

## Russell/Nomura Japan Equity Indexes

EQUITY: INDEX SERVICES DEPARTMENT

### FY25 handbook

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### Russell/Nomura Japan Equity Indexes have the following characteristics

- They are share price indexes that are weighted by free float-adjusted market cap and cover the top 98% of all stocks listed on all markets in terms of free float-adjusted market cap, thereby offering broad market coverage
- Stocks are chosen from the entire 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 free float-adjusted market cap
- Stocks are selected quantitatively based on clearly defined criteria
- Each index is reconstituted once a year

*This is a direct translation of  
the original Japanese report  
issued on 30 April.*

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# 1. Introduction

The Russell/Nomura Japan Equity Indexes are Japanese equity indexes developed jointly by Nomura Fiduciary Research & Consulting Co., Ltd. (“NFRC”) and FTSE Russell (at the time of development, “Frank Russell Company”).

NFRC is the benchmark administrator. The Indexes are calculated by Nomura Research Institute, Ltd. (“NRI”) and distributed by NRI and by or on behalf of FTSE Russell or its affiliate, agent, or partner.

NFRC is responsible for the daily calculation, production, and operation of the Russell/Nomura Japan Equity indexes and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and index inclusion ratio for stocks in accordance with the index rules;
- carry out the periodic index reviews of the index series together with FTSE Russell and apply the changes resulting from the reviews following the rules; and
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews

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

The main characteristics of the Russell/Nomura Japan Equity Indexes are as follows:

- They are share price indexes that are weighted by free float-adjusted market cap and cover the top 98% of all stocks listed on all markets in terms of cumulative free float-adjusted market cap, thereby offering broad market coverage
- Stocks are chosen from the entire Japanese stock market<sup>1</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 free float-adjusted market cap
- Stocks are selected quantitatively based on clearly defined criteria
- Each index is reconstituted 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.

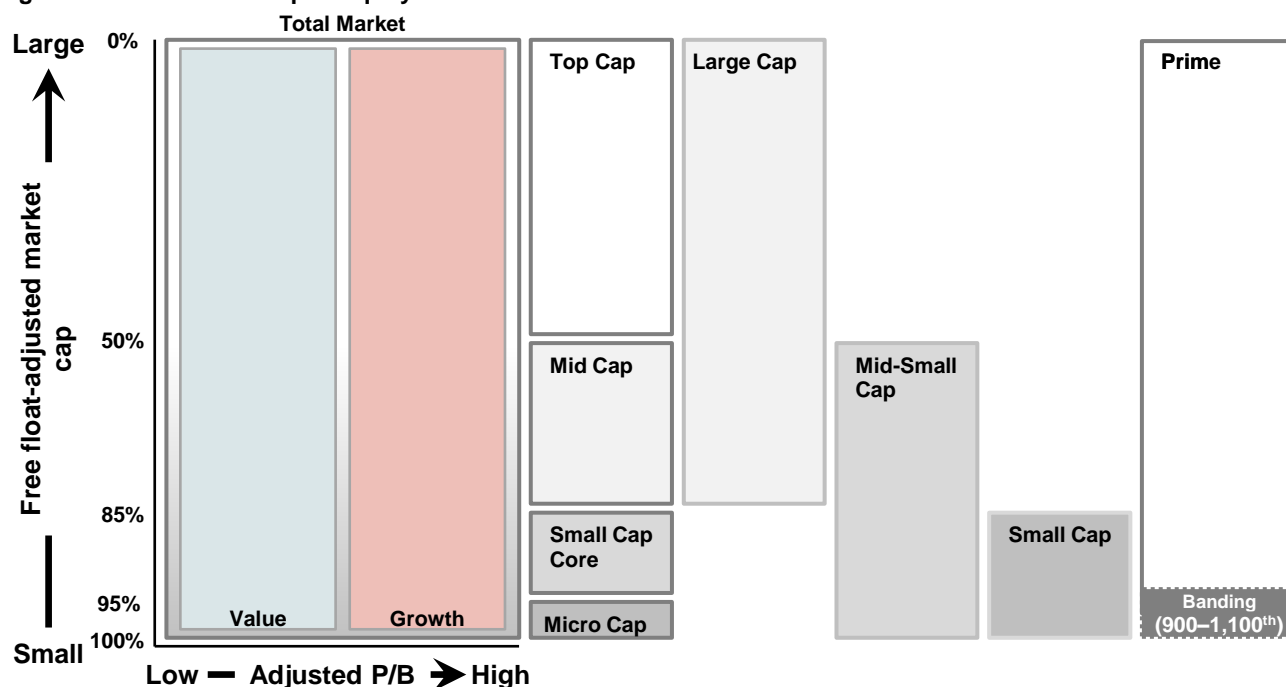
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<sup>1</sup> Tokyo Stock Exchange (Prime Market, Standard Market, Growth Market, TOKYO PRO Market), Nagoya Stock Exchange, Sapporo Securities Exchange, and Fukuoka Stock Exchange

## 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 free float-adjusted market cap. Size-based and investment style indexes are also published as subindexes. Stocks are classified into the size-based indexes on the basis of their free float-adjusted market cap, and between value and growth investment style indexes on the basis of their adjusted Price Book-value 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 Japanese stock exchanges in terms of free float-adjusted market cap
- The Russell/Nomura Prime Index contains the top 1,000 stocks in the Total Market Index in terms of free float-adjusted market cap, taking into account “banding” and the “negative list”
- Index compositions are based on the cumulative free float-adjusted market cap of the top-ranking constituent stocks in the Russell/Nomura Total Market Index in terms of free float-adjusted market cap

The Russell/Nomura Large Cap Index contains the top 85%

The Russell/Nomura Small Cap Index contains the bottom 15%

The Russell/Nomura Top Cap Index contains the top 50%

The Russell/Nomura Mid-Small Cap Index contains the bottom 50%

The Russell/Nomura Micro Cap Index contains the bottom 5%

- The Russell/Nomura Small Cap Core Index comprises stocks in the Small Cap Index, excluding the Micro Cap Index
- The Russell/Nomura Mid Cap Index contains the stocks in the Mid-Small Cap Index excluding those in the Small Cap Index

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

#### 3.1 Number of stocks and market capitalization

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

	Number of stocks		Market cap (¥100mn)		
	R/N	Total market	R/N (free float-adjusted)	R/N (not free float-adjusted)	Total market (not free float-adjusted)
Tokyo Stock Exchange	1,298	3,949	6,680,190	9,422,129	9,769,862
Others	2	100	957	2,849	10,581
Total	1,300	4,049	6,681,146	9,424,977	9,780,443

Note: Market cap data as of 19 Nov 2024. The Russell/Nomura Total Market Index (R/N) is as of the Nov 2024 regular reconstitution. Common stocks listed on the entire Japanese stock market (excluding foreign stocks) are selected, and for stocks listed on multiple markets, the data from the primary market is used for aggregation.

