

# **Nomura Individual Investor Survey**

December 2016

15 December 2016

Global Research Division  
Nomura Securities Co., Ltd.

The Nomura Individual Investor Survey is a monthly survey conducted with the aim of better understanding investing activity by individuals and providing information on related trends.

## 1. Survey overview

### (1) Nomura I-View Index falls for second consecutive month, to 31.4

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 31.4 in December 2016, declining m-m for the second consecutive month. The Nikkei 225 reference level (5 December 2016 close) was 18,274.99, up 1,097.78 from the previous survey (7 November 2016 close of 17,177.21).

### (2) Investor focus ranking of "international affairs" rises, that of "domestic corporate earnings" falls

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose m-m for the fourth straight month, by 3.4ppt to 60.4%, while that for domestic corporate earnings fell 2.9ppt to 3.2%.

### (3) Appeal of financials sector rises sharply, that of consumer goods and pharmaceuticals falls

On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the financials sector rose 14.3pt m-m to 1.5, moving into positive territory for the first time in 12 months. The DI for consumer goods fell by 8.2pt m-m to -10.3 and the DI for the pharmaceuticals sector declined for the second straight month, by 6.9pt m-m to 6.5.

### (4) Fewer investors expect slight yen appreciation or depreciation against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 54.9%, up 1.8ppt from the previous month. Response rates declined for both slight yen appreciation against the US dollar and for slight yen depreciation against the dollar. The response rate for "rise of about ¥5 against the dollar" fell 10.6ppt m-m to 31.9%, while that for "fall of about ¥5 against the dollar" declined 7.0ppt m-m to 32.6%. Meanwhile, the response rate for "rise of about ¥10 against the dollar" rose 9.0ppt m-m to 17.3%, while that for "rise of more than ¥10 against the dollar" rose 3.4ppt to 5.7%. The response rate for "fall of about ¥10 against the dollar" rose 4.8ppt m-m to 10.2%, while that for "fall of more than ¥10 against the dollar" rose 0.4ppt m-m to 2.3%.

### (5) Investment appeal of US dollar rises

On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the US dollar rose by 11.9pt m-m to 36.7, its highest level since February 2016. The DI for the pound sterling rose 5.5pt to -6.0. The DI for the Japanese yen declined 6.4pt m-m to 25.1 while that for the euro fell 5.2pt to -11.6.

### (6) Appeal of cash & deposits and Japanese investment trusts among financial instruments rises

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for cash & deposits rose 2.6pt m-m to 32.3, while that for Japanese investment trusts increased 2.3pt to 12.3. The DI for Japanese bonds also rose, by 2.2pt m-m to 5.0, while that for Japanese equities rose 2.0pt m-m to 37.1. In contrast, the DI for foreign equities declined 1.3pt to 7.0 and that for gold fell 1.0pt to 7.4.

### (7) Higher percentage of respondents expect prices to be higher one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 34.7% of respondents selected one of the "rise" responses, up 5.5ppt from the previous month. The percentage of those selecting one of the "fall" responses declined 2.9ppt m-m to 19.4%. The number of respondents selecting the "no change" response declined 2.6ppt m-m to 45.9%.

### (8) Equity themes for 2017

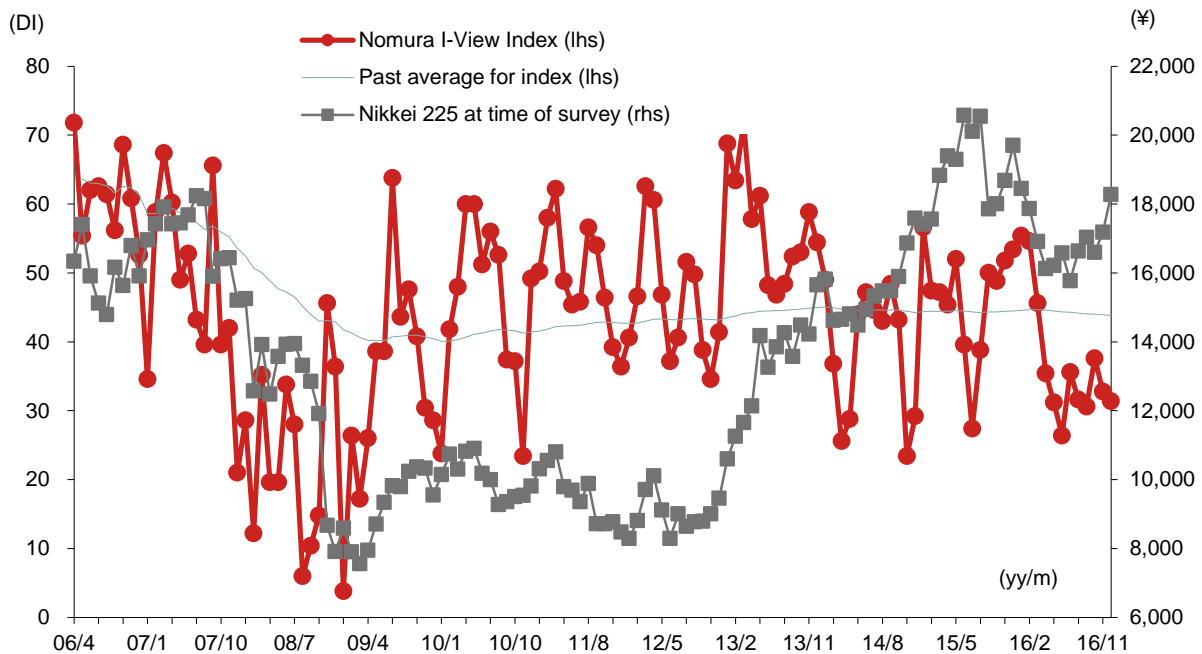
For this month's spot question, we asked investors to select up to five themes on which they intended to focus particularly when making investment decisions, out of the themes that look likely to become key themes in the Japanese equity market in 2017 or to have an impact. US monetary policy was the most popular response, selected by 708 respondents. The next most popular response was forex trends (526 responses) followed by BOJ monetary policy (344 responses).

## 2. Survey results

### (1) Nomura I-View Index falls for second consecutive month, to 31.4

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 31.4 in December 2016, declining m-m for the second consecutive month. The Nikkei 225 reference level (5 December 2016 close) was 18,274.99, up 1,097.78 from the previous survey (7 November 2016 close of 17,177.21) (Figure 1).

