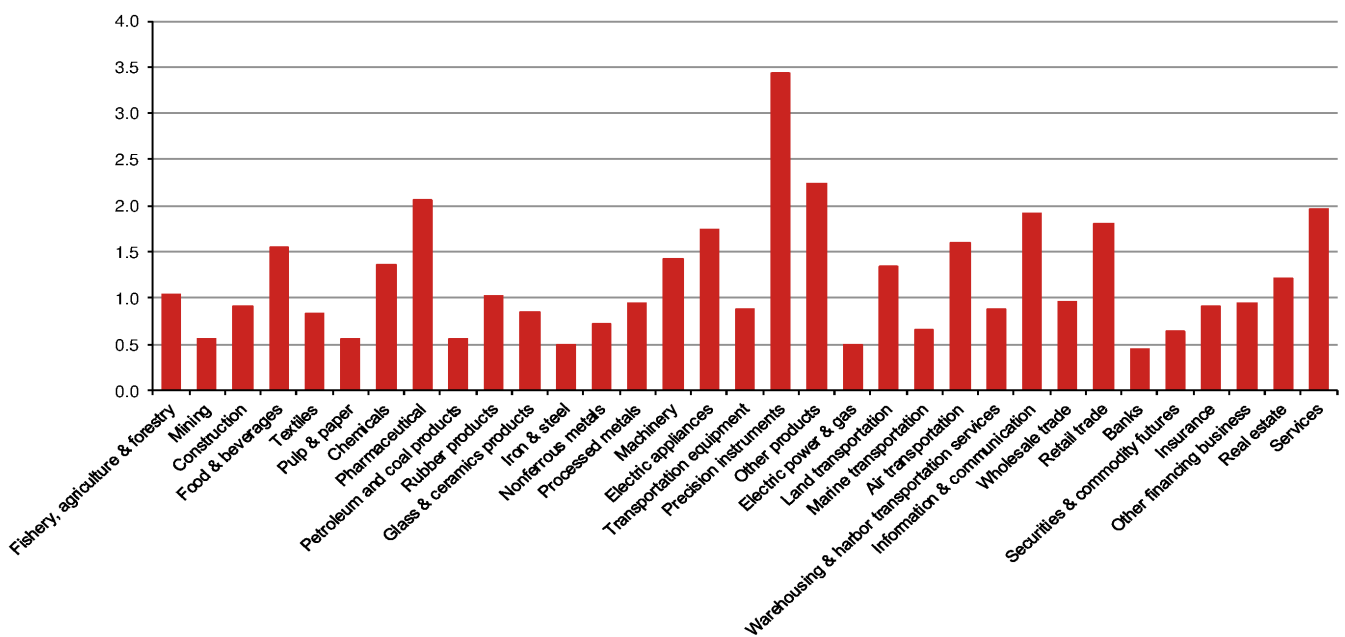
Figure 5 shows the percentage of Russell/Nomura Total Market Index market capitalization in each of 33 sectors. Compared with the TOPIX, the Russell/Nomura Total Market Index is more heavily weighted toward the electric appliances sector and the information & communications sector and less heavily weighted toward the transportation equipment sector.

**Fig. 5: Sector allocation of Russell/Nomura Total Market Index and TOPIX**



Note: Figures for Russell/Nomura Total Market Index are based on constituent stocks as of the regular reconstitution date in Nov 2022. Market cap data as of 18 Nov 2022. Source: NFRC

**Fig. 6: Average adjusted P/B ratio by sector for the Russell/Nomura Total Market Index**



Note: Figures for Russell/Nomura Total Market Index are based on constituent stocks as of the regular reconstitution date in Nov 2022. Market cap data as of 14 Oct 2022, the date of determination for the regular reconstitution. Average adjusted P/B = [sum of share prices of stocks included] / (sum of BPS adjusted for unrealized gains/losses of stocks included)]. Source: NFRC

### 3.4 Top 10 stocks by market capitalization

Figure 7 shows the top 10 stocks by weighting in each index.