Source: NFRG

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

Index	Number of stocks	% of total market cap	Free-float adjusted market cap (¥100mn)	
			Largest	Smallest
Total Market	1,300	100.0%	190,258	140
Value	996	51.2%	190,258	14
Growth	658	48.8%	171,228	13
Large	250	84.6%	190,258	3,456
Large Value	175	41.3%	190,258	355
Large Growth	156	43.4%	171,228	350
Top	50	52.6%	190,258	31,166
Top Value	32	22.1%	190,258	2,337
Top Growth	39	30.5%	171,228	1,878
Mid	200	32.1%	33,425	3,456
Mid Value	143	19.2%	33,425	355
Mid Growth	117	12.9%	27,194	350
Mid-Small	1,250	47.4%	33,425	140
Mid-Small Value	964	29.1%	33,425	14
Mid-Small Growth	619	18.3%	27,194	13
Small	1,050	15.4%	4,546	140
Small Value	821	10.0%	3,994	14
Small Growth	502	5.4%	4,546	13
Small Core	350	10.6%	4,546	850
Small Core Value	260	6.7%	3,994	69
Small Core Growth	182	3.9%	4,546	57
Micro	700	4.8%	1,438	140
Micro Value	561	3.3%	1,438	14
Micro Growth	320	1.6%	975	13
Prime	1,000	98.7%	190,258	269
Prime Value	754	50.3%	190,258	37
Prime Growth	528	48.5%	171,228	21

Note: Based on constituent stocks as of regular reconstitutions in Nov 2024. Market cap data as of 19 Nov 2024. 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: NFRG

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

Fig. 4: Number of constituent stocks

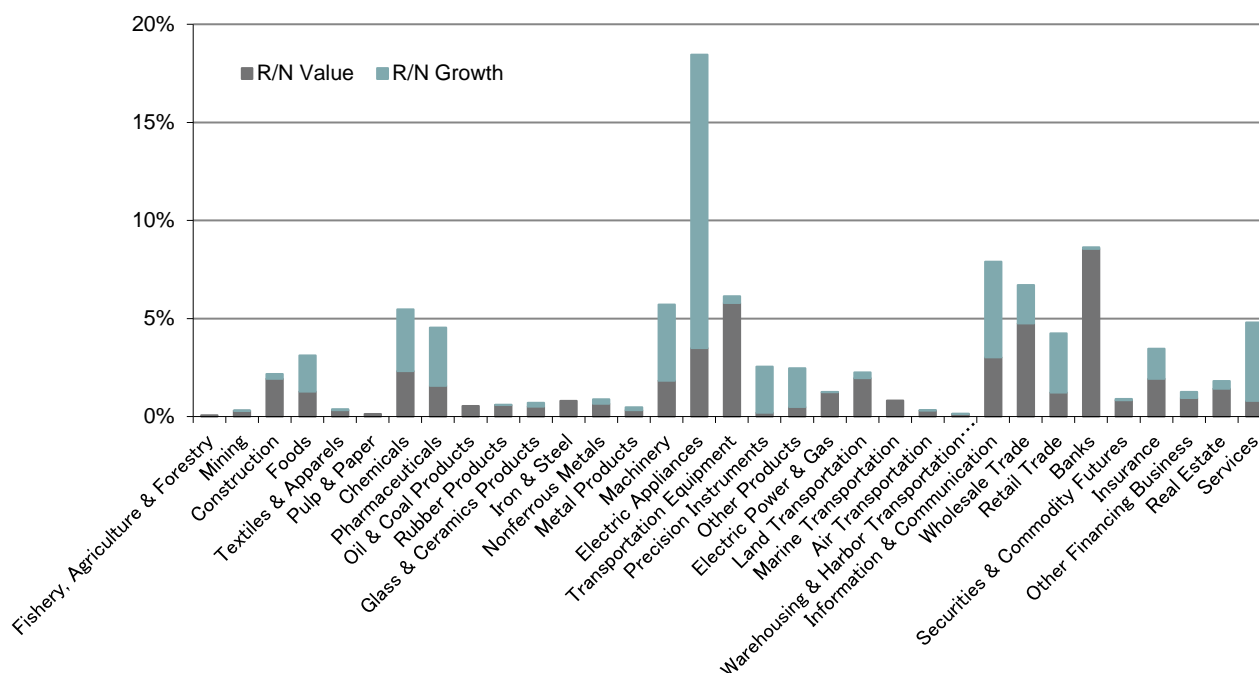
Date (yyyy/mm)	Total			Large	Small	Prime
		Value	Growth			
1981/01	1,091	656	713	400	691	—
1982/01	1,091	708	642	400	691	—
1983/01	1,091	766	592	400	691	—
1984/01	1,091	738	630	400	691	—
1985/01	1,104	706	672	400	704	—
1986/01	1,142	733	762	400	742	—
1987/01	1,142	833	672	400	742	—
1988/01	1,199	860	765	400	799	—
1989/01	1,267	877	778	400	867	—
1990/01	1,381	827	972	500	881	—
1991/01	1,561	920	1,118	500	1,061	—
1992/01	1,585	1,017	1,070	500	1,085	—
1993/01	1,586	1,092	954	500	1,086	—
1994/01	1,586	1,118	940	500	1,086	—
1995/01	1,749	1,111	1,090	500	1,249	—
1996/01	1,754	1,191	1,006	500	1,254	—
1997/01	1,854	1,251	1,082	500	1,354	—
1998/01	1,854	1,575	701	500	1,354	1,000
1999/01	1,854	1,584	616	500	1,354	1,000
2000/01	1,854	1,551	656	500	1,354	1,000
2001/01	1,854	1,544	642	500	1,354	1,000
2002/02	1,853	1,573	578	300	1,553	1,000
2002/12	1,500	1,225	527	300	1,200	1,000
2003/12	1,600	1,233	677	350	1,250	1,000
2004/12	1,700	1,231	796	400	1,300	1,000
2005/12	1,799	1,218	915	400	1,399	1,000
2006/12	1,700	1,241	766	350	1,350	1,000
2007/12	1,500	1,164	668	300	1,200	1,000
2008/12	1,400	1,111	519	300	1,100	1,000
2009/12	1,500	1,139	669	350	1,150	1,000
2010/12	1,400	1,081	589	300	1,100	1,000
2011/12	1,400	1,044	719	350	1,050	1,000
2012/12	1,500	1,159	712	350	1,150	1,000
2013/12	1,400	1,043	686	300	1,100	1,000
2014/12	1,500	1,103	806	350	1,150	1,000
2015/12	1,400	1,000	760	350	1,050	1,000
2016/11	1,500	1,104	801	350	1,150	1,000
2017/11	1,600	1,132	919	350	1,250	1,000
2018/11	1,600	1,108	877	350	1,250	1,000
2019/11	1,600	1,141	812	350	1,250	1,000
2020/11	1,600	1,228	813	350	1,250	1,000
2021/11	1,500	1,113	746	300	1,200	1,000
2022/11	1,500	1,103	776	300	1,200	1,000
2023/11	1,400	1,017	728	300	1,100	1,000
2024/11	1,300	996	658	250	1,050	1,000