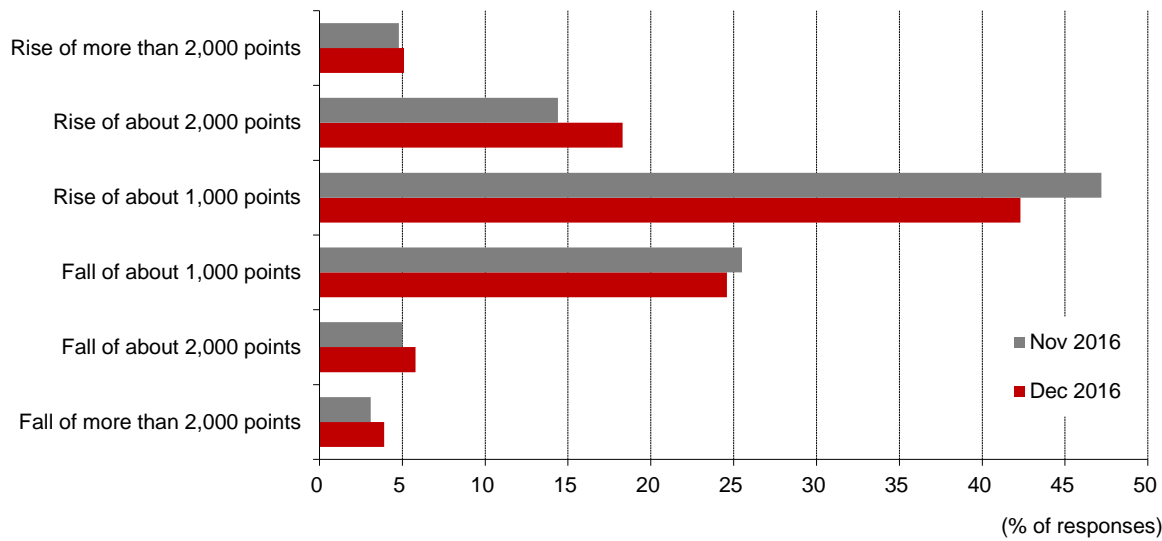
Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows:  $\left( \frac{\text{number of responses indicating expected rise in share prices in the next three months} - \text{number of responses indicating expected fall in share prices in the next three months}}{\text{number of respondents}} \right) \times 100$ . The figure for January 2010 used here excludes those respondents who projected that the Nikkei 225 would be flat. (2) The Nomura I-View Index ranges from -100 to +100. The closer to +100, the more bullish the outlook held by individual investors. The closer to -100, the more bearish the outlook held by individual investors.

The combined proportion of respondents expecting the Nikkei 225 to fall over the next three months was 34.3%, up 0.7ppt from 33.6% the previous month. The proportion of respondents expecting a "fall of about 2,000 points" was up 0.8ppt m-m at 5.8%, while the proportion expecting a "fall of more than 2,000 points" was up 0.8ppt at 3.9%. The proportion selecting "fall of about 1,000 points" declined 0.9ppt to 24.6%. The combined percentage of respondents expecting the Nikkei 225 to rise over the next three months was 65.7%, down 0.7ppt from the previous survey (66.4%). The proportion of respondents selecting "rise of about 1,000 points" declined 4.9ppt to 42.3% but the proportion selecting "rise of about 2,000 points" rose 3.9ppt to 18.3% and the proportion selecting "rise of more than 2,000 points" increased 0.3ppt (Figure 2).

**Fig. 2: Outlook for Nikkei 225 during the next three months**

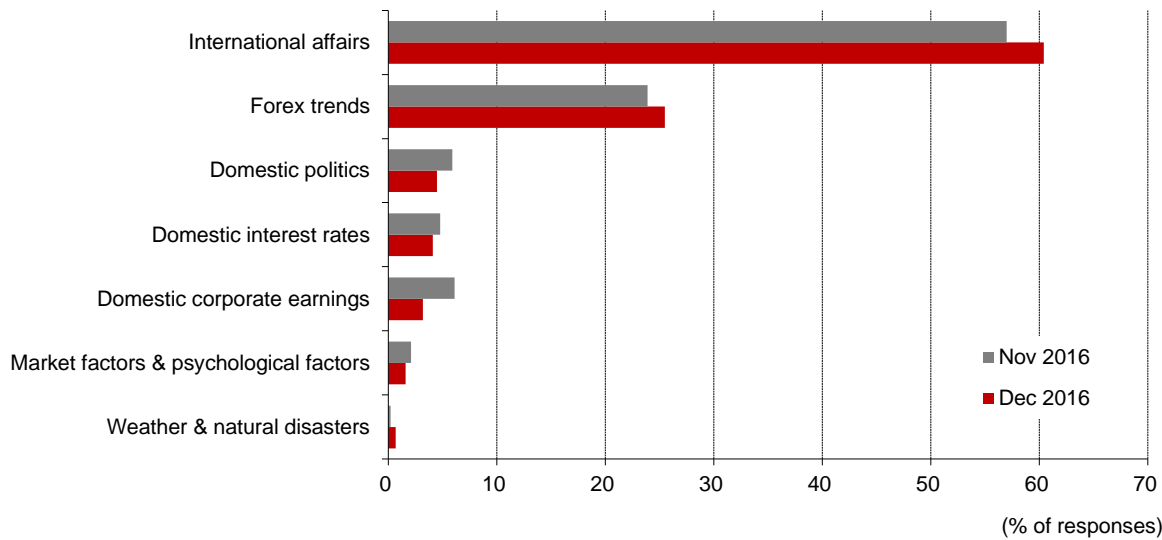


Note: Respondents were asked to share their outlook for the Nikkei 225 over the next three months based on the 5 December 2016 close of 18,274. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

**(2) Investor focus ranking of "international affairs" rises, that of "domestic corporate earnings" falls**

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose m-m for the fourth straight month, by 3.4ppt to 60.4%, while that for "domestic corporate earnings" fell 2.9ppt to 3.2% (Figure 3).

**Fig. 3: Impact of factors on the stock market**



Note: Respondents were asked to choose one answer from seven possible responses concerning factors likely to impact the stock market over the next three months or so.