**Fig. 7: Top 10 stocks by weighting in each index**

Rank	TOP	TOP Value	TOP Growth
1	7203 Toyota Motor	7203 Toyota Motor	6758 Sony Group
2	6758 Sony Group	8306 Mitsubishi UFJ Financial Group	6861 Keyence
3	6861 Keyence	9984 SoftBank Group	9432 Nippon Telegraph and Telephone
4	9432 Nippon Telegraph and Telephone	8316 Sumitomo Mitsui Financial Group	4568 Daiichi Sankyo
5	4568 Daiichi Sankyo	8058 Mitsubishi	7974 Nintendo
6	8306 Mitsubishi UFJ Financial Group	7267 Honda Motor	9433 KDDI
7	9984 SoftBank Group	8031 Mitsui & Co	6098 Recruit Holdings
8	7974 Nintendo	4502 Takeda Pharmaceutical	8035 Tokyo Electron
9	9433 KDDI	8411 Mizuho Financial Group	7741 Hoya
10	6098 Recruit Holdings	6501 Hitachi	6367 Daikin Industries
Rank	Mid	Mid Value	Mid Growth
1	4507 Shionogi	6178 Japan Post Holdings	4507 Shionogi
2	2502 Asahi Group Holdings	5401 Nippon Steel	2802 Ajinomoto
3	6762 TDK	2502 Asahi Group Holdings	9983 Fast Retailing
4	2802 Ajinomoto	8725 MS&AD Insurance Group Holdings	2503 Kirin Holdings
5	9735 Secom	1925 Daiwa House Industry	8267 Aeon
6	9983 Fast Retailing	5020 ENEOS Holdings	7309 Shimano
7	6178 Japan Post Holdings	1605 Inpex	8113 Unicharm
8	2503 Kirin Holdings	8604 Nomura Holdings	9735 Secom
9	5401 Nippon Steel	7011 Mitsubishi Heavy Industries	6857 Advantest
10	8267 Aeon	7269 Suzuki Motor	9613 NTT Data
Rank	Small Core	Small Core Value	Small Core Growth
1	9989 Sundrug	3401 Teijin	3697 SHIFT
2	6952 Casio Computer	7167 Mebuki Financial Group	3635 Koei Tecmo Holdings
3	3697 SHIFT	8253 Credit Saison	6005 Miura
4	3635 Koei Tecmo Holdings	5711 Mitsubishi Materials	4666 Park24
5	3401 Teijin	8233 Takashimaya	1414 Sho-Bond Holdings
6	6005 Miura	5021 Cosmo Energy Holdings	9989 Sundrug
7	7167 Mebuki Financial Group	5233 Taiheiy Cement	4921 Fancl
8	8253 Credit Saison	4061 Denka	4385 Mercari
9	5711 Mitsubishi Materials	5101 Yokohama Rubber	7518 Net One Systems
10	8233 Takashimaya	5901 Toyo Seikan Group Holdings	7956 Pigeon
Rank	Micro	Micro Value	Micro Growth
1	6914 Optex group	1961 Sanki Engineering	7944 Roland
2	1961 Sanki Engineering	8524 North Pacific Bank	7630 Ichibanya
3	7944 Roland	9678 Kanamoto	4290 Prestige International
4	8524 North Pacific Bank	7718 Star Micronics	8848 Leoplace21
5	7630 Ichibanya	8358 Suruga Bank	2678 Askul
6	9678 Kanamoto	8388 The Awa Bank	6914 Optex group
7	4290 Prestige International	2733 Arata	4485 JTower
8	7718 Star Micronics	6508 Meidensha	6366 Chiyoda
9	6750 Elecom	1835 Totetsu Kogyo	2471 S-Pool
10	8358 Suruga Bank	9956 Valor Holdings	7366 Litalico
Rank	Prime	Prime Value	Prime Growth
1	7203 Toyota Motor	7203 Toyota Motor	6758 Sony Group
2	6758 Sony Group	8306 Mitsubishi UFJ Financial Group	6861 Keyence
3	6861 Keyence	9984 SoftBank Group	9432 Nippon Telegraph and Telephone
4	9432 Nippon Telegraph and Telephone	8316 Sumitomo Mitsui Financial Group	4568 Daiichi Sankyo
5	4568 Daiichi Sankyo	8058 Mitsubishi	7974 Nintendo
6	8306 Mitsubishi UFJ Financial Group	7267 Honda Motor	9433 KDDI
7	9984 SoftBank Group	8031 Mitsui & Co	6098 Recruit Holdings
8	7974 Nintendo	4502 Takeda Pharmaceutical	8035 Tokyo Electron
9	9433 KDDI	8411 Mizuho Financial Group	7741 Hoya
10	6098 Recruit Holdings	6501 Hitachi	6367 Daikin Industries

Note: As of 14 Oct 2022, the date of determination for the regular reconstitution.