Note: As of regular reconstitution date each year

Source: NFRF

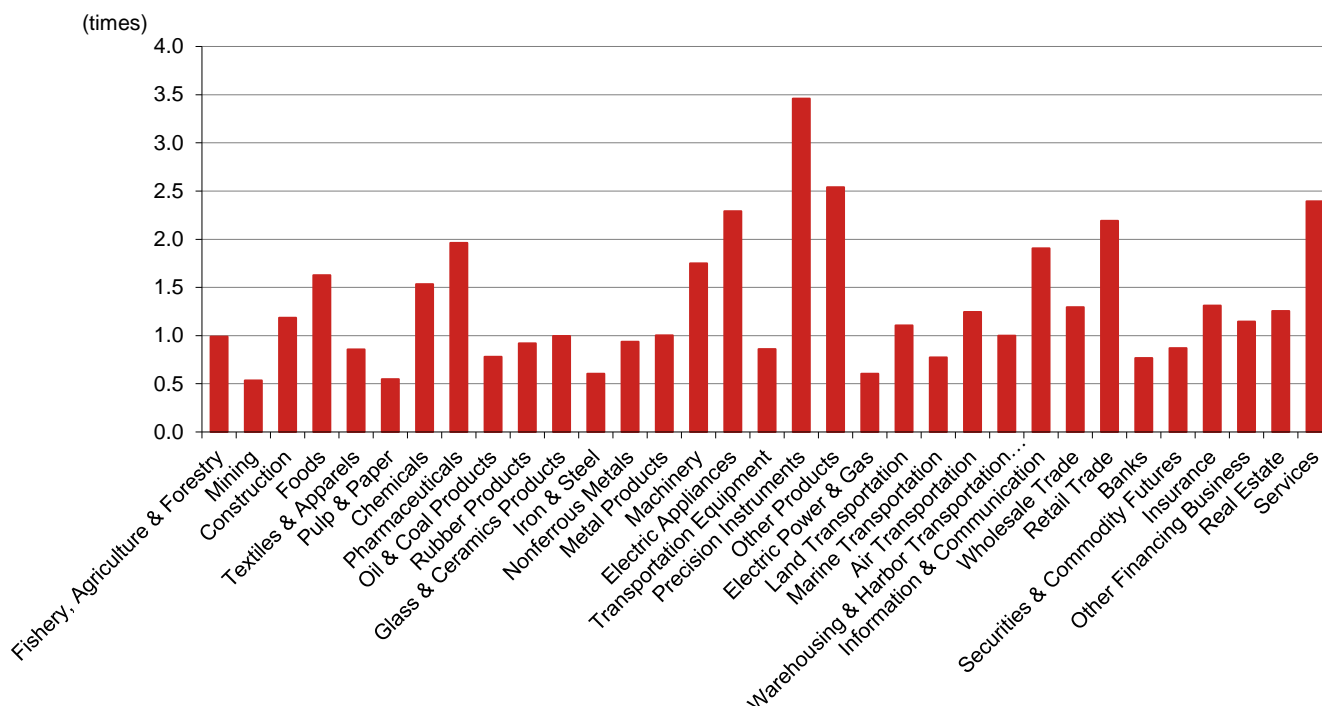
### 3.3 Sector allocation

Fig. 5: Sector allocation Value and Growth Indexes Composition Ratios



Note: Figures are based on constituent stocks of Russell/Nomura Total Market Index on the Nov 2024 regular reconstitution. As of 19 Nov 2024  
Source: NFRG

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



Note: Figures are based on constituent stocks of Russell/Nomura Total Market Index on the Nov 2024 regular reconstitution. As of 15 Oct 2024, the date of determination for the regular reconstitution. Average adjusted P/B =  $\sum (\text{stock price} \times \text{number of shares included}) / \sum (\text{Adjusted BPS} \times \text{number of shares included})$   
Source: NFRG