**(3) Appeal of financials sector rises sharply, of consumer goods and pharmaceuticals falls**

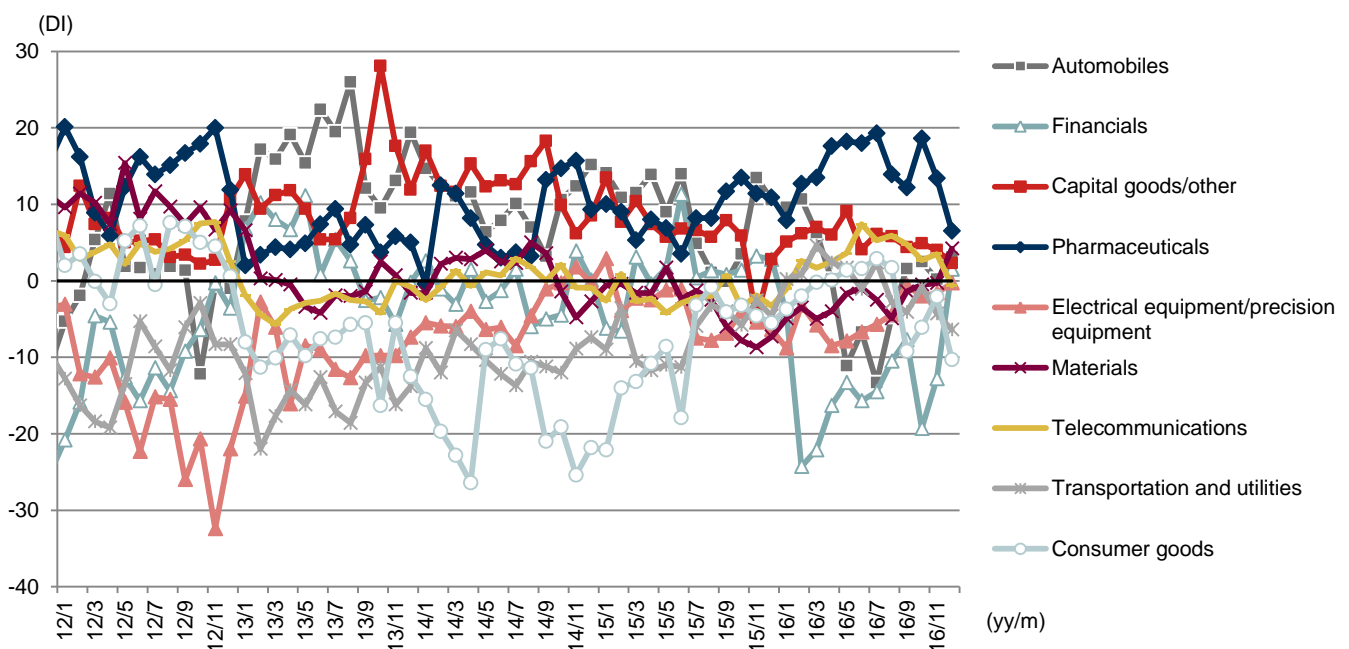
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the financials sector rose 14.3pt m-m to 1.5, moving into positive territory for the first time in 12 months. The DI for consumer goods fell by 8.2pt m-m to -10.3 and the DI for the pharmaceuticals sector declined for the second straight month, by 6.9pt m-m to 6.5 (Figures 4 & 5).

**Fig. 4: Investment appeal by sector**

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	6.5	12.4	5.9	13.4
Materials	4.2	16.1	11.9	-0.3
Automobiles	3.1	14.8	11.7	0.2
Capital goods/other	2.3	9.2	6.9	4.0
Financials	1.5	16.5	15.0	-12.8
Electrical equipment/precision equipment	-0.3	8.7	9.0	-1.6
Telecommunications	-0.6	5.1	5.7	3.5
Transportation and utilities	-6.4	6.6	13.0	-4.3
Consumer goods	-10.3	10.6	20.9	-2.1

Note: Respondents were given nine sectors and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. For each sector, we calculated a DI by subtracting the percentage of responses for "unappealing" from that for "appealing." The materials sector comprises mining, textiles, paper & pulp, chemicals, oil, ceramics, steel, nonferrous metals, and trading houses. The financials sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/other sector comprises construction, machinery, shipbuilding, transportation equipment, miscellaneous manufacturing, and real estate. The transportation and utilities sector comprises railroads & buses, trucking, shipping, airlines, warehousing, electric power, and gas. The consumer goods sector comprises marine products, food, retail, and services.

**Fig. 5: Trend in DIs for selected sectors**



#### (4) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, irrespective of short- or long-term investment horizon (including stocks actually held) or that they find appealing. We show the most popular responses in Figure 6.

Fig. 6: Name a stock with appeal (1,000 valid responses)

Code	Company	No. of responses	Code	Company	No. of responses
7203	Toyota Motor	101	2702	McDonald's Holdings (Japan)	9
8306	Mitsubishi UFJ Financial Group	30	4661	Oriental Land	9
8411	Mizuho Financial Group	27	6501	Hitachi	9
4502	Takeda Pharmaceutical	19	7974	Nintendo	9
6752	Panasonic	18	8604	Nomura Holdings	9
7201	Nissan Motor	18	8750	Dai-ichi Life Holdings	8
9202	ANA Holdings	18	2811	Kagome	7
9984	Softbank Group	16	8316	Sumitomo Mitsui Financial Group	7
8267	Aeon	15	9022	Central Japan Railway	7
8058	Mitsubishi Corp	12	9432	Nippon Telegraph and Telephone	7
6502	Toshiba	11	9437	NTT Docomo	7
6758	Sony	11			
3402	Toray Industries	10			
5401	Nippon Steel & Sumitomo Metal	10			
7751	Canon	10			

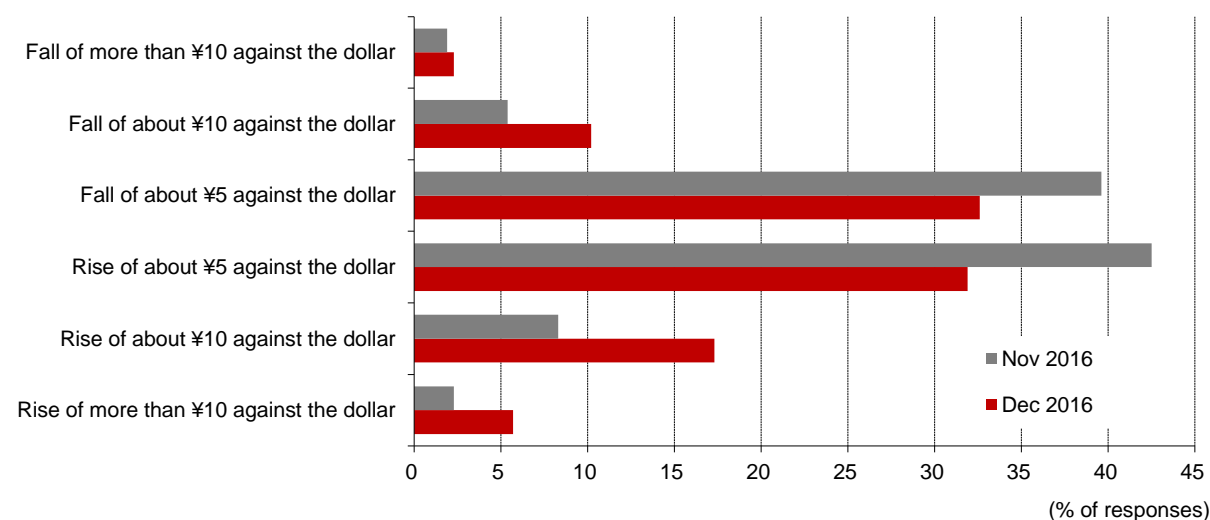
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

#### (5) Fewer investors expect slight yen appreciation or depreciation against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 54.9%, up 1.8ppt from the previous month. Response rates declined for both slight yen appreciation against the US dollar and for slight yen depreciation against the dollar. The response rate for "rise of about ¥5 against the dollar" fell 10.6ppt m-m to 31.9%, while that for "fall of about ¥5 against the dollar" declined 7.0ppt m-m to 32.6%.