Source: NFRC



## 4. Performance analysis

### 4.1 Annual returns

Fig. 8: Annual returns on individual indexes

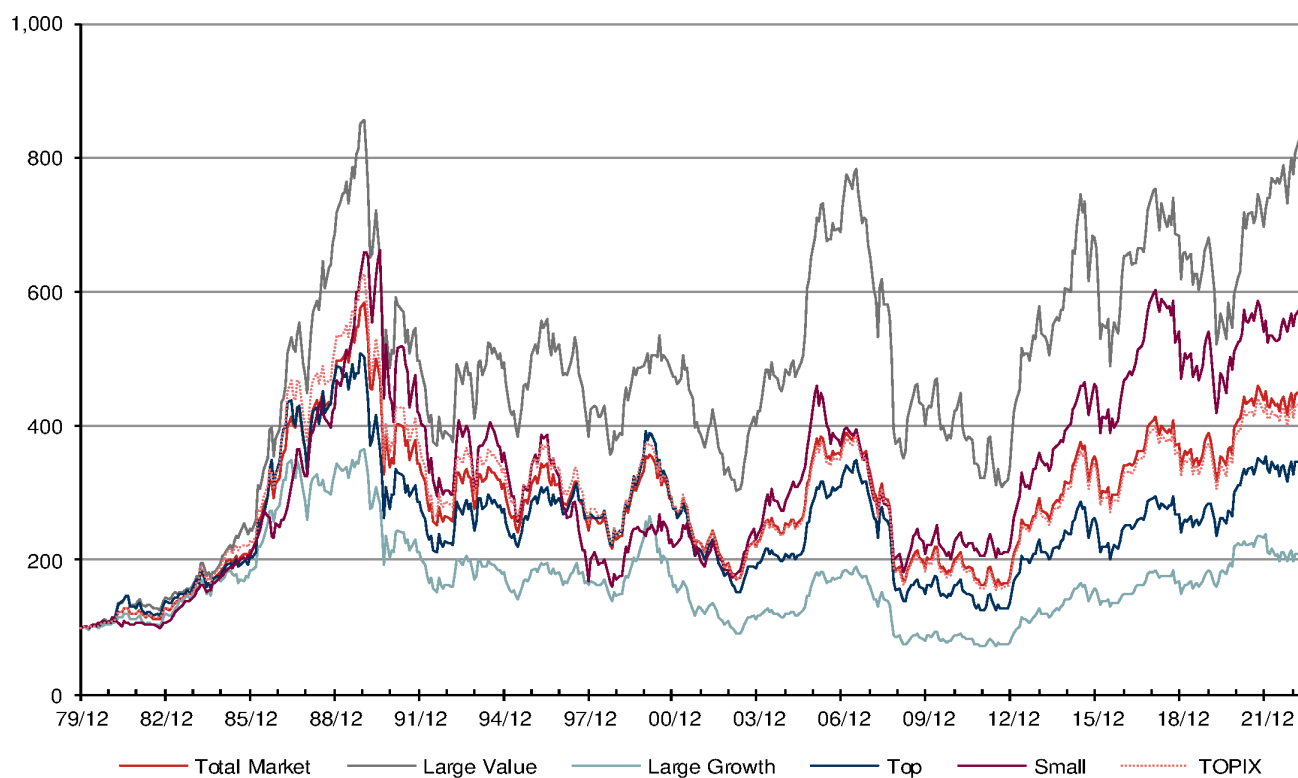
Index	Excluding dividends					Including dividends				
	1 yr	2 yrs	5 yrs	10 yrs	Jan 2001–	1 yr	2 yrs	5 yrs	10 yrs	Jan 2001–
Total Market	3.58%	1.76%	4.36%	7.90%	3.67%	6.25%	4.30%	6.78%	10.12%	5.53%
Value	6.65%	5.90%	3.79%	7.24%	4.57%	10.11%	9.26%	6.92%	9.99%	6.73%
Growth	0.82%	-1.72%	5.04%	8.68%	2.83%	2.65%	-0.07%	6.72%	10.38%	4.39%
Large	2.99%	1.99%	4.91%	7.94%	3.35%	5.65%	4.52%	7.35%	10.20%	5.22%
Large Value	5.71%	6.55%	4.39%	7.22%	4.08%	9.21%	9.96%	7.60%	10.06%	6.27%
Large Growth	0.80%	-1.49%	5.56%	8.76%	2.84%	2.69%	0.20%	7.25%	10.47%	4.41%
Top	2.22%	2.99%	6.00%	7.83%	2.69%	4.73%	5.39%	8.50%	10.23%	4.67%
Top Value	5.62%	8.54%	6.09%	7.40%	3.50%	8.85%	11.76%	9.38%	10.43%	5.79%
Top Growth	-0.23%	-0.86%	6.55%	8.58%	2.41%	1.70%	0.86%	8.35%	10.43%	4.13%
Mid	4.27%	0.67%	3.40%	8.16%	4.41%	7.16%	3.42%	5.74%	10.21%	6.13%
Mid Value	5.92%	4.14%	2.03%	6.97%	4.78%	9.78%	7.82%	5.13%	9.55%	6.82%
Mid Growth	2.85%	-2.40%	4.12%	9.09%	3.63%	4.61%	-0.76%	5.64%	10.60%	5.00%
Mid-Small	5.14%	0.57%	2.73%	8.01%	4.78%	7.94%	3.24%	5.05%	10.06%	6.51%
Mid-Small Value	7.62%	3.77%	1.77%	7.12%	5.46%	11.24%	7.22%	4.73%	9.62%	7.48%
Mid-Small Growth	2.42%	-2.75%	3.36%	8.86%	3.46%	4.15%	-1.15%	4.87%	10.36%	4.83%
Small	7.17%	0.33%	1.28%	7.77%	5.70%	9.80%	2.84%	3.56%	9.83%	7.49%
Small Value	10.89%	3.21%	1.28%	7.44%	6.65%	14.10%	6.23%	4.00%	9.84%	8.66%
Small Growth	1.35%	-3.66%	1.19%	8.26%	3.29%	3.01%	-2.12%	2.68%	9.76%	4.65%
Small Core	6.60%	-0.23%	1.23%	7.71%	5.33%	9.14%	2.21%	3.47%	9.75%	7.09%
Small Core Value	10.57%	2.44%	1.39%	7.23%	6.30%	13.70%	5.41%	4.08%	9.59%	8.27%
Small Core Growth	1.01%	-3.28%	0.94%	8.52%	3.17%	2.68%	-1.72%	2.47%	10.06%	4.57%
Micro	8.47%	1.55%	1.46%	8.04%	6.41%	11.29%	4.20%	3.77%	10.15%	8.26%
Micro Value	11.55%	4.70%	1.18%	7.95%	7.29%	14.88%	7.83%	3.95%	10.40%	9.37%
Micro Growth	2.37%	-4.66%	1.68%	7.89%	3.57%	4.03%	-3.16%	3.08%	9.28%	4.87%
Prime	3.47%	1.76%	4.47%	7.91%	3.62%	6.13%	4.30%	6.88%	10.13%	5.48%
Prime Value	6.49%	5.93%	3.88%	7.23%	4.50%	9.96%	9.29%	7.03%	10.00%	6.66%
Prime Growth	0.80%	-1.71%	5.15%	8.69%	2.84%	2.64%	-0.03%	6.83%	10.39%	4.40%
TOPIX	3.62%	1.86%	4.22%	7.77%	3.44%	6.33%	4.43%	6.67%	10.02%	5.31%

