

Nikkei Stock Average FactSheet

The Nikkei Stock Average, the Nikkei 225 is used around the globe as the premier index of Japanese stocks. More than 60 years have passed since the commencement of its calculation, which represents the history of Japanese economy after the World War II. Because of the prominent nature of the index, many financial products linked to the Nikkei 225 have been created and are traded worldwide while the index has been sufficiently used as the indicator of the movement of Japanese stock markets. The Nikkei 225 is a price-weighted equity index, which consists of 225 stocks in the 1st section of the Tokyo Stock Exchange.

■ (Constituents)

The Nikkei 225 is comprised of 225 stocks selected from domestic common stocks in the 1st section of the Tokyo Stock Exchange, excluding ETFs, REITs, preferred equity contribution securities, tracking stocks (on subsidiary dividend) etc other than common stocks.

■ (Calculation method)

The presumed value is set for each constituent, which succeeds "par value system" used to be introduced for Japanese equities, and the each constituent stock price is adjusted by the presumed par value. The Nikkei 225 is calculated by dividing the summation of the adjusted prices by the divisor. The purpose of the divisor is to maintain the continuity of the index by eliminating the effect of external factors not directly related to the market movement in calculating the price-weighted index. This method using the divisor is called "Dow adjustment".

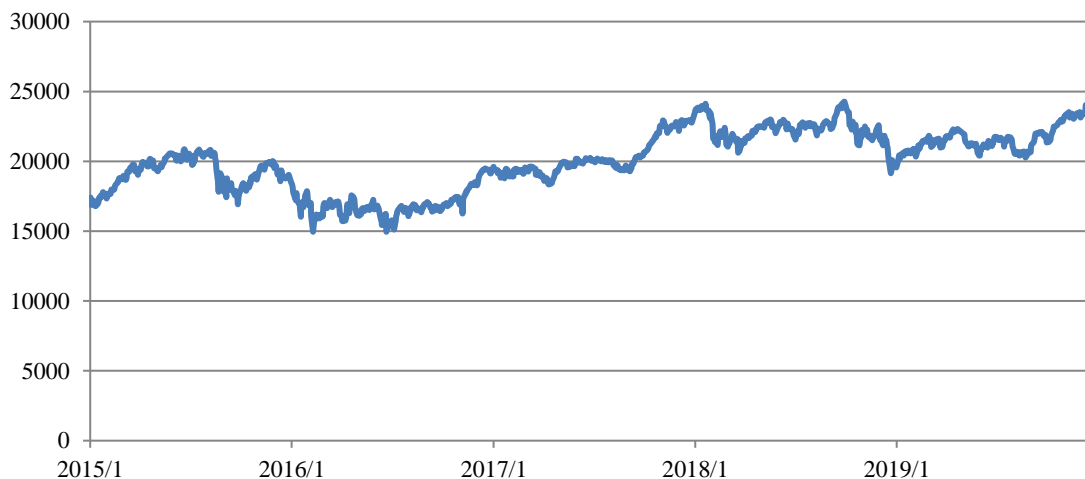
■ (Change in constituents)

The constituents are changed at the beginning of October every year based on the Annual Review. (There might be no change in components as the result of the review). The selection shall be conducted based on the two factors, "liquidity" and "sector balance". (Nikkei introduces 6 sectors categories consolidated from the 36 Nikkei industrial classifications). When a component is delisted due to its bankruptcy and the reorganization of its company group etc, the stock would be deleted from the index and a new component would be added, following the procedure of the Extraordinary Replacement.

■ (Base date etc)

The commencement date of the calculation was September 7th, 1950, which had been retroactively calculated in the past on the end-of-day basis, to May 16th, 1949. The Nikkei 225 is currently calculated every 5 seconds while the Tokyo Stock Exchange opens.

■ Graph (Dec/30/2019)



■ Performance (Dec/30/2019)