### 3.4 Top 10 stocks by market capitalization adjusted for stable shareholding ratio

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

Top			Top Value			Top Growth		
Rank								
1	8306	Mitsubishi UFJ Financial Group	8306	Mitsubishi UFJ Financial Group	6501	Hitachi		
2	6758	Sony Group	7203	Toyota Motor	6758	Sony Group		
3	7203	Toyota Motor	8316	Sumitomo Mitsui Financial Group	6098	Recruit Holdings		
4	6501	Hitachi	8411	Mizuho Financial Group	6861	Keyence		
5	6098	Recruit Holdings	9984	SoftBank Group	8035	Tokyo Electron		
6	8316	Sumitomo Mitsui Financial Group	8058	Mitsubishi Corp	8766	Tokio Marine Holdings		
7	6861	Keyence	8031	Mitsui & Co	4063	Shin-Etsu Chemical		
8	8766	Tokio Marine Holdings	9432	Nippon Telegraph and Telephone	7974	Nintendo		
9	8035	Tokyo Electron	7267	Honda Motor	8001	Itochu		
10	4063	Shin-Etsu Chemical	4502	Takeda Pharmaceutical	4568	Daiichi Sankyo		
Mid			Mid Value			Mid Growth		
1	6752	Panasonic Holdings	6752	Panasonic Holdings	4452	Kao		
2	8630	Sompo Holdings	8630	Sompo Holdings	7733	Olympus		
3	6701	NEC	6178	Japan Post Holdings	2802	Ajinomoto		
4	6178	Japan Post Holdings	5108	Bridgestone	6701	NEC		
5	5108	Bridgestone	5401	Nippon Steel	8267	Aeon		
6	5401	Nippon Steel	8604	Nomura Holdings	4503	Astellas Pharma		
7	6723	Renesas Electronics	8308	Resona Holdings	6594	Nidec		
8	4452	Kao	9020	East Japan Railway	8697	Japan Exchange Group		
9	8604	Nomura Holdings	7269	Suzuki Motor	9735	Secom		
10	4503	Astellas Pharma	5020	ENEOS Holdings	7832	Bandai Namco Holdings		
Small Core			Small Core Value			Small Core Growth		
1	2501	Sapporo Holdings	3231	Nomura Real Estate Holdings	2501	Sapporo Holdings		
2	4912	Lion	3086	J.Front Retailing	9468	Kadokawa		
3	3231	Nomura Real Estate Holdings	3861	Oji Holdings	5631	Japan Steel Works		
4	3086	J.Front Retailing	5233	Taiheiyu Cement	5344	MARUWA		
5	9468	Kadokawa	2282	NH Foods	2871	Nichirei		
6	3861	Oji Holdings	9064	Yamato Holdings	4980	Dexerials		
7	5233	Taiheiyu Cement	5801	Furukawa Electric	6417	SANKYO		
8	2282	NH Foods	2784	Alfresa Holdings	6967	Shinko Electric Industries		
9	9064	Yamato Holdings	9008	Keio	6406	Fujitec		
10	5801	Furukawa Electric	6481	THK	3563	Food & Life Companies		
Micro			Micro Value			Micro Growth		
1	7220	Musashi Seimitsu Industry	7220	Musashi Seimitsu Industry	6507	Sinfonia Technology		
2	7278	Exedy	7278	Exedy	3762	TechMatrix		
3	8370	The Kiyo Bank	8370	The Kiyo Bank	6727	Wacom		
4	7003	Mitsui E&S	7003	Mitsui E&S	4686	Justsystems		
5	6507	Sinfonia Technology	4041	Nippon Soda	3778	SAKURA Internet		
6	4819	Digital Garage	8850	Starts	2317	Systema		
7	1961	Sanki Engineering	6995	Tokai Rika	4480	Medley		
8	4041	Nippon Soda	7864	Fuji Seal International	8628	Matsui Securities		
9	8850	Starts	2296	Itoham Yonekyu Holdings	9166	Genda		
10	7780	Menicon	7296	FCC	7199	Premium Group		
Prime			Prime Value			Prime Growth		
1	8306	Mitsubishi UFJ Financial Group	8306	Mitsubishi UFJ Financial Group	6501	Hitachi		
2	6758	Sony Group	7203	Toyota Motor	6758	Sony Group		
3	7203	Toyota Motor	8316	Sumitomo Mitsui Financial Group	6098	Recruit Holdings		
4	6501	Hitachi	8411	Mizuho Financial Group	6861	Keyence		
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10	4063	Shin-Etsu Chemical	4502	Takeda Pharmaceutical	4568	Daiichi Sankyo		

Note: As of 19 Nov 2024, the date of determination for the regular reconstitution