Note: As of end-Mar 2023. Returns are annualized and based on average monthly yen-based returns for each period.

Source: NFRC

## 4.2 Performance

Fig. 9: Index performance



Note: Shows monthly index values (yen basis, excluding dividends) in Dec 1979–Mar 2023, rebased so that end-Dec 1979 = 100.  
Source: NFRC

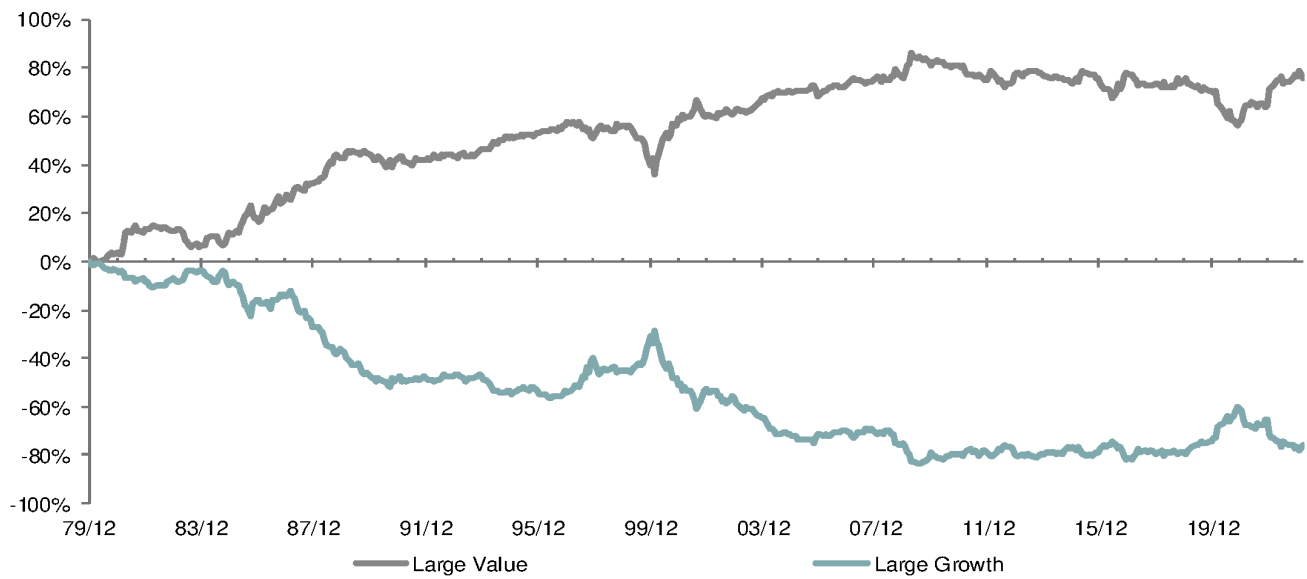
Fig. 10: Average returns, standard deviation, and correlation coefficients

	Average return	Standard deviation	R/N	TOPIX
R/N	5.07%	17.65%	1	
TOPIX	5.03%	17.97%	0.9950	1

Note: Russell/Nomura is Russell/Nomura Total Market Index. Based on monthly returns (yen basis, excluding dividends) in Jan 1980–Mar 2023. Average return and standard deviation data are annualized.  
Source: NFRC