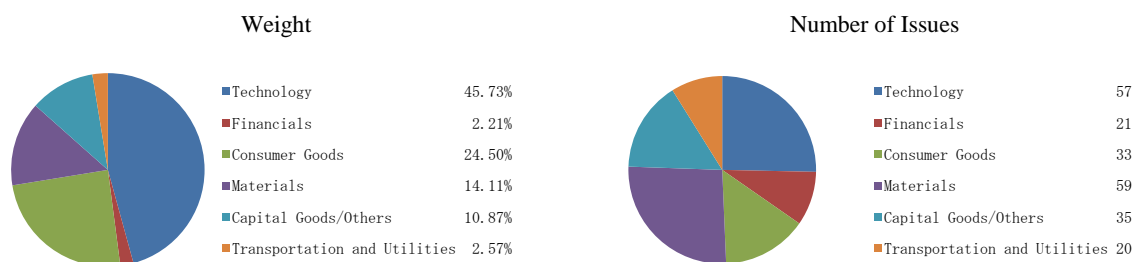
| | Avg. Return (%) | Volatility (%) | PER | PBR | Dividend Yield (%) | Market Cap (%) | Annualized Returns (%) |
|------|-----------------|----------------|-------|------|--------------------|----------------|------------------------|
| 2015 | 0.04 | 1.33 | 15.57 | 1.29 | 1.54 | 59.71 | 1 year 18.20 |
| 2016 | 0.02 | 1.71 | 16.18 | 1.33 | 1.59 | 59.44 | 3 years 7.37 |
| 2017 | 0.07 | 0.75 | 15.06 | 1.32 | 1.63 | 59.35 | 5 years 6.27 |
| 2018 | -0.05 | 1.22 | 11.22 | 1.04 | 2.30 | 59.19 | |
| 2019 | 0.07 | 0.87 | 14.36 | 1.16 | 2.03 | 59.14 | |

*Market Cap (%) indicates the percentage of TSE 1st Section

■ Top 10 Components by weight (Dec/30/2019)

| Company | Code | Sector | Nikkei Industry Classification | Weight (%) | ParValue (yen) | Price (yen) | PER | PBR | Dividend Yield (%) |
|--------------------------|------|----------------------|--------------------------------|------------|----------------|-------------|-------|------|--------------------|
| Fast Retailing Co., Ltd. | 9983 | Consumer Goods | Retail | 9.90 | 50 | 65000 | 37.91 | 7.07 | 0.77 |
| Softbank Group Corp. | 9984 | Technology | Communications | 4.35 | 25/3 | 28536 | 9.85 | 1.35 | 0.93 |
| Tokyo Electron Ltd. | 8035 | Technology | Electric Machinery | 3.64 | 50 | 23925 | 21.96 | 4.71 | 2.24 |
| Fanuc Corp. | 6954 | Technology | Electric Machinery | 3.10 | 50 | 20330 | 67.38 | 2.90 | 1.39 |
| KDDI Corp. | 9433 | Technology | Communications | 2.97 | 25/3 | 19518 | 12.07 | 1.73 | 3.38 |
| Terumo Corp. | 4543 | Technology | Precision Instruments | 2.37 | 12.5 | 15540 | 35.90 | 4.05 | 0.72 |
| Daikin Industries, Ltd. | 6367 | Capital Goods/Others | Machinery | 2.35 | 50 | 15450 | 23.18 | 3.13 | 1.04 |
| Kyocera Corp. | 6971 | Technology | Electric Machinery | 2.28 | 25 | 14960 | 21.69 | 1.14 | 2.14 |
| TDK Corp. | 6762 | Technology | Electric Machinery | 1.89 | 50 | 12390 | 18.63 | 1.83 | 1.45 |
| Advantest Corp. | 6857 | Technology | Electric Machinery | 1.88 | 25 | 12320 | 33.46 | 5.72 | 1.35 |

■ Sector Weight (Dec/30/2019)



■ Recent Component Changes (Dec/30/2019)

| | Deleted | Added | Divisor Change |
|-------------|--------------------------|-----------------------------|-----------------------------|
| Oct/1/2018 | Furukawa(5715) | CyberAgent(4751) | Periodic Change 26.993 |
| Dec/26/2018 | Nisshin Steel(5413) | DIC(4631) | Extraordinary Change 27.003 |
| Mar/18/2019 | Pioneer(6773) | OMRON(6645) | Extraordinary Change 27.240 |
| Mar/27/2019 | Showa Shell Sekiyu(5002) | Idemitsu Kosan(5019) | Extraordinary Change 27.237 |
| Aug/1/2019 | Chiyoda(6366) | BANDAI NAMCO Holdings(7832) | Extraordinary Change 27.497 |
| Oct/1/2019 | Tokyo Dome(9681) | M3(2413) | Periodic Change 27.760 |

■ Vendor Code

| | | (Total Return) | (Net Total Return) |
|-----------------|-------|----------------|--------------------|
| QUICK | 101 | S101#TR/NKNJ | S101#NR/NKNJ |
| Bloomberg | NKY | NKYTR | NKYNTR |
| THOMSON REUTERS | .N225 | .N225TR | .N225NTR |

■ Reference

Please refer to the "Index Guidebook" for the detail of the calculation method or constituents selection rules.

→(URL) <https://indexes.nikkei.co.jp/>

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