Source: NFRG

## 4. Performance Analysis

### 4.1 Annual returns

Fig. 8: Annual returns on individual indexes

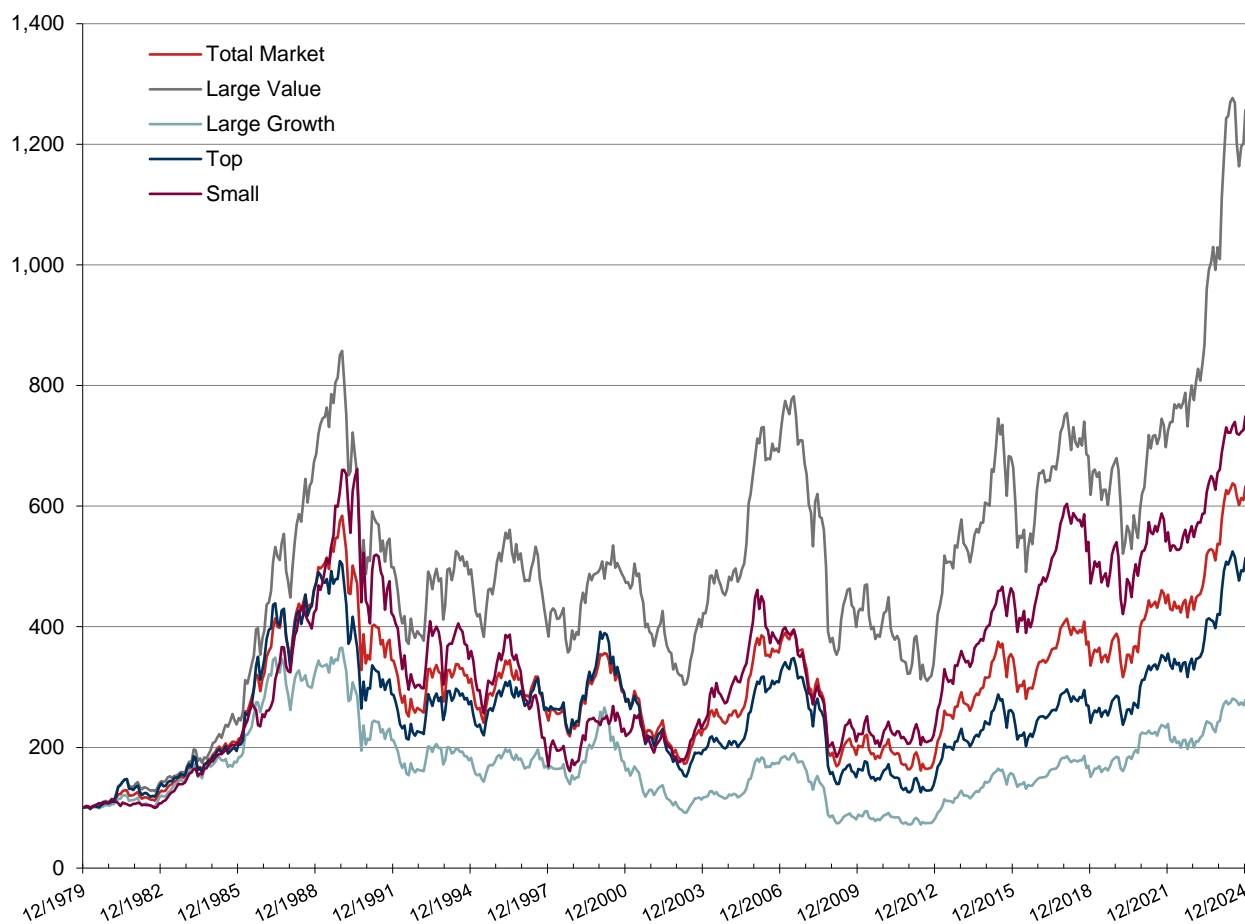
Index	Excluding dividends					Including dividends				
	1 yr	2 yrs	5 yrs	10 yrs	Jan 2001–	1 yr	2 yrs	5 yrs	10 yrs	Jan 2001–
Total Market	-3.45%	14.89%	13.74%	6.65%	4.60%	-1.01%	17.26%	16.11%	8.95%	6.50%
Value	-0.53%	20.98%	17.35%	7.50%	5.93%	2.66%	24.02%	20.46%	10.42%	8.16%
Growth	-6.39%	9.07%	10.30%	5.97%	3.35%	-4.70%	10.77%	11.91%	7.65%	4.91%
Large	-4.09%	15.28%	14.09%	6.72%	4.33%	-1.71%	17.59%	16.45%	9.04%	6.24%
Large Value	-1.39%	21.70%	18.08%	7.64%	5.53%	1.78%	24.72%	21.23%	10.63%	7.79%
Large Growth	-6.55%	9.67%	10.66%	6.09%	3.40%	-4.89%	11.35%	12.27%	7.79%	4.99%
Top	-5.84%	16.30%	14.94%	7.22%	3.82%	-3.57%	18.54%	17.24%	9.61%	5.82%
Top Value	-2.08%	24.60%	20.18%	8.88%	5.24%	1.11%	27.62%	23.31%	11.99%	7.59%
Top Growth	-8.42%	10.33%	11.28%	6.41%	3.07%	-6.78%	12.01%	12.93%	8.22%	4.77%
Mid	-1.05%	14.10%	13.10%	6.13%	5.21%	1.51%	16.53%	15.53%	8.32%	6.99%
Mid Value	-0.33%	18.61%	15.68%	6.15%	5.92%	2.82%	21.63%	18.86%	8.96%	8.04%
Mid Growth	-1.91%	9.03%	9.88%	5.72%	4.07%	-0.19%	10.71%	11.43%	7.25%	5.47%
Mid-Small	-0.71%	13.60%	12.64%	6.13%	5.51%	1.92%	16.10%	15.08%	8.34%	7.31%
Mid-Small Value	0.79%	18.26%	15.12%	6.41%	6.51%	3.97%	21.31%	18.21%	9.16%	8.62%
Mid-Small Growth	-2.83%	7.70%	9.18%	5.51%	3.81%	-1.03%	9.43%	10.76%	7.05%	5.21%
Small	0.26%	12.60%	11.68%	6.31%	6.27%	3.05%	15.25%	14.13%	8.55%	8.13%
Small Value	3.33%	17.74%	14.21%	6.98%	7.57%	6.57%	20.85%	17.12%	9.61%	9.67%
Small Growth	-5.01%	4.18%	7.42%	5.16%	3.36%	-3.04%	6.05%	9.03%	6.74%	4.77%
Small Core	1.34%	13.25%	11.90%	6.23%	5.98%	4.03%	15.83%	14.29%	8.44%	7.81%
Small Core Value	3.34%	18.48%	14.80%	6.90%	7.31%	6.48%	21.53%	17.66%	9.49%	9.36%
Small Core Growth	-1.84%	5.60%	7.52%	5.27%	3.37%	0.10%	7.45%	9.13%	6.88%	4.81%
Micro	-1.70%	11.35%	11.30%	6.55%	6.82%	1.29%	14.16%	13.89%	8.85%	8.75%
Micro Value	3.54%	16.52%	13.24%	7.22%	8.04%	6.97%	19.76%	16.27%	9.91%	10.22%
Micro Growth	-12.45%	0.64%	6.99%	4.90%	3.33%	-10.40%	2.55%	8.59%	6.42%	4.68%
Prime	-3.45%	14.94%	13.79%	6.65%	4.56%	-1.02%	17.29%	16.15%	8.95%	6.45%
Prime Value	-0.58%	21.06%	17.48%	7.51%	5.86%	2.60%	24.10%	20.60%	10.44%	8.09%
Prime Growth	-6.31%	9.17%	10.32%	5.98%	3.36%	-4.61%	10.87%	11.94%	7.67%	4.93%

Note: As of end-Mar 2025. Returns are annualized and based on average monthly yen-based returns for each period.

Source: NFRG

## 4.2 Performance

**Fig. 9: Index performance**



Note: Shows monthly index values (yen basis, excluding dividends) in Dec 1979–Mar 2025, rebased so that end-Dec 1979 = 100.  
Source: NFRC

