Glossary (Equity)

30 December 2025

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Equity Index Glossary

Key items	Definition
5% rule	In Russell/Nomura Japan Equity Index Series, this rule is meant to keep down the number of stocks with extremely small market cap in the value and growth indexes.
Adjusted P/B	The measuring standard to calculate the weight of market capitalization of stocks used to select constituents for investment style indexes. The purpose of the adjustment is to reduce the gap between the book value and market value of the balance sheet items.
Adjustments outside regular reconstitutions	In case the number of shares changes due to the change in capital structure, apart from periodic reconstitutions, stable shareholding ratio will be adjusted so that the number of shares included in the index remains the same. This type of reconstitutions is implemented as appropriate.
"Banding" method	The rule is meant to limit the frequent replacement of stocks owing to small changes in market cap at index reconstitutions.
Base date	The date on which the index value is base value. (e.g., Index value of the Prime Index on December 29, 1996 (= base date) was 1,000 points (= base value).)
Base value	The index value on the base date. (e.g., Index value of the Prime Index on December 29, 1996 (= base date) was 1,000 points (= base value).)
Cap on a component stock's weight	The rule is meant to restrain the imbalance of index weighting to specific stock.
Component stocks	Stocks which are included in the index.
Dividend tax adjusted index values	The index value subtracting tax from the total return.

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Free float-adjusted market cap (after adjustment to reflect the stable shareholding)	Market capitalization that takes consideration of free float shares after adjusting stable shareholdings.
Inclusion date	The date when the stocks which have not been included in the indexes are newly included in the indexes.
Index inclusion ratio for stock	It is the ratio that shows the number of shares included in the index against the number of share outstanding.
Index inclusion weight for stock	The Percentage of a stock's market capitalization in an index.
Index market cap	Market capitalization value used for calculating index values. Index market cap is calculated based on the calculation rule set for each index.
Industrial classification	The 33 sectors according to the industrial sectors defined by the Securities Identification Code Committee (SICC).
Investment style indexes	The index reflecting the investment style such as Value or Growth utilizing adjusted P/B as measuring standard.
Major shareholder data	Shareholder information of listed companies published by Toyo Keizai.
"Negative-list" method	The rule is meant to restrict the inclusion of stocks with exceptionally low liquidity at index reconstitutions.
Nomura composite price	Nomura composite price is the price on the exchange that is considered to show the most accurate price for that stock, based on the stock's percentage of traded days and total trading volume of the last 60 business days.
Number of shares of the stock within the index	It is the number of shares that is, based on the index inclusion ratio, included in the index out of total outstanding shares.
Number of shares outstanding for index calculation purposes	It is the number of shares that reflects the change in capital structure in line with the timing of the change, based on the number of total issued shares.

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Number of stable shareholdings	The number of shares that are not distributed in the market owing to the holdings by large shareholders such as cross shareholding, stable stockholders.
Periodic reconstitutions	The periodic reconstitution is implemented in accordance with the index rules. If there is an exclusion of stock as a result of merger and acquisition after the periodic reconstitutions, there will be no replenishment to the index until the next periodic reconstitution.
Periodic reconstitution base date	The date on which market data is referred for reconstitution. (e.g., Base date of Russell/Nomura Japan Index is October 15, if the day is holiday, next working day.)
Publication start date	The date on which the index is started to be published.
Reconstitution date	The date on which indexes are reconstituted. (e.g., reconstitution date of Russell/Nomura Japan Index is November 20, if the day is holiday, next working day.)
Removal date	The date at which certain stocks are removed from the indexes.
Russell/Nomura Prime Index	The index consists of the top 1000 stocks in the Total Market Index by market cap excluding stable shareholdings.
Russell/Nomura Total Market Index	The index is composed by the stocks that are top 98% of all listed stocks in terms of free float-adjusted market cap. The number of stocks in this index is adjusted to 100 multiples.
Score	One of indicators to allocate the stock into index. It depends on each index rule.
Screening	To sort and select the stocks for an index pursuant to the rule of the index.
Size-based indexes	It is the index classified based on the size of free float adjusted market capitalization.
Stable shareholding ratio	Ratio of shares not distributed in the market owing to the holdings by large shareholders.

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Stock market cap for the index	It is the market capitalization value used to calculate the number of shares and weighting for the index. Index market capitalization multiplied by the inclusion weight for stock.
Style probability	It is the Ratio of market capitalization apportioned to value and growth for each stock. Adjusted P/B is used to calculate the probability.
The base market cap	It is the market capitalization used for index value calculation which is calculated to obviate the index value volatility caused by non-market reasons such as change in capital structure or change in stock constituents.
Universe	Group of stocks from which equity index component stocks are selected.
Unscheduled reconstitutions	The unscheduled reconstitution is a provisional turnover by the rules. We rebalance only the stocks corresponding to the rules. The rules allow stocks to be removed early if the likelihood of removal at the next regular reconstitution is increasing, and to avoid temporary exclusions and thus maintain the consistency of the stocks included in the index.
US dollar-denominated index values	US dollar-based index value that yen-based index is converted by using exchange rate on the respective reference and calculation dates for each index.

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