Meanwhile, the response rate for "rise of about ¥10 against the dollar" rose 9.0ppt m-m to 17.3%, while that for "rise of more than ¥10 against the dollar" rose 3.4ppt to 5.7%. The response rate for "fall of about ¥10 against the dollar" rose 4.8ppt m-m to 10.2%, while that for "fall of more than ¥10 against the dollar" rose 0.4ppt m-m to 2.3% (Figure 7).

Fig. 7: Respondents' three-month outlook for USD/JPY



Note: Respondents were asked to share their outlook for USD/JPY over the next three months, referencing a 5 Decemberr 2016 indicative rate of 113.65. They could choose one answer from six possible responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

**(6) Investment appeal of US dollar rises**

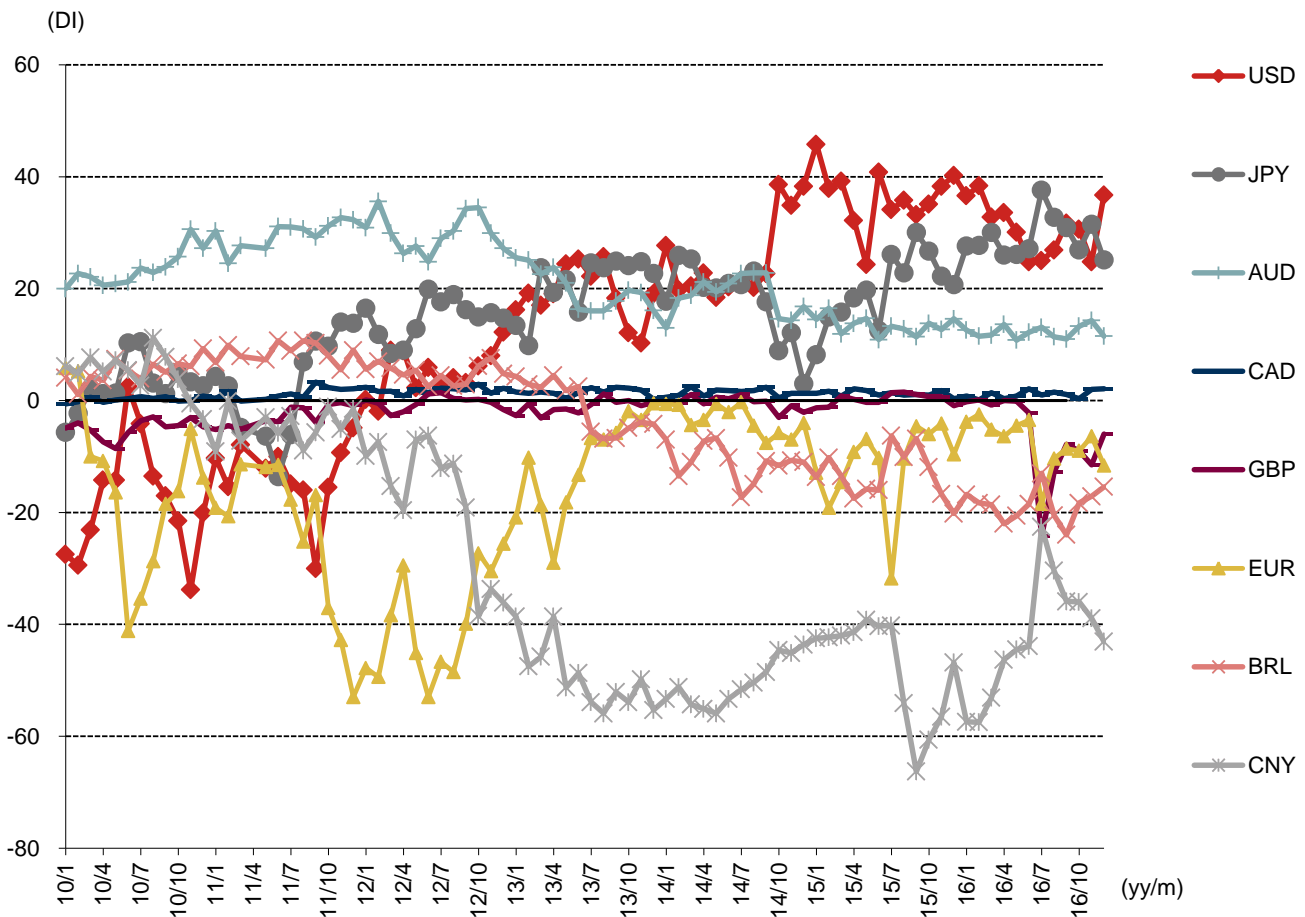
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the US dollar rose by 11.9pt m-m to 36.7, its highest level since February 2016. The DI for the pound sterling rose 5.5pt to -6.0. The DI for the Japanese yen declined 6.4pt m-m to 25.1 while that for the euro fell 5.2pt to -15.4 while that for the Japanese yen declined 6.4pt m-m to 25.1 while that for the euro fell 5.2pt to -11.6 (Figures 8 & 9).

**Fig. 8: Investment appeal by currency**

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	36.7	43.4	6.7	24.8
Japanese yen	25.1	34.3	9.2	31.5
Australian dollar	11.5	13.1	1.6	14.3
Canadian dollar	2.1	2.4	0.3	2.0
Pound sterling	-6.0	2.0	8.0	-11.5
Euro	-11.6	1.7	13.3	-6.4
Brazilian real	-15.4	1.3	16.7	-17.1
Chinese yuan	-43.1	0.8	43.9	-38.9

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. Those selecting "other" were asked to specify a currency.