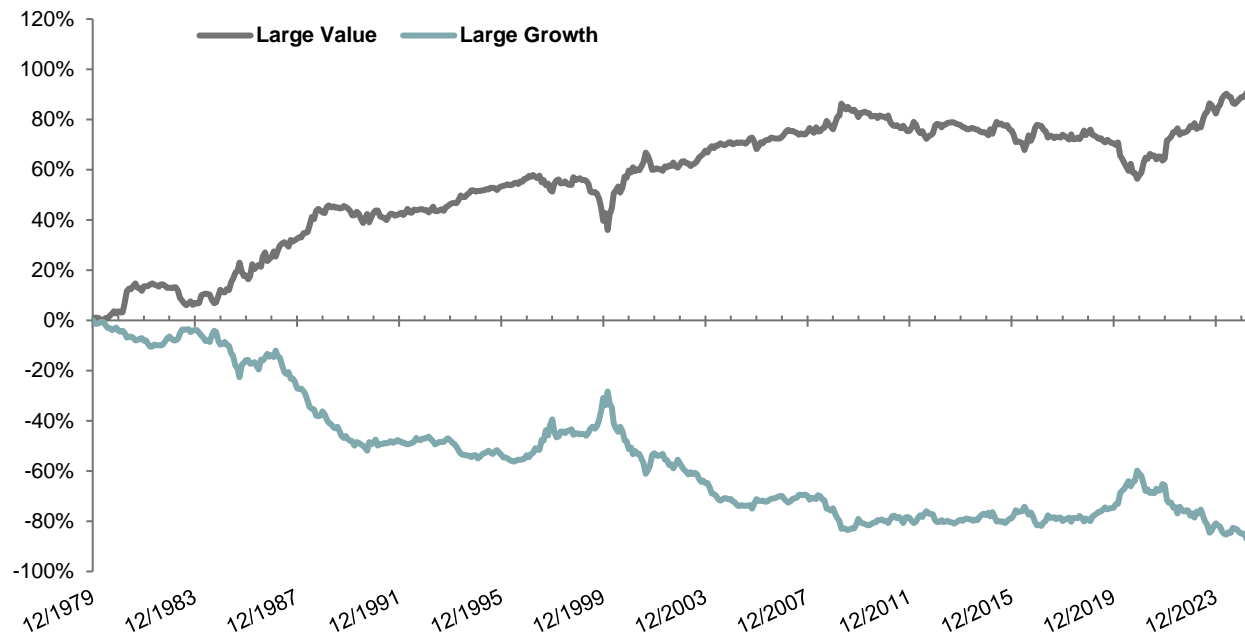
**Fig. 10: Average returns and standard deviation**

	Average return	Standard deviation
Total Market	5.51%	17.41%
Large Value	7.26%	18.52%
Large Growth	3.79%	18.28%
Top	5.24%	18.87%
Small	6.09%	18.33%

Note: Based on monthly returns (yen basis, excluding dividends) in Jan 1980–Mar 2025. Average return and standard deviation are annualized.  
Source: NFRC

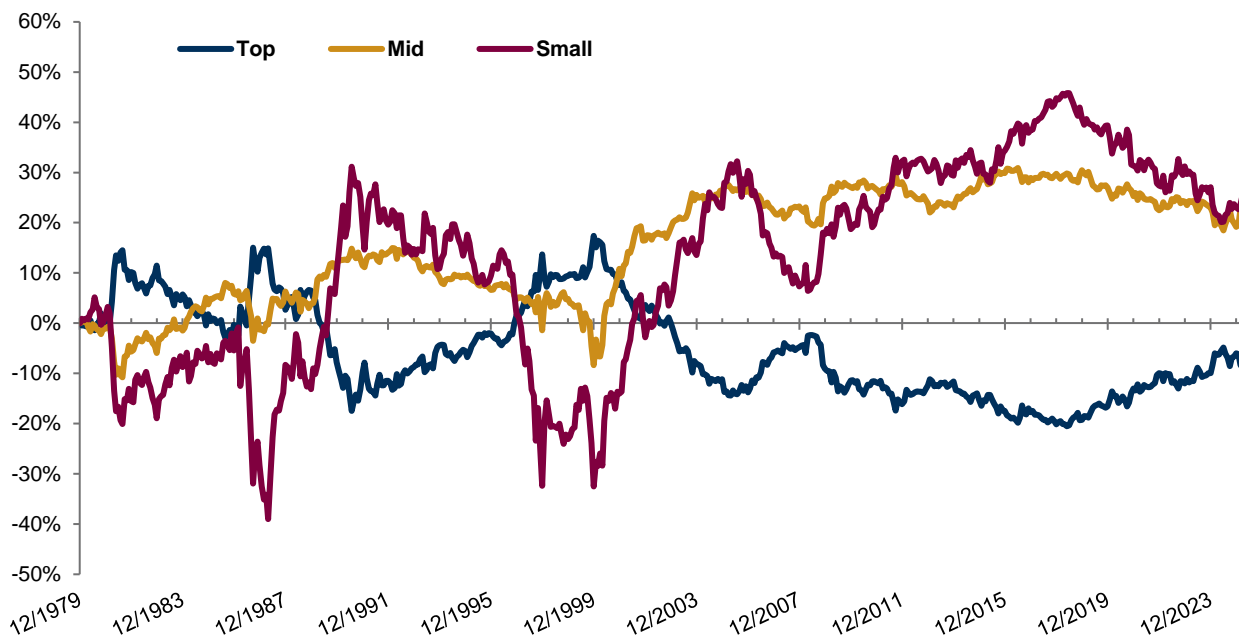
### 4.3 Relative performance of style indexes

**Fig. 11: Cumulative excess returns on Large Value and Large Growth indexes**



Note: Shows cumulative excess monthly returns (including dividends) on each index versus the Russell/Nomura Total Market Index, Jan 1980–Mar 2025.  
Source: NFRC

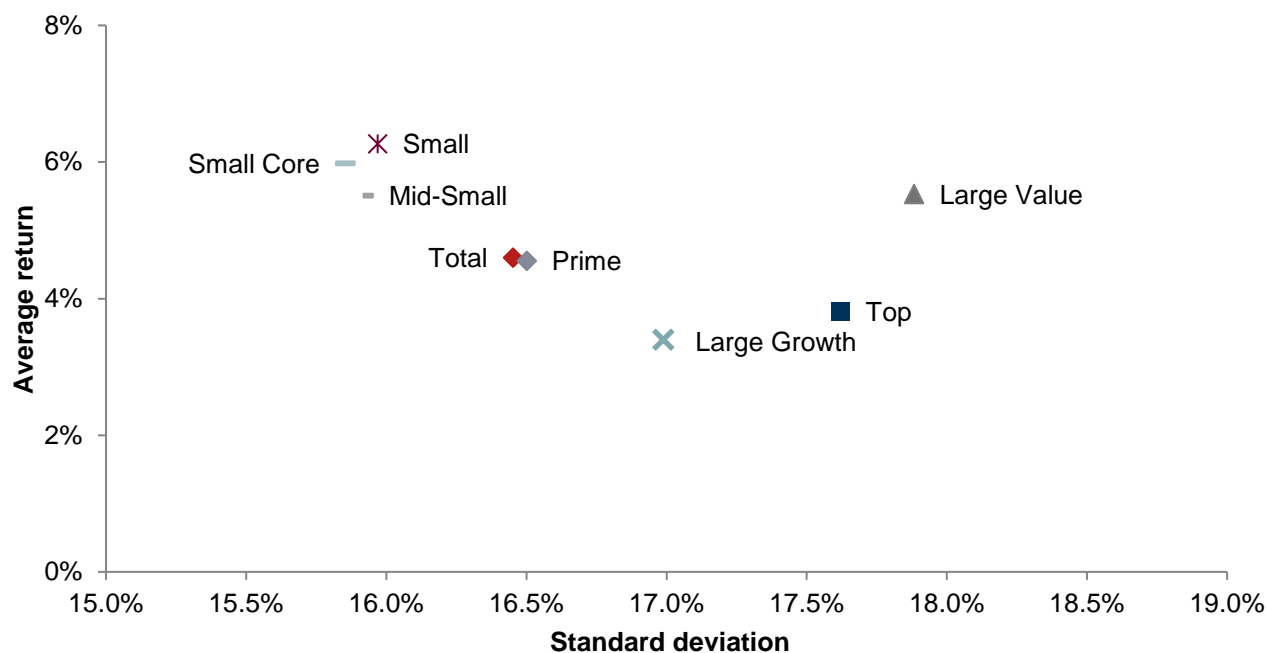
**Fig. 12: Cumulative excess returns on size-based indexes**



