

# **Nomura Individual Investor Survey**

March 2017

16 March 2017

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 rises to 35.6 after falling previous month

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 35.6 in March 2017, rising m-m after having fallen the previous month. The Nikkei 225 reference level (6 March 2017 close) was 19,379.14, up 402.43 from the previous survey (6 February 2017 close of 18,976.71).

### (2) Investor interest in international affairs declines

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" declined 4.9ppt m-m to 58.6% and that for "market factors & psychological factors" fell 0.3ppt m-m, while response rates for all the other factors rose.

### (3) Appeal of automobile sector rises sharply, that of consumer goods 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 automobile sector rose 15.1pt m-m to -4.2, rebounding after the previous month's m-m decline of 19.3pt. The DI for the consumer goods sector, which last month turned positive for the first time in six months, declined 5.8pt m-m to slip back into negative territory, at -2.8.

### (4) Rise in number of investors expecting slight yen depreciation against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 43.6%, up 7.5ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" rose 8.6ppt m-m to 35.5%. The response rate for "fall of about ¥10 against the dollar" was flat m-m at 6.7%, while that for "fall of more than ¥10 against the dollar" declined 1.1ppt m-m to 1.4%.

The response rate for "rise of about ¥5 against the dollar" fell 3.3ppt m-m to 38.3%, while that for "rise of about ¥10 against the dollar" fell 3.7ppt to 13.8%. The response rate for "rise of more than ¥10 against the dollar" fell 0.5ppt m-m to 4.3%.

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

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 13.0pt m-m to 35.7, while DIs for all the other currency options declined. The DI for the Japanese yen saw the largest decline, of 3.4pt to 26.3, followed by that for the Chinese yuan, of 3.2pt to -46.4.

### (6) Among financial instruments, appeal of Japanese investment trusts and securities issued overseas 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 Japanese investment trusts rose m-m for first time in three months, by 3.6pt to 15.0, while the DI for securities issued overseas (total of foreign equities, foreign investment trusts, and foreign bonds) rose m-m for the first time in four months, by 5.1pt to 18.4. In contrast, the DI for Japanese equities declined for the first time in four months, by 2.2pt to 38.7.

### (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, the percentage of respondents selecting one of the "rise" responses increased 1.7ppt m-m to 37.9%, while the percentage selecting one of the "fall" responses declined 2.1ppt m-m to 15.9%. The proportion of respondents selecting the "no change" response rose 0.4ppt m-m to 46.2%.

### (8) Important conditions for equity investment

For this month's spot question, we asked respondents about "important conditions for equity investment." First, we asked what kinds of conditions other than improvements in the macroeconomic environment (economy, forex, corporate earnings, etc) investors required in order to increase equity investment. The highest response rate was for "reduction in tax burden on equity investment," which was selected by 30.6% of all respondents, followed by "improvement in shareholder returns (dividends, share buybacks)" (22.9%) and "easing anxieties over funds to cover living expenses in the future" (19.4%).

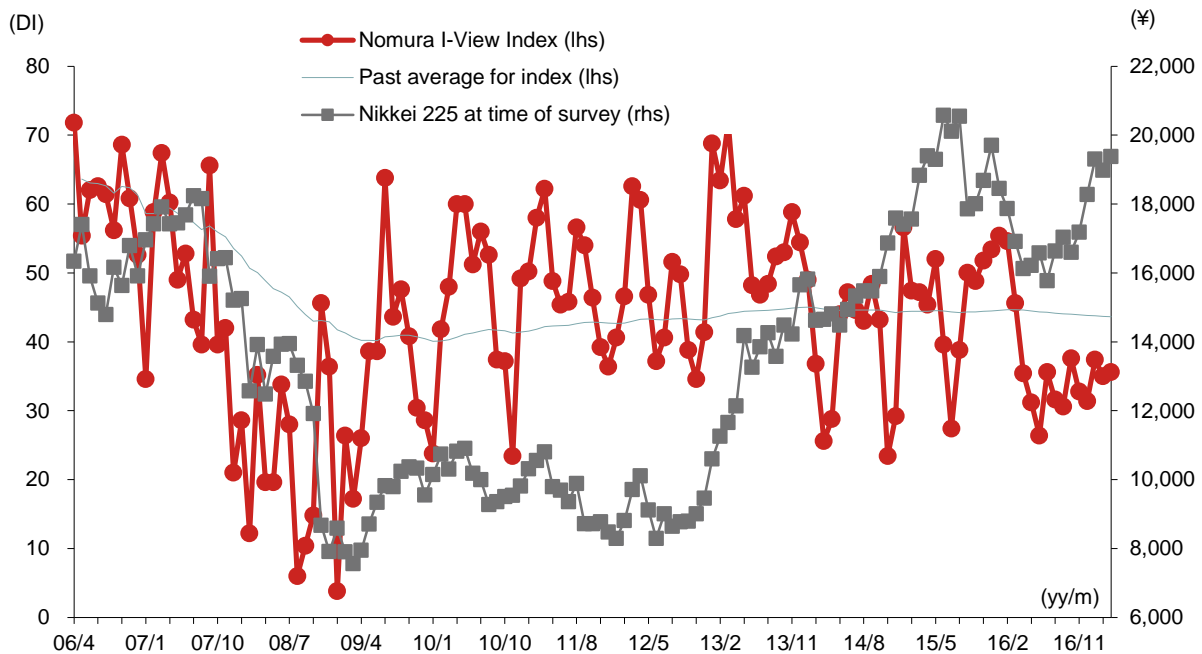
Next, we asked respondents who chose the "lower tax burden on equity investment" response to the first question which was the most important factor for them to increase equity investment. The response "eliminating capital gains tax on equities" was chosen by the largest number of respondents, 53.6% of the total, followed by "eliminating taxes on share dividends" (29.7%).