**Fig. 9: DIs for investment appeal of selected currencies**



**(7) Appeal of cash & deposits and Japanese investment trusts among financial instruments rises**

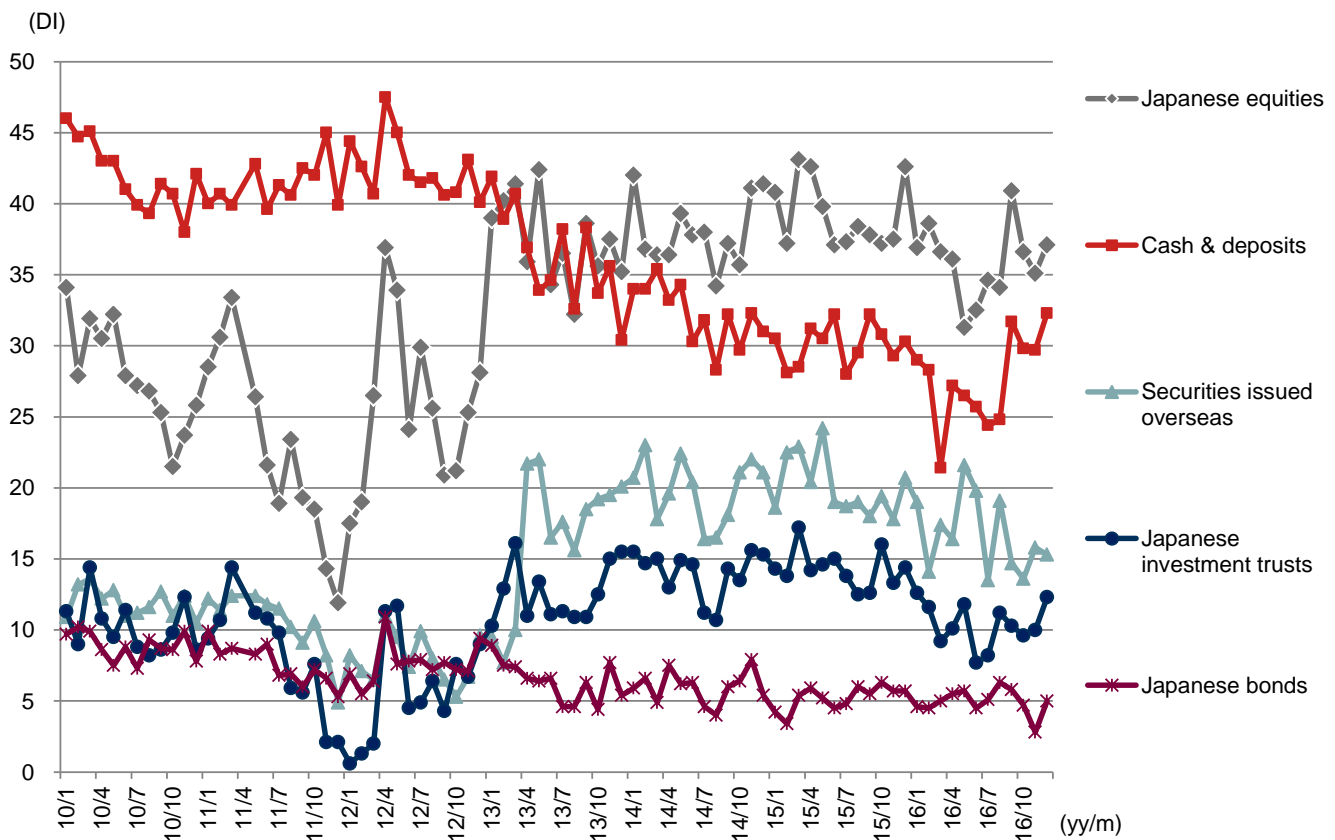
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for cash & deposits rose 2.6pt m-m to 32.3, while that for Japanese investment trusts increased 2.3pt to 12.3. The DI for Japanese bonds also rose, by 2.2pt m-m to 5.0, and that for Japanese equities rose 2.0pt m-m to 37.1. In contrast, the DI for foreign equities declined 1.3pt to 7.0 and that for gold fell 1.0pt to 7.4 (Figures 10 & 11).

**Fig. 10: Financial instruments for which investors are planning either to increase or to decrease their holdings**

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	37.1	50.9	13.8	35.1
Cash & deposits	32.3	36.9	4.6	29.7
Japanese investment trusts	12.3	18.7	6.4	10.0
Gold	7.4	7.9	0.5	8.4
Foreign equities	7.0	8.7	1.7	8.3
Foreign investment trusts	5.5	7.1	1.6	5.2
Japanese bonds	5.0	6.4	1.4	2.8
Foreign bonds	2.8	3.8	1.0	2.3
Hybrid securities	1.7	1.8	0.1	2.3
Other	0.7	0.8	0.1	0.2
None	-46.3	28.8	75.1	-41.8

Note: Respondents were given a list of 11 responses and asked to choose those financial instruments for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). "Plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

**Fig. 11: DIs for financial instruments in which investors are planning either to increase or to decrease their holdings**



Note: "Securities issued overseas" is the total for foreign equities, foreign investment trusts, and foreign bonds.



**(8) Higher percentage of respondents expect prices to be higher one year out**

When asked for their outlook for prices of regularly purchased goods and services one year out, 34.7% of respondents selected one of the "rise" responses, up 5.5ppt from the previous month. The percentage of those selecting one of the "fall" responses declined 2.9ppt m-m to 19.4%. The number of respondents selecting the "no change" response declined 2.6ppt m-m to 45.9% (Figure 12).

**Fig. 12: Outlook for prices one year out**

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.1	2.2
2	Fall of 2% up to 5%	5.0	4.1
3	Fall of less than 2%	12.3	16.0
4	No change (0%)	45.9	48.5
5	Rise of less than 2%	26.9	23.0
6	Rise of 2% up to 5%	6.4	5.9
7	Rise of 5% or more	1.4	0.3
	Total	100	100

Note: Respondents were asked to select one response to the question: "How do you expect prices of regularly purchased goods and services to differ from current levels one year out?"

**(9) Equity themes for 2017**

For this month's spot question, we asked investors to select up to five themes on which they intended to focus particularly when making investment decisions, out of the themes that look likely to become key themes in the Japanese equity market in 2017 or to have an impact. US monetary policy was the most popular response, selected by 708 respondents. The next most popular response was forex trends (526 responses) followed by BOJ monetary policy (344 responses) (Figure 13).

**Fig. 13: Themes of greatest interest to investors (1,000 respondents)**

	<b>Choices</b>	<b>No. of responses</b>
1	US monetary policy	708
2	BOJ monetary policy	344
3	Forex movements	526
4	Trans-Pacific Partnership (TPP)	221
5	Consumption demand from tourists visiting Japan (inbound demand)	50
6	Shareholder returns	134
7	Cut in corporate tax rate	53
8	Nuclear power plant restarts	43
9	Rising wages	57
10	Escape from deflation	87
11	Stimulation of financial and capital markets	74
12	My Number system	16
13	Labor shortages	73
14	Reform of medical/healthcare market	53
15	Agricultural sector regulatory reform	48
16	Increase in M&A deals	36
17	Employment regulatory reform	28
18	Management focused on ROE	26
19	Promotion of social infrastructure (PPP/PFI) using private-sector capital and managed by private sector	16
20	Renewable energy	39
21	2020 Tokyo Olympics	159
22	Casino-related legislation	76
23	Fintech	31
24	Artificial intelligence (AI)	77
25	French presidential election and legislative election, German federal election	140
26	Other	14
	Total	1,000

Note: Respondents were asked to select up to five themes on which they intended to focus particularly when making investment decisions, out of the themes listed above that look likely to become key themes in the Japanese equity market in 2017 or to have an impact.

### 3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, Nomura Securities conducts a monthly survey—the Nomura Individual Investor Survey. The results of the survey have been published monthly since April 2006.