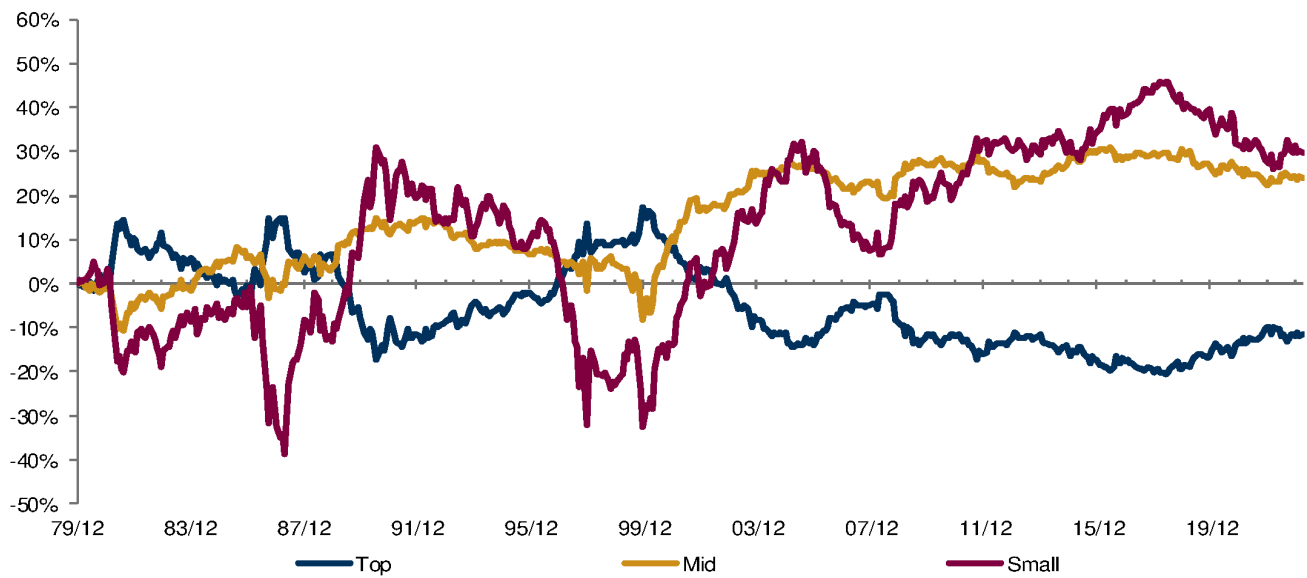
### 4.3 Relative performance of style indexes

Fig. 11: Cumulative excess returns on value and growth indexes



Note: Shows cumulative excess monthly returns (including dividends) on each index versus the Russell/Nomura Total Market Index, Jan 1980–Mar 2023.  
Source: NFRC

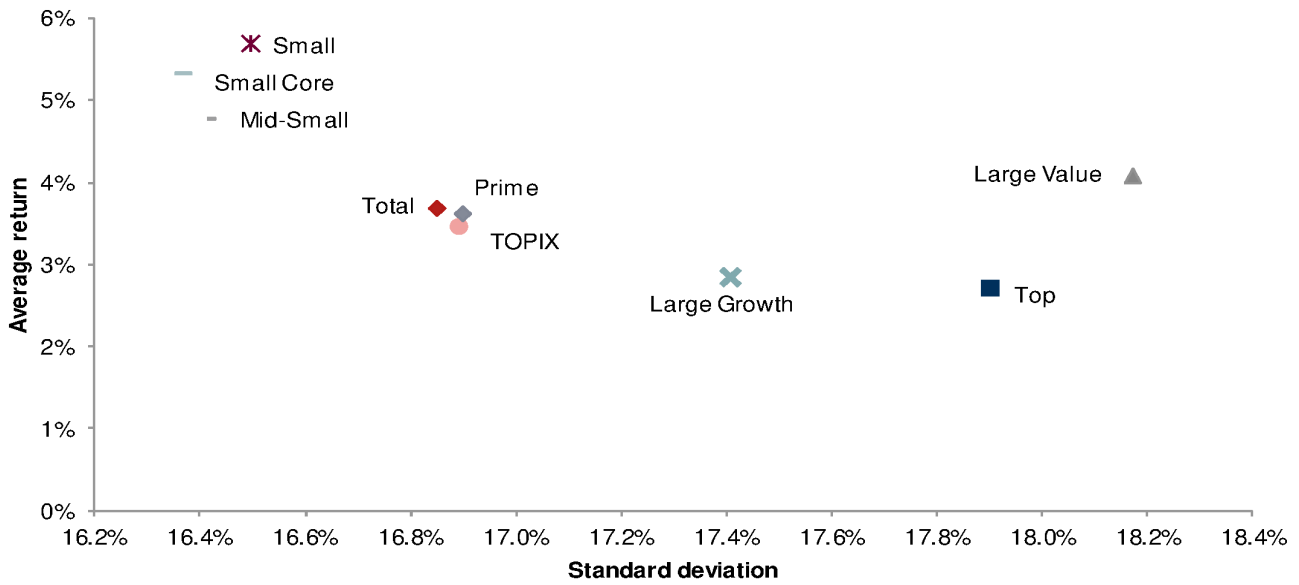
Fig. 12: Cumulative excess returns on size-based indexes



Note: Shows cumulative excess monthly returns (including dividends) on each index versus the Russell/Nomura Total Market Index, Jan 1980–Mar 2023.  
Source: NFRC