## 2. Survey results

### (1) Nomura I-View Index rises to 35.6 after falling previous month

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 35.6 in March 2017, rising m-m after having fallen the previous month. The Nikkei 225 reference level (6 March 2017 close) was 19,379.14, up 402.43 from the previous survey (6 February 2017 close of 18,976.71) (Figure 1).

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

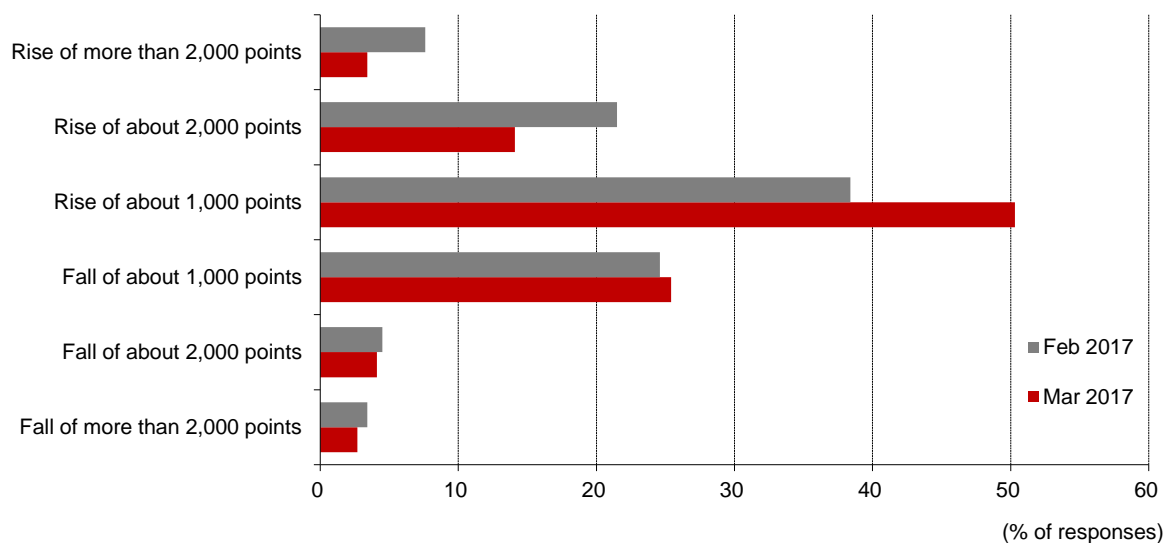


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows:  $\frac{((\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months}))}{\text{number of respondents}} \times 100$ . 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 rise over the next three months was 67.8%, up 0.3ppt from 67.5% the previous month. The proportion of respondents expecting a "rise of about 1,000 points" increased 11.9ppt m-m to 50.3%, the proportion expecting a "rise of more than 2,000 points" fell 7.4ppt to 14.1%, and the proportion expecting a "rise of about 2,000 points" declined 4.2ppt to 3.4%.

The proportion of respondents expecting a "fall of about 1,000 points" declined 0.8ppt m-m to 25.4%, while the proportion expecting a "fall of about 2,000 points" declined 0.4ppt to 4.1% and the proportion expecting a "fall of more than 2,000 points" declined 0.7ppt to 2.7% (Figure 2).