Note: Shows cumulative excess monthly returns (including dividends) on each index versus the Russell/Nomura Total Market Index, Jan 1980–Mar 2025.  
Source: NFRC

#### 4.4 Risk-return characteristics of individual indexes

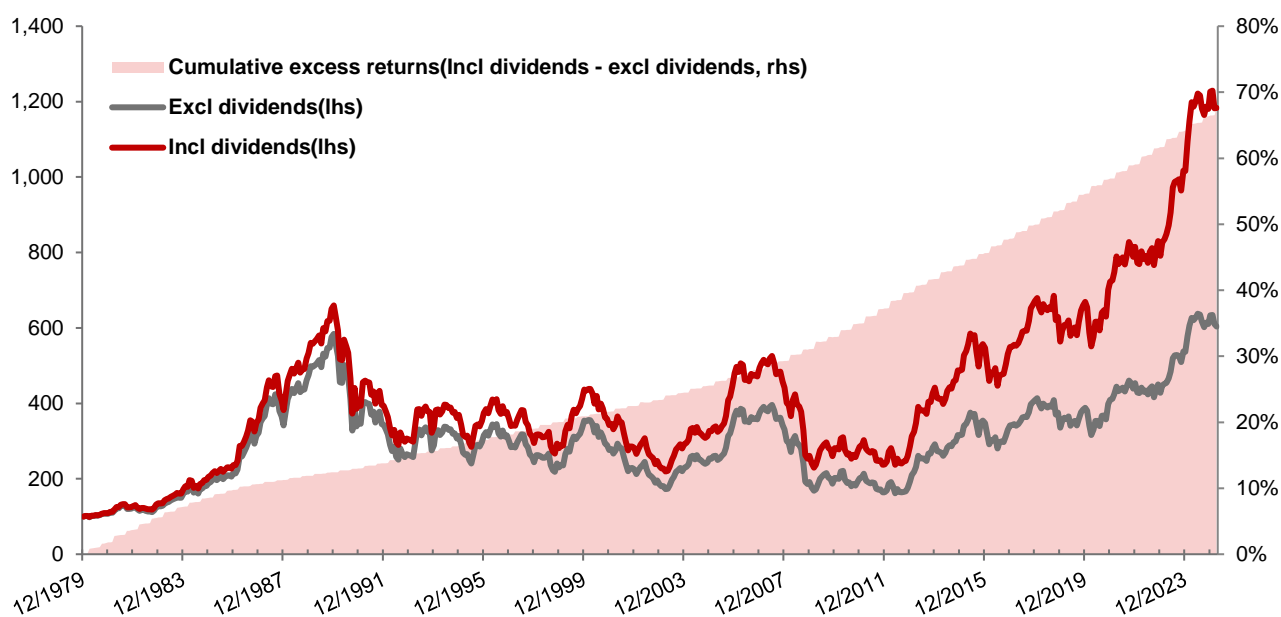
Fig. 13: Average return and standard deviation of individual indexes



Note: Shows average returns and standard deviation on annualized basis, calculated from monthly returns (excluding dividends) in Jan 2001–Mar 2025.  
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 2025, 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

Fig. 15: Turnover ratios at time of regular reconstitutions

Date (yyyy/mm)	Total		Large	Small	Prime
	Value	Growth			
1981/01	2.4%	11.2%	3.5%	13.1%	—
1982/01	2.1%	15.7%	3.1%	12.1%	—
1983/01	2.1%	15.2%	3.1%	13.5%	—
1984/01	2.6%	14.2%	4.3%	16.2%	—
1985/01	2.9%	16.3%	4.1%	17.5%	—
1986/01	3.7%	15.6%	4.8%	16.2%	—
1987/01	2.3%	17.5%	3.3%	18.4%	—
1988/01	3.5%	12.4%	5.1%	16.8%	—
1989/01	3.7%	17.1%	4.9%	15.8%	—
1990/01	3.0%	15.9%	7.2%	27.3%	—
1991/01	3.4%	19.0%	4.6%	20.9%	—
1992/01	1.9%	13.1%	3.1%	13.6%	—
1993/01	1.9%	12.0%	3.2%	13.3%	—
1994/01	1.5%	11.7%	2.6%	12.0%	—
1995/01	3.3%	13.6%	4.0%	15.4%	—
1996/01	2.2%	13.1%	2.5%	9.8%	—
1997/01	2.2%	18.0%	2.3%	10.7%	—
1998/01	1.4%	18.4%	2.5%	16.6%	1.4%
1999/01	3.1%	12.9%	4.1%	12.3%	3.0%
2000/01	3.4%	31.3%	5.4%	31.8%	3.5%
2001/01	2.8%	18.6%	3.8%	18.3%	2.7%
2002/02	2.5%	16.7%	7.6%	43.0%	2.4%
2002/12	3.3%	15.5%	4.7%	15.8%	2.2%
2003/12	2.5%	19.6%	4.6%	20.2%	2.1%
2004/12	3.5%	17.5%	4.9%	18.9%	3.4%
2005/12	3.2%	21.0%	3.8%	15.8%	3.1%
2006/12	2.5%	18.6%	3.1%	16.4%	2.5%
2007/12	1.8%	20.5%	3.5%	18.8%	1.7%
2008/12	1.6%	29.3%	3.8%	17.6%	1.7%
2009/12	1.6%	26.8%	4.2%	21.6%	1.5%
2010/12	1.8%	14.5%	3.1%	15.8%	1.8%
2011/12	1.6%	16.2%	4.6%	20.6%	1.5%
2012/12	1.9%	13.2%	2.7%	11.9%	1.7%
2013/12	1.6%	16.1%	3.2%	20.1%	1.7%
2014/12	1.7%	11.9%	3.9%	19.0%	1.5%
2015/12	1.7%	13.1%	2.7%	12.2%	1.7%
2016/11	1.3%	14.6%	2.3%	12.9%	1.1%
2017/11	1.6%	9.2%	2.2%	9.9%	1.5%
2018/11	1.8%	12.5%	2.8%	10.9%	1.8%
2019/11	2.0%	11.8%	2.7%	9.1%	2.0%
2020/11	2.1%	16.8%	3.1%	12.4%	2.2%
2021/11	1.7%	11.0%	3.6%	18.4%	1.7%
2022/11	1.3%	10.9%	2.2%	9.7%	1.3%
2023/11	1.6%	10.6%	2.3%	10.1%	1.6%
2024/11	1.4%	12.4%	3.2%	17.6%	1.4%
Average	2.3%	15.8%	3.7%	16.4%	2.0%