### 4.4 Risk-return characteristics of individual indexes

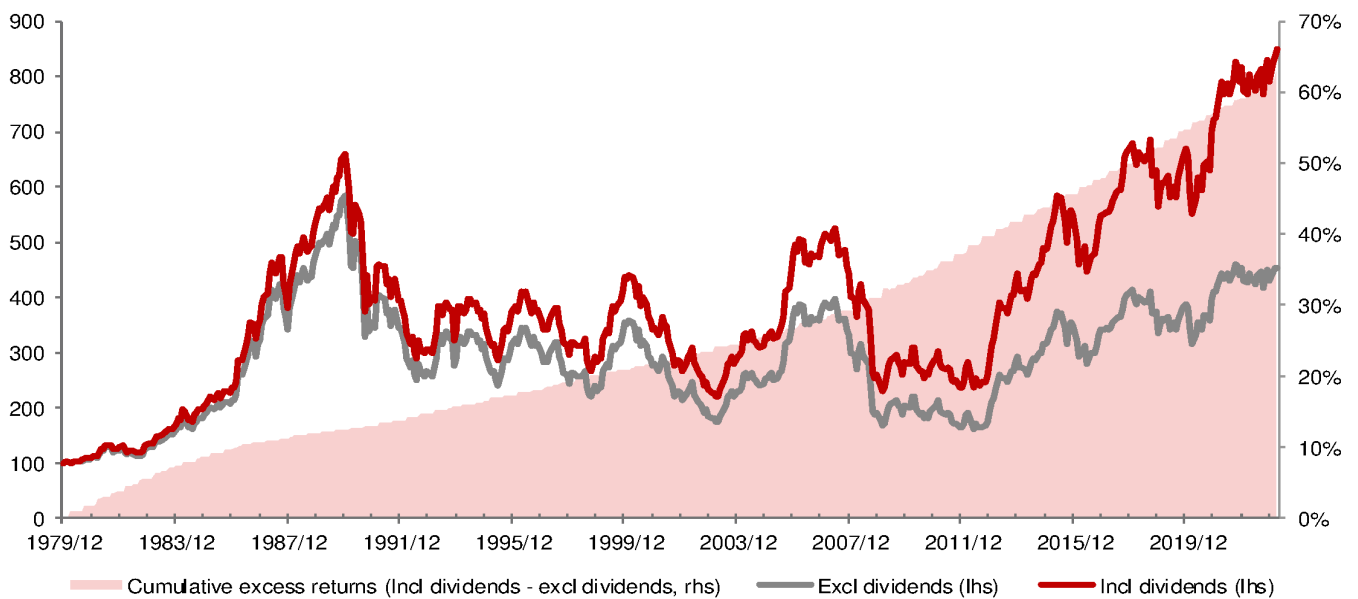
Fig. 13: Average return and standard deviation of individual indexes



Note: Shows average returns and standard deviation on annualized basis, calculated from monthly returns (excluding dividends) in Jan 2001–Mar 2023. Source: NFRC

### 4.5 Impact of dividends

Fig. 14: Impact of dividends on performance of Russell/Nomura Total Market Index



Note: Shows monthly values of Russell/Nomura Total Market Index in Dec 1979–Mar 2023, rebased so that end-Dec 1979 = 100. Cumulative excess returns are the sum of index returns (including dividends) in excess of index returns (excluding dividends). Source: NFRC

## 5. Index investability

### 5.1 Turnover ratios as of regular reconstitutions

Figure 15 shows turnover ratios as of the date of regular reconstitutions.

Fig. 15: Turnover ratios at time of regular reconstitutions

Date (yyymm)	Total	Value		Large	Small	Prime
		Value	Growth			
198101	2.4%	11.2%	12.9%	3.5%	13.1%	—
198201	2.1%	15.7%	17.8%	3.1%	12.1%	—
198301	2.1%	15.2%	15.1%	3.1%	13.5%	—
198401	2.6%	14.2%	15.6%	4.3%	16.2%	—
198501	2.9%	16.3%	19.1%	4.1%	17.5%	—
198601	3.7%	15.6%	16.7%	4.8%	16.2%	—
198701	2.3%	17.5%	17.7%	3.3%	18.4%	—
198801	3.5%	12.4%	16.9%	5.1%	16.8%	—
198901	3.7%	17.1%	22.1%	4.9%	15.8%	—
199001	3.0%	15.9%	18.2%	7.2%	27.3%	—
199101	3.4%	19.0%	20.8%	4.6%	20.9%	—
199201	1.9%	13.1%	13.5%	3.1%	13.6%	—
199301	1.9%	12.0%	12.8%	3.2%	13.3%	—
199401	1.5%	11.7%	12.2%	2.6%	12.0%	—
199501	3.3%	13.6%	17.0%	4.0%	15.4%	—
199601	2.2%	13.1%	13.6%	2.5%	9.8%	—
199701	2.2%	18.0%	19.2%	2.3%	10.7%	—
199801	1.4%	18.4%	14.8%	2.5%	16.6%	1.4%
199901	3.1%	12.9%	14.2%	4.1%	12.3%	3.0%
200001	3.4%	31.3%	25.5%	5.4%	31.8%	3.5%
200101	2.8%	18.6%	21.3%	3.8%	18.3%	2.7%
200202	2.5%	16.7%	16.2%	7.6%	43.0%	2.4%
200212	3.3%	15.5%	13.5%	4.7%	15.8%	2.2%
200312	2.5%	19.6%	20.7%	4.6%	20.2%	2.1%
200412	3.5%	17.5%	20.9%	4.9%	18.9%	3.4%
200512	3.2%	21.0%	22.8%	3.8%	15.8%	3.1%
200612	2.5%	18.6%	17.6%	3.1%	16.4%	2.5%
200712	1.8%	20.5%	20.8%	3.5%	18.8%	1.7%
200812	1.6%	29.3%	31.7%	3.8%	17.6%	1.7%
200912	1.6%	26.8%	26.5%	4.2%	21.6%	1.5%
201012	1.8%	14.5%	14.6%	3.1%	15.8%	1.8%
201112	1.6%	16.2%	15.7%	4.6%	20.6%	1.5%
201212	1.9%	13.2%	11.7%	2.7%	11.9%	1.7%
201312	1.6%	16.1%	16.5%	3.2%	20.1%	1.7%
201412	1.7%	11.9%	11.7%	3.9%	19.0%	1.5%
201512	1.7%	13.1%	13.3%	2.7%	12.2%	1.7%
201611	1.3%	14.6%	13.9%	2.3%	12.9%	1.1%
201711	1.6%	9.2%	9.7%	2.2%	9.9%	1.5%
201811	1.8%	12.5%	12.2%	2.8%	10.9%	1.8%
201911	2.0%	11.8%	10.8%	2.7%	9.1%	2.0%
202011	2.1%	16.8%	16.9%	3.1%	12.4%	2.2%
202111	1.7%	11.0%	11.7%	3.6%	18.4%	1.7%
202211	1.3%	10.9%	11.0%	2.2%	9.7%	1.3%
Average	2.3%	16.0%	16.7%	3.7%	16.6%	2.0%