Survey method: Questionnaire conducted electronically using the internet monitor questionnaire service administered by Nomura Investor Relations Co., Ltd.

Survey target: Survey sent to 3,000 individual investors randomly selected from the approximately 24,000 with equity investment experience participating in Nomura Investor Relations' internet monitor questionnaire service.

Number of responses: 1,000 (survey closed when 1,000 responses received).

Survey period: Survey distributed on 5 December, with deadline for responses on 6 December.

Survey content: Questions included each month are (1) share price outlook, (2) factors expected to impact the stock market, (3) attractive sectors and stocks, (4) USD/JPY outlook and attractive currencies, (5) financial instruments for which investors plan to change their holdings, and (6) inflation outlook (since July 2013). Respondents are also asked spot questions each month and queried about their personal profiles.

### 4. Nomura Individual Investor Survey (December 2016) respondents

Gender: Male (82.0%), female (18.0%)

Age: Under 30 (1.1%), 30–39 (8.9%), 40–49 (22.6%), 50–59 (31.2%), 60 and above (36.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.0%), professional (physician/medical professional, lawyer, etc) (3.1%), company management/corporate officer (3.9%), company employee/public servant (46.0%), student (0.2%), full-time homemaker (9.0%), part-time worker/casual worker/job-hopper (6.8%), unemployed/pensioner (21.0%), other (2.0%)

Region: Kanto (50.7%), Kinki (18.5%), Tokai/Koshinetsu/Hokuriku (16.3%), Hokkaido/Tohoku (4.9%), Chugoku/Shikoku/Kyushu (9.6%)

Financial assets held: Less than ¥1,000,000 (6.9%), ¥1,000,000–¥2,999,999 (10.1%), ¥3,000,000–¥4,999,999 (10.9%), ¥5,000,000–¥9,999,999 (16.6%), ¥10,000,000–¥29,999,999 (30.7%), ¥30,000,000–¥49,999,999 (12.3%), ¥50,000,000 or more (12.5%)

Value of domestic stocks held: Less than ¥500,000 (12.4%), ¥500,000–¥999,999 (12.1%), ¥1,000,000–¥2,999,999 (22.7%), ¥3,000,000–¥4,999,999 (16.7%), ¥5,000,000–¥9,999,999 (14.6%), ¥10,000,000–¥29,999,999 (15.8%), ¥30,000,000 or more (5.7%)

Investment experience: Less than three years (3.9%), three years to less than five years (9.3%), five years to less than 10 years (22.5%), 10 years to less than 20 years (31.3%), 20 years or more (33.0%)

Investment plan for domestic stocks: Mainly for long-term holding (47.0%), pursuit of gains from short-term appreciation (13.3%), pursuit of dividends and shareholder perks (25.2%), no particular plan (14.5%)

#### Notice

The next Nomura Individual Investor Survey (January 2017) is scheduled for release on Friday, 20 January 2017.

## Any Authors named on this report are Research Analysts unless otherwise indicated

### Important Disclosures

The lists of issuers that are affiliates or subsidiaries of Nomura Holdings Inc., the parent company of Nomura Securities Co., Ltd., issuers that have officers who concurrently serve as officers of Nomura Securities Co., Ltd., issuers in which the Nomura Group holds 1% or more of any class of common equity securities and issuers for which Nomura Securities Co., Ltd. has lead managed a public offering of equity or equity linked securities in the past 12 months are available at <http://www.nomuraholdings.com/report/>. Please contact the Research Product Management Dept. of Nomura Securities Co., Ltd. for additional information.

### Online availability of research and conflict-of-interest disclosures

Nomura Group research is available on [www.nomuranow.com/research](http://www.nomuranow.com/research), Bloomberg, Capital IQ, Factset, MarkitHub, Reuters and ThomsonOne. Important disclosures may be read at <http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx> or requested from Nomura Securities International, Inc., or Instinet, LLC on 1-877-865-5752. If you have any difficulties with the website, please email [grpsupport@nomura.com](mailto:grpsupport@nomura.com) for help.

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by Investment Banking activities. Unless otherwise noted, the non-US analysts listed at the front of this report are not registered/qualified as research analysts under FINRA rules, may not be associated persons of NSI or ILLC, and may not be subject to FINRA Rule 2241 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Nomura Global Financial Products Inc. ("NGFP") Nomura Derivative Products Inc. ("NDPI") and Nomura International plc. ("NIplc") are registered with the Commodities Futures Trading Commission and the National Futures Association (NFA) as swap dealers. NGFP, NDPI, and NIplc are generally engaged in the trading of swaps and other derivative products, any of which may be the subject of this report.

### Distribution of ratings (Nomura Group)

The distribution of all ratings published by Nomura Group Global Equity Research is as follows:

50% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 38% of companies with this rating are investment banking clients of the Nomura Group\*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services\*\* by the Nomura Group.

42% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 53% of companies with this rating are investment banking clients of the Nomura Group\*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group

8% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 8% of companies with this rating are investment banking clients of the Nomura Group\*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group.

As at 30 September 2016.

\*The Nomura Group as defined in the Disclaimer section at the end of this report.

\*\* As defined by the EU Market Abuse Regulation

### Distribution of ratings (Instinet, LLC)

The distribution of all ratings published by Instinet, LLC Equity Research is as follows:

53% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; Instinet LLC has provided investment banking services to 0% of companies with this rating within the previous 12 months.

42% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; Instinet LLC has provided investment banking services to 0% of companies with this rating within the previous 12 months.

5% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; Instinet LLC has provided investment banking services to 0% of companies with this rating within the previous 12 months.

### Definition of Nomura Group's equity research rating system and sectors

The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

### STOCKS

A rating of '**Buy**', indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of '**Neutral**', indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of '**Reduce**', indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of '**Suspended**', indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as '**Not rated**' or shown as '**No rating**' are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: <http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx>; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan**: Russell/Nomura Large Cap.

## SECTORS

A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are not assigned ratings. Benchmarks are as follows: **United States:** S&P 500; **Europe:** Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan:** Sector ratings are not assigned.