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

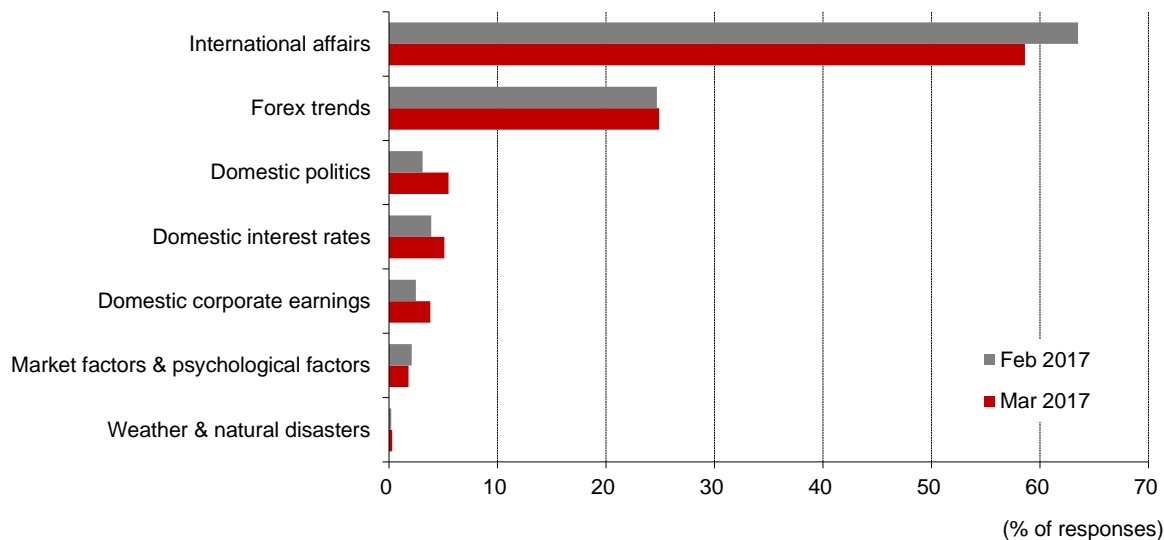


Note: Respondents were asked to share their outlook for the Nikkei 225 over the next three months based on the 6 March 2017 close of 19,379. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

**(2) Investor interest in international affairs declines**

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" declined 4.9ppt m-m to 58.6% and that for "market factors & psychological factors" fell 0.3ppt m-m, while response rates for all the other factors rose (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 automobile sector rises sharply, that of consumer goods falls**

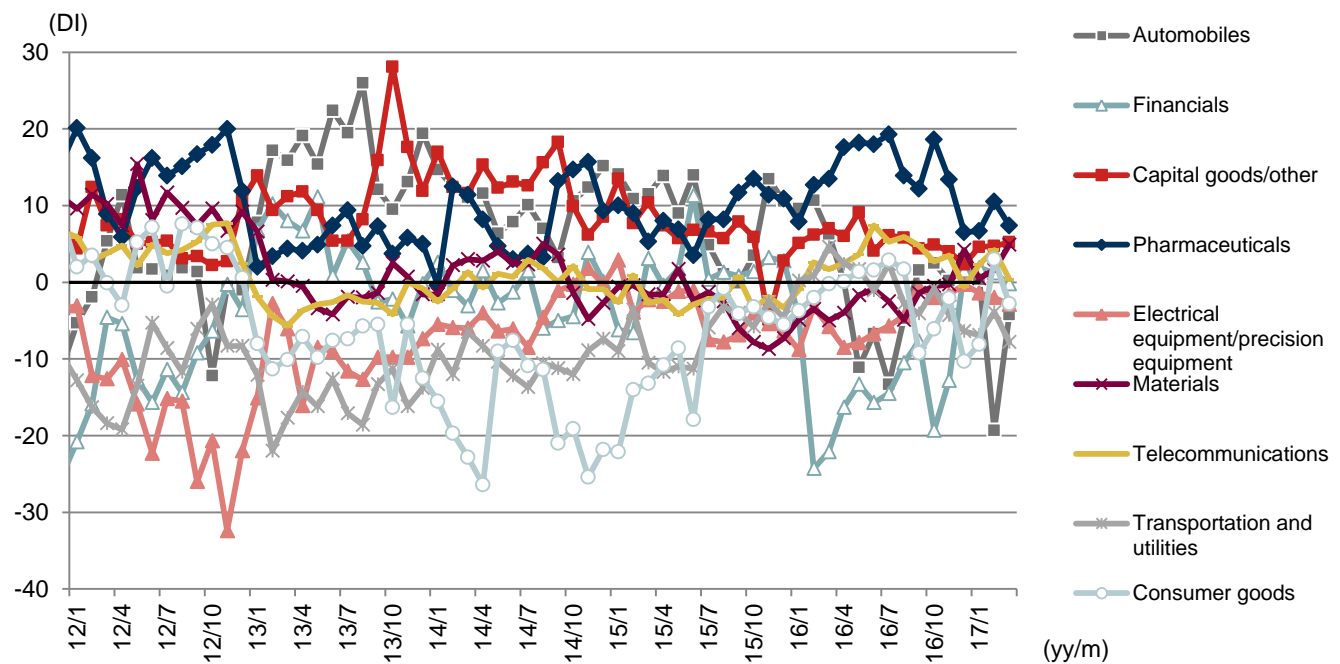
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the automobile sector rose 15.1pt m-m to -4.2, rebounding after the previous month's m-m decline of 19.3pt. The DI for the consumer goods sector, which last month turned positive for the first time in six months, declined 5.8pt m-m to slip back into negative territory, at -2.8 (Figures 4 and 5).