Note: Turnover ratio is  $[\sum | \text{market cap weighting before reconstitution} - \text{market cap weighting after reconstitution} | / 2]$ , based on share price on business day before regular reconstitution. The figures thus show one-way turnover for an index fund constructed using the full replication approach. A change in all of the constituent stocks would give a turnover ratio of 100%.

Source: NFRC

## 5.2 Estimated number of days' impact in the case of regular reconstitutions

Figure 16 shows the estimated number of days' impact in the case of regular reconstitutions for passive funds that track each index using the full replication approach. The higher the turnover ratio on the date of the regular reconstitution, and the greater the number of stocks with low liquidity that are added, the greater the number of days' impact.

Fig. 16: No. of days' impact in case of regular reconstitutions

Index	No. of days of impact Maximum (days)	Turnover ratio (one-way)	Index market cap (¥trn)	Number of stocks				
				Before	After	Change	OUT	IN
Total Market	1	1.3%	489	1,492	1,500	8	64	72
Value	2	10.9%	233	1,106	1,103	-3	85	82
Growth	1	11.0%	256	743	776	33	93	126
Large	1	2.2%	416	300	300	0	20	20
Large Value	1	12.0%	189	194	201	7	20	27
Large Growth	1	11.5%	227	195	187	-8	30	22
Top	1	4.9%	254	60	60	0	6	6
Top Value	1	14.7%	108	34	38	4	2	6
Top Growth	1	13.8%	146	44	44	0	7	7
Mid	1	10.3%	162	240	240	0	26	26
Mid Value	1	19.1%	82	160	163	3	25	28
Mid Growth	1	18.5%	80	151	143	-8	32	24
Mid-Small	2	6.0%	235	1,432	1,440	8	70	78
Mid-Small Value	4	14.6%	125	1,072	1,065	-7	90	83
Mid-Small Growth	1	15.3%	110	699	732	33	95	128
Small	7	9.7%	73	1,192	1,200	8	83	91
Small Value	11	16.0%	43	912	902	-10	88	78
Small Growth	3	21.7%	30	548	589	41	85	126
Small Core	1	15.8%	50	398	400	2	58	60
Small Core Value	2	21.2%	28	291	285	-6	47	41
Small Core Growth	2	27.3%	22	214	216	2	55	57
Micro	20	16.0%	23	794	800	6	103	109
Micro Value	30	18.8%	15	621	617	-4	84	80
Micro Growth	10	32.5%	8	334	373	39	74	113
Prime	1	1.3%	479	992	1,000	8	24	32
Prime Value	1	10.9%	226	723	719	-4	46	42
Prime Growth	1	11.0%	253	527	544	17	60	77

Note: Based on constituent stocks as of regular reconstitution in Nov 2022. Market cap data as of 18 Nov 2022. We estimated the number of days' impact (maximum) for each index as the number of days required for a scheduled reconstitution of a ¥100bn passive fund that tracks the index using the full replication approach, based on  $[\max ( | \text{market cap before reconstitution} - \text{market cap after reconstitution} | / \text{average daily trading value} )]$ . Average daily trading value is the average over the year to 14 Oct 2022, the date of determination for the regular reconstitution of the Russell/Nomura indexes. Turnover ratio is  $[\Sigma | \text{market cap weighting before reconstitution} - \text{market cap weighting after reconstitution} | / 2]$

Source: NFRC

### 5.3 Estimating number of days of impact and minimum unit of investment when a fund is established

Figure 17 shows the minimum unit of investment and number of days of impact when passive funds are established that track indices using the full replication approach.