## Target Price

A Target Price, if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

## Disclaimers

This publication contains material that has been prepared by the Nomura Group entity identified on page 1 and, if applicable, with the contributions of one or more Nomura Group entities whose employees and their respective affiliations are specified on page 1 or identified elsewhere in the publication. The term "Nomura Group" used herein refers to Nomura Holdings, Inc. and its affiliates and subsidiaries including: Nomura Securities Co., Ltd. ('NSC') Tokyo, Japan; Nomura International plc ('Nlplc'), UK; Nomura Securities International, Inc. ('NSI'), New York, US; Instinet, LLC ('ILLC'); Nomura International (Hong Kong) Ltd. ('NIHK'), Hong Kong; Nomura Financial Investment (Korea) Co., Ltd. ('NFIK'), Korea (Information on Nomura analysts registered with the Korea Financial Investment Association ('KOFIA') can be found on the KOFIA Intranet at <http://dis.kofia.or.kr>); Nomura Singapore Ltd. ('NSL'), Singapore (Registration number 197201440E, regulated by the Monetary Authority of Singapore); Nomura Australia Ltd. ('NAL'), Australia (ABN 48 003 032 513), regulated by the Australian Securities and Investment Commission ('ASIC') and holder of an Australian financial services licence number 246412; P.T. Nomura Indonesia ('PTNI'), Indonesia; Nomura Securities Malaysia Sdn. Bhd. ('NSM'), Malaysia; NIHK, Taipei Branch ('NITB'), Taiwan; Nomura Financial Advisory and Securities (India) Private Limited ('NFASL'), Mumbai, India (Registered Address: Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India; Tel: +91 22 4037 4037, Fax: +91 22 4037 4111; CIN No: U74140MH2007PTC169116, SEBI Registration No. for Stock Broking activities : BSE INB011299030, NSE INB231299034, INF231299034, INE 231299034, MCX: INE261299034; SEBI Registration No. for Merchant Banking : INM000011419; SEBI Registration No. for Research: INH000001014 and Nlplc, Madrid Branch ('Nlplc, Madrid'). 'CNS Thailand' next to an analyst's name on the front page of a research report indicates that the analyst is employed by Capital Nomura Securities Public Company Limited ('CNS') to provide research assistance services to NSL under an agreement between CNS and NSL. 'NSFSPL' next to an employee's name on the front page of a research report indicates that the individual is employed by Nomura Structured Finance Services Private Limited to provide assistance to certain Nomura entities under inter-company agreements. 'BDO NS' next to an analyst's name on the front page of a research report indicates that the analyst is employed by BDO Unibank Inc. ('BDO') who has been assigned to BDO Nomura Securities Inc. (a Philippines securities dealer which is a joint venture between BDO and the Nomura Group), to provide research assistance services to NSL under an agreement between BDO, NSL and BDO Nomura Securities Inc.

THIS MATERIAL IS: (I) FOR YOUR PRIVATE INFORMATION, AND WE ARE NOT SOLICITING ANY ACTION BASED UPON IT; (II) NOT TO BE CONSTRUED AS AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY IN ANY JURISDICTION WHERE SUCH OFFER OR SOLICITATION WOULD BE ILLEGAL; AND (III) OTHER THAN DISCLOSURES RELATING TO THE NOMURA GROUP, BASED UPON INFORMATION FROM SOURCES THAT WE CONSIDER RELIABLE, BUT HAS NOT BEEN INDEPENDENTLY VERIFIED BY NOMURA GROUP.

Other than disclosures relating to the Nomura Group, the Nomura Group does not warrant or represent that the document is accurate, complete, reliable, fit for any particular purpose or merchantable and does not accept liability for any act (or decision not to act) resulting from use of this document and related data. To the maximum extent permissible all warranties and other assurances by the Nomura Group are hereby excluded and the Nomura Group shall have no liability for the use, misuse, or distribution of this information.

Opinions or estimates expressed are current opinions as of the original publication date appearing on this material and the information, including the opinions and estimates contained herein, are subject to change without notice. The Nomura Group is under no duty to update this document. Any comments or statements made herein are those of the author(s) and may differ from views held by other parties within Nomura Group. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The Nomura Group does not provide tax advice.

The Nomura Group, and/or its officers, directors and employees, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. The Nomura Group companies may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

This document may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Any MSCI sourced information in this document is the exclusive property of MSCI Inc. ('MSCI'). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, re-disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI and the MSCI indexes are services marks of MSCI and its affiliates.

The intellectual property right and any other rights, in Russell/Nomura Japan Equity Index belong to Nomura Securities Co., Ltd. ("Nomura") and Frank Russell Company ("Russell"). Nomura and Russell do not guarantee accuracy, completeness, reliability, usefulness, marketability, merchantability or 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.

Investors should consider this document as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Nomura Group produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. The Nomura Group publishes research product in a number of different ways including the posting of product on the Nomura Group portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future performance. Where the information contains an indication of future performance, such forecasts may not be a reliable indicator of future performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns.

Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

**With respect to Fixed Income Research:** Recommendations fall into two categories: tactical, which typically last up to three months; or strategic, which typically last from 6-12 months. However, trade recommendations may be reviewed at any time as circumstances change. 'Stop loss' levels for trades are also provided; which, if hit, closes the trade recommendation automatically. Prices and yields shown in recommendations are taken at the time of submission for publication and are based on either indicative Bloomberg, Reuters or Nomura prices and yields at that time. The prices and yields shown are not necessarily those at which the trade recommendation can be implemented. The securities described herein may not have been registered under the US Securities Act of 1933 (the '1933 Act'), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via a Nomura entity in your home jurisdiction.

This document has been approved for distribution in the UK and European Economic Area as investment research by Nlplc. Nlplc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Nlplc is a member of the London Stock Exchange. This document does not constitute a personal recommendation within the meaning of applicable regulations in the UK, or take into account the particular investment objectives, financial situations, or needs of individual investors. This document is intended only for investors who are 'eligible counterparties' or 'professional clients' for the purposes of applicable regulations in the UK, and may not, therefore, be redistributed to persons who are 'retail clients' for such purposes. This document has been approved by NIIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIIHK. This document has been approved for distribution in Australia by NAL, which is authorized and regulated in Australia by the ASIC. This document has also been approved for distribution in Malaysia by NSM. In Singapore, this document has been distributed by NSL. NSL accepts legal responsibility for the content of this document, where it concerns securities, futures and foreign exchange, issued by their foreign affiliates in respect of recipients who are not accredited, expert or institutional investors as defined by the Securities and Futures Act (Chapter 289). Recipients of this document in Singapore should contact NSL in respect of matters arising from, or in connection with, this document. Unless prohibited by the provisions of Regulation S of the 1933 Act, this material is distributed in the US, by NSI, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934. The entity that prepared this document permits its separately operated affiliates within the Nomura Group to make copies of such documents available to their clients.

This document has not been approved for distribution to persons other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' (as defined by the Capital Markets Authority) in the Kingdom of Saudi Arabia ('Saudi Arabia') or 'professional clients' (as defined by the Dubai Financial Services Authority) in the United Arab Emirates ('UAE') or a 'Market Counterparty' or 'Business Customers' (as defined by the Qatar Financial Centre Regulatory Authority) in the State of Qatar ('Qatar') by Nomura Saudi Arabia, Nlplc or any other member of the Nomura Group, as the case may be. Neither this document nor any copy thereof may be taken or transmitted or distributed, directly or indirectly, by any person other than those authorised to do so into Saudi Arabia or in the UAE or in Qatar or to any person other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' located in Saudi Arabia or 'professional clients' in the UAE or a 'Market Counterparty' or 'Business Customers' in Qatar. By accepting to receive this document, you represent that you are not located in Saudi Arabia or that you are an 'Authorised Person', an 'Exempt Person' or an 'Institution' in Saudi Arabia or that you are a 'professional client' in the UAE or a 'Market Counterparty' or 'Business Customers' in Qatar and agree to comply with these restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the UAE or Saudi Arabia or Qatar.