Note: Turnover ratio is  $[\Sigma | \text{market cap weighting before reconstitution} - \text{market cap weighting after reconstitution} | / 2]$ , 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: NFRG

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

Fig. 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	Number of days of impact Maximum	Turnover ratio (one-way)	Index market cap (¥trn)	Number of stocks				
				Before	After	Change	OUT	IN
Total Market	1	1.4%	668	1,383	1,300	-83	118	35
Value	2	12.4%	342	1,007	996	-11	95	84
Growth	1	12.1%	326	716	658	-58	142	84
Large	1	3.2%	565	298	250	-48	52	4
Large Value	1	13.8%	276	199	175	-24	46	22
Large Growth	1	12.9%	290	192	156	-36	47	11
Top	1	7.8%	351	50	50	0	6	6
Top Value	1	18.0%	148	28	32	4	4	8
Top Growth	1	14.9%	204	38	39	1	6	7
Mid	1	17.8%	214	248	200	-48	58	10
Mid Value	1	21.3%	128	171	143	-28	48	20
Mid Growth	1	28.4%	86	154	117	-37	49	12
Mid-Small	2	8.8%	317	1,333	1,250	-83	124	41
Mid-Small Value	2	15.4%	194	979	964	-15	97	82
Mid-Small Growth	1	22.1%	122	678	619	-59	144	85
Small	4	17.6%	103	1,085	1,050	-35	121	86
Small Value	6	23.9%	66	808	821	13	89	102
Small Growth	2	23.3%	36	524	502	-22	120	98
Small Core	1	26.8%	70	347	350	3	65	68
Small Core Value	2	33.3%	45	239	260	21	46	67
Small Core Growth	2	28.5%	26	189	182	-7	54	47
Micro	12	18.2%	32	738	700	-38	130	92
Micro Value	18	21.0%	22	569	561	-8	91	83
Micro Growth	5	31.6%	10	335	320	-15	102	87
Prime	1	1.4%	660	988	1,000	12	31	43
Prime Value	1	12.7%	336	702	754	52	36	88
Prime Growth	1	12.0%	324	543	528	-15	81	66

Note: Based on constituent stocks as of regular reconstitution in Nov 2024. Market cap data as of 19 Nov 2024. 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 past year to 15 Oct 2024, the date of determination for the regular reconstitution of the Russell/Nomura Japan Equity Indexes. Turnover ratio is  $[\Sigma |\text{market cap weighting before reconstitution} - \text{market cap weighting after reconstitution}| / 2]$ .

Source: NFRG

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

Fig. 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.

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

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	Number of days' impact (Maximum)	Minimum unit of investment (¥100mn)	Index market cap (¥tm)	Number of stocks
Total Market	1	291	668	1,300
Value	2	546	342	996
Growth	1	533	326	658
Large	1	14	565	250
Large Value	1	39	276	175
Large Growth	1	14	290	156
Top	1	3	351	50
Top Value	1	21	148	32
Top Growth	1	2	204	39
Mid	1	5	214	200
Mid Value	1	10	128	143
Mid Growth	1	4	86	117
Mid-Small	2	138	317	1,250
Mid-Small Value	2	310	194	964
Mid-Small Growth	2	200	122	619
Small	4	45	103	1,050
Small Value	6	106	66	821
Small Growth	7	59	36	502
Small Core	1	4	70	350
Small Core Value	2	13	45	260
Small Core Growth	2	7	26	182
Micro	12	14	32	700
Micro Value	18	35	22	561
Micro Growth	22	17	10	320
Prime	1	68	660	1,000
Prime Value	1	322	336	754
Prime Growth	1	529	324	528

Note: Based on constituent stocks as of regular reconstitution in Nov 2024. Market cap data as of 19 Nov 2024. We estimated the number of days' impact (maximum) for each index as the number of days required for an establishment of a ¥100bn passive fund that tracks the index using the full replication approach, based on [max (market cap / average daily trading value)]. Average daily trading value is the average over the past year to 15 Oct 2024, the date of determination for the regular reconstitution of the Russell/Nomura Japan Equity Indexes.

## 6. Data Publication Services

Data for the Russell/Nomura Japan Equity Indexes can be obtained via the following channels.<sup>2</sup>

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Index values are published in the following media:

- Bloomberg (RNJI)
  - Jiji (RNSI/12400, RNSIIDV/12400)
  - QUICK (NRIJ500–503, 510–517)
  - LSEG (FRCNRI01, FRCNRI02, FRCNRI03, FRCNRI04, .JRNP, .JRNS)
  - Website (<https://www.nfrc.co.jp/SMI/en/frcnri/index.html>)
- 

### 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)

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### Other reports

Russell/Nomura Japan Equity Indexes rulebook

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

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<sup>2</sup> Published data are all for reference only.

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