The minimum unit of investment is calculated as shown below. Our calculation assumes at least 50% of shares in a stock trading unit are included, as we round up for incomplete trading units.

$$\text{Minimum unit of investment} = \max_{i=1..n} \left\{ \frac{\text{trading unit } i \times 50\% \times \text{transaction price } i}{\text{index weighting } i} \right\}$$

Here, the notation "n" represents the number of stocks in the index and the notation "i" indicates the  $i^{\text{th}}$  stock in the index.

As the minimum unit of investment is calculated by dividing the minimum investment amount for each constituent stock by its weighting, the smaller the minimum investment amount for the constituent stock, or the larger its weighting, the smaller the minimum unit of investment will be. The method for calculating the number of impact days is the same as in 5.2.

Fig. 17: Number of days of impact and minimum unit of investment when a fund is established

Index	No. of days of impact Maximum (days)	Minimum unit of investment (¥100mn)	Index market cap (¥trn)	Number of stocks
Total Market	2	238	489	1,500
Value	2	403	233	1,103
Growth	2	399	256	776
Large	1	12	416	300
Large Value	1	32	189	201
Large Growth	1	8	227	187
Top	1	2	254	60
Top Value	1	2	108	38
Top Growth	1	4	146	44
Mid	1	4	162	240
Mid Value	1	14	82	163
Mid Growth	1	3	80	143
Mid-Small	3	114	235	1,440
Mid-Small Value	4	217	125	1,065
Mid-Small Growth	4	171	110	732
Small	8	35	73	1,200
Small Value	11	75	43	902
Small Growth	13	46	30	589
Small Core	2	5	50	400
Small Core Value	2	22	28	285
Small Core Growth	3	8	22	216
Micro	25	11	23	800
Micro Value	30	26	15	617
Micro Growth	47	12	8	373
Prime	1	58	479	1,000
Prime Value	1	233	226	719
Prime Growth	1	243	253	544

Note: Based on constituent stocks as of regular reconstitution in Nov 2022. Market cap data as of 18 Nov 2022. We estimated the number of days' impact (maximum) for each index as the number of days required for a scheduled reconstitution of a ¥100bn passive fund that tracks the index using the full replication approach, based on  $\lceil \frac{\text{market cap before reconstitution} - \text{market cap after reconstitution}}{\text{average daily trading value}} \rceil$ . Average daily trading value is the average over the year to 14 Oct 2022, the date of determination for the regular reconstitution of the Russell/Nomura indexes. Turnover ratio is  $\frac{\text{market cap weighting before reconstitution} - \text{market cap weighting after reconstitution}}{\text{market cap weighting after reconstitution}}$ .

Source: NFRC

## 6. Data publication services

Data for the Russell/Nomura Japan Equity Indexes can be obtained via the following channels.<sup>3)</sup>

---

### Index values are published in the following media:

- Bloomberg (RNJI)
- Jiji (RNSI/12400, RNSIIDV/12400)
- QUICK (NRIJ500–503, 510–517)
- Reuters (FRCNRI01, FRCNRI02, FRCNRI03, FRCNRI04, .JRNP, .JRNS)
- NFRC website (<http://qr.nomuraholdings.com/en/frcnri/index.html>)

### Intraday index values for the Russell/Nomura Prime Index are published in the following media:

- Bloomberg (RNPJ <INDEX>)
  - Jiji (RNP/NOMURA)
  - QUICK (140)
- 

### More detailed data

More detailed data on index values and individual stock information can be obtained through Nomura Research Institute services e-Aurora and IDS.

For information, contact:

Nomura Research Institute

Investment Information Systems Business Department

E-mail: [ids-sales@nri.co.jp](mailto:ids-sales@nri.co.jp)

---

### Other reports

Russell/Nomura Japan Equity Indexes rulebook

Russell/Nomura Japan Equity Indexes - Performance summary (monthly reports)

---

---

3. Published data are all for reference only.



# Disclaimer

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

NFRC and Russell 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.

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 TOPIX Index Value and the TOPIX Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "JPX") and JPX owns all rights and know-how relating to TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Marks. JPX shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value.

This report was prepared by NFRC for information purposes only. Although this report is based upon sources we believe to be reliable, we do not guarantee its accuracy or completeness. Unless otherwise stated, all statements, figures, graphs and other information included in this report are as of the date of this report and are subject to change without notice. The contents of this report are not intended in any way to indicate or guarantee future investment results. Further, this report is not intended as a solicitation or recommendation with respect to the purchase or sale of any particular investment. If a customer invests in investment product that uses a market index developed or provided by NFRC, a portion of the index usage fee may be directly or indirectly attributable to NFRC. For more information on the market index of NFRC, please visit the following website.

Securities Market Benchmarks <http://qr.nomuraholdings.com/en/>

This report may not be copied, re-distributed or reproduced in whole or in part without the prior written approval 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