NO PART OF THIS MATERIAL MAY BE (I) COPIED, PHOTOCOPIED, OR DUPLICATED IN ANY FORM, BY ANY MEANS; OR (II) REDISTRIBUTED WITHOUT THE PRIOR WRITTEN CONSENT OF A MEMBER OF THE NOMURA GROUP. If this document has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this document, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

## Disclaimers required in Japan

Credit ratings in the text that are marked with an asterisk (\*) are issued by a rating agency not registered under Japan's Financial Instruments and Exchange Act ("Unregistered Ratings"). For details on Unregistered Ratings, please contact the Research Product Management Dept. of Nomura Securities Co., Ltd.

Investors in the financial products offered by Nomura Securities may incur fees and commissions specific to those products (for example, transactions involving Japanese equities are subject to a sales commission of up to 1.404% on a tax-inclusive basis of the transaction amount or a commission of ¥2,808 for transactions of ¥200,000 or less, while transactions involving investment trusts are subject to various fees, such as commissions at the time of purchase and asset management fees (trust fees), specific to each investment trust). In addition, all products carry the risk of losses owing to price fluctuations or other factors. Fees and risks vary by product. Please thoroughly read the written materials provided, such as documents delivered before making a contract, listed securities documents, or prospectuses.

Transactions involving Japanese equities (including Japanese REITs, Japanese ETFs, and Japanese ETNs) are subject to a sales commission of up to 1.404% of the transaction amount (or a commission of ¥2,808 for transactions of ¥200,000 or less). When Japanese equities are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Japanese equities carry the risk of losses owing to price fluctuations. Japanese REITs carry the risk of losses owing to fluctuations in price and/or earnings of underlying real estate. Japanese ETFs carry the risk of losses owing to fluctuations in the underlying indexes or other benchmarks.

Transactions involving foreign equities are subject to a domestic sales commission of up to 1.026% of the transaction amount (which equals the local transaction amount plus local fees and taxes in the case of a purchase or the local transaction amount minus local fees and taxes in the case of a sale) (for transaction amounts of ¥750,000 and below, maximum domestic sales commission is ¥7,668). Local fees and taxes in foreign financial instruments markets vary by country/territory. When foreign equities are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC

transactions, as agreed with the customer. Foreign equities carry the risk of losses owing to factors such as price fluctuations and foreign exchange rate fluctuations.

Margin transactions are subject to a sales commission of up to 1.404% of the transaction amount (or a commission of ¥2,808 for transactions of ¥200,000 or less), as well as management fees and rights handling fees. In addition, long margin transactions are subject to interest on the purchase amount, while short margin transactions are subject to fees for the lending of the shares borrowed. A margin equal to at least 30% of the transaction amount and at least ¥300,000 is required. With margin transactions, an amount up to roughly 3.3x the margin may be traded. Margin transactions therefore carry the risk of losses in excess of the margin owing to share price fluctuations. For details, please thoroughly read the written materials provided, such as listed securities documents or documents delivered before making a contract.

Transactions involving convertible bonds are subject to a sales commission of up to 1.08% of the transaction amount (or a commission of ¥4,320 if this would be less than ¥4,320). When convertible bonds are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Convertible bonds carry the risk of losses owing to factors such as interest rate fluctuations and price fluctuations in the underlying stock. In addition, convertible bonds denominated in foreign currencies also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When bonds are purchased via public offerings, secondary distributions, or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Bonds carry the risk of losses, as prices fluctuate in line with changes in market interest rates. Bond prices may also fall below the invested principal as a result of such factors as changes in the management and financial circumstances of the issuer, or changes in third-party valuations of the bond in question. In addition, foreign currency-denominated bonds also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.

When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index. The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For J17 and subsequent issues, the maturity value shall not undercut the face amount.

Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.4% of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.4% (annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry the risk of losses. Fees and risks vary by investment trust. Maximum applicable fees are subject to change; please thoroughly read the written materials provided, such as prospectuses or documents delivered before making a contract.

In interest rate swap transactions and USD/JPY basis swap transactions ("interest rate swap transactions, etc."), only the agreed transaction payments shall be made on the settlement dates. Some interest rate swap transactions, etc. may require pledging of margin collateral. In some of these cases, transaction payments may exceed the amount of collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the transaction. Interest rate swap transactions, etc. carry the risk of losses owing to fluctuations in market prices in the interest rate, currency and other markets, as well as reference indices. Losses incurred as such may exceed the value of margin collateral, in which case margin calls may be triggered. In the event that both parties agree to enter a replacement (or termination) transaction, the interest rates received (paid) under the new arrangement may differ from those in the original arrangement, even if terms other than the interest rates are identical to those in the original transaction. Risks vary by transaction. Please thoroughly read the written materials provided, such as documents delivered before making a contract and disclosure statements.

In OTC transactions of credit default swaps (CDS), no sales commission will be charged. When entering into CDS transactions, the protection buyer will be required to pledge or entrust an agreed amount of margin collateral. In some of these cases, the transaction payments may exceed the amount of margin collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the financial position of the protection buyer. CDS transactions carry the risk of losses owing to changes in the credit position of some or all of the referenced entities, and/or fluctuations of the interest rate market. The amount the protection buyer receives in the event that the CDS is triggered by a credit event may undercut the total amount of premiums that he/she has paid in the course of the transaction. Similarly, the amount the protection seller pays in the event of a credit event may exceed the total amount of premiums that he/she has received in the transaction. All other conditions being equal, the amount of premiums that the protection buyer pays and that received by the protection seller shall differ. In principle, CDS transactions will be limited to financial instruments business operators and qualified institutional investors. No account fee will be charged for marketable securities or monies deposited. Transfers of equities to another securities company via the Japan Securities Depository Center are subject to a transfer fee of up to ¥10,800 per issue transferred depending on volume.

## Nomura Securities Co., Ltd.

Financial instruments firm registered with the Kanto Local Finance Bureau (registration No. 142)

Member associations: Japan Securities Dealers Association; Japan Investment Advisers Association; The Financial Futures Association of Japan; and Type II Financial Instruments Firms Association.

The Nomura Group manages conflicts with respect to the production of research through its compliance policies and procedures (including, but not limited to, Conflicts of Interest, Chinese Wall and Confidentiality policies) as well as through the maintenance of Chinese walls and employee training.

**Additional information regarding the methodologies or models used in the production of any investment recommendations contained within this document is available upon request by contacting the Research Analysts listed on the front page. Disclosures information is available upon request and disclosure information is available at the Nomura Disclosure web page:**

<http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx>

Copyright © 2016 Nomura. All rights reserved.