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

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	7.4	13.5	6.1	10.5
Capital goods/other	5.2	11.3	6.1	4.7
Materials	4.9	14.5	9.6	1.6
Telecommunications	0.4	5.4	5.0	4.2
Financials	-0.2	13.1	13.3	1.2
Consumer goods	-2.8	12.3	15.1	3.0
Electrical equipment/precision equipment	-2.9	10.4	13.3	-2.0
Automobiles	-4.2	12.7	16.9	-19.3
Transportation and utilities	-7.8	6.8	14.6	-3.9

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 financial 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: DIs for investment appeal of 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 found 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 respondents	Code	Company	No. of respondents
7203	Toyota Motor	112	5401	Nippon Steel & Sumitomo Metal	9
4502	Takeda Pharmaceutical	29	9022	Central Japan Railway	9
8411	Mizuho Financial Group	28	6594	Nidec	8
9984	Softbank Group	26	6752	Panasonic	8
8306	Mitsubishi UFJ Financial Group	24	7261	Mazda Motor	8
6758	Sony	17	8473	SBI Holdings	8
8267	Aeon	16	8604	Nomura Holdings	8
8058	Mitsubishi Corp	15	2897	Nissin Foods Holdings	7
4661	Oriental Land	14	6753	Sharp	7
9202	ANA Holdings	13	6861	Keyence	7
6501	Hitachi	12	7267	Honda Motor	7
7201	Nissan Motor	10	9020	East Japan Railway	7
7974	Nintendo	10	9432	Nippon Telegraph and Telephone	7
4901	Fujifilm Holdings	9			

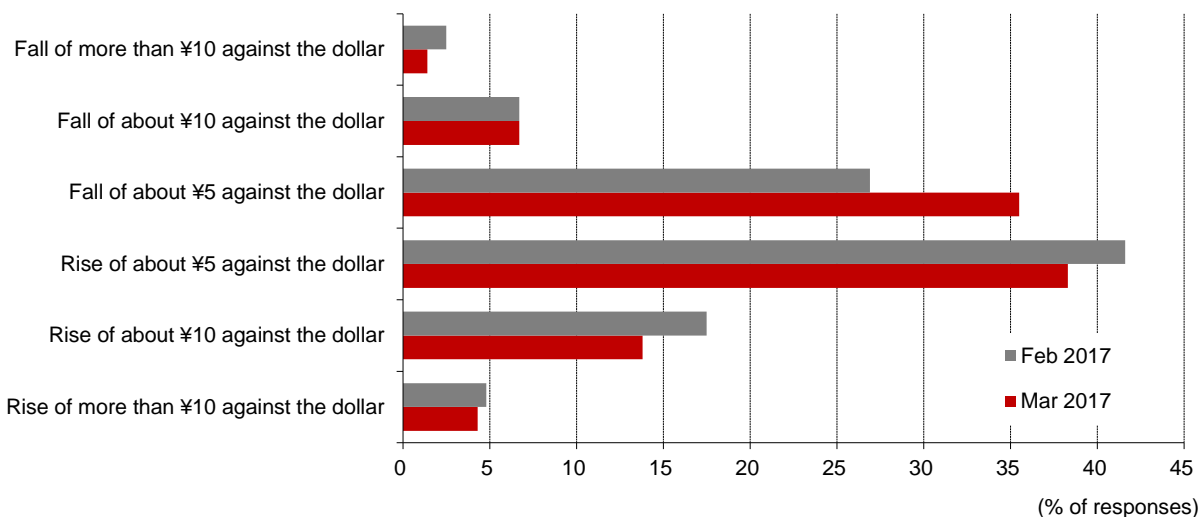
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

**(5) Rise in number of investors expecting slight yen depreciation against US dollar**

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 43.6%, up 7.5ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" rose 8.6ppt m-m to 35.5%. The response rate for "fall of about ¥10 against the dollar" was flat m-m at 6.7%, while that for "fall of more than ¥10 against the dollar" declined 1.1ppt m-m to 1.4%.

The response rate for "rise of about ¥5 against the dollar" fell 3.3ppt m-m to 38.3%, while that for "rise of about ¥10 against the dollar" fell 3.7ppt to 13.8%. The response rate for "rise of more than ¥10 against the dollar" fell 0.5ppt m-m to 4.3% (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 6 March 2017 indicative rate of 113.82. 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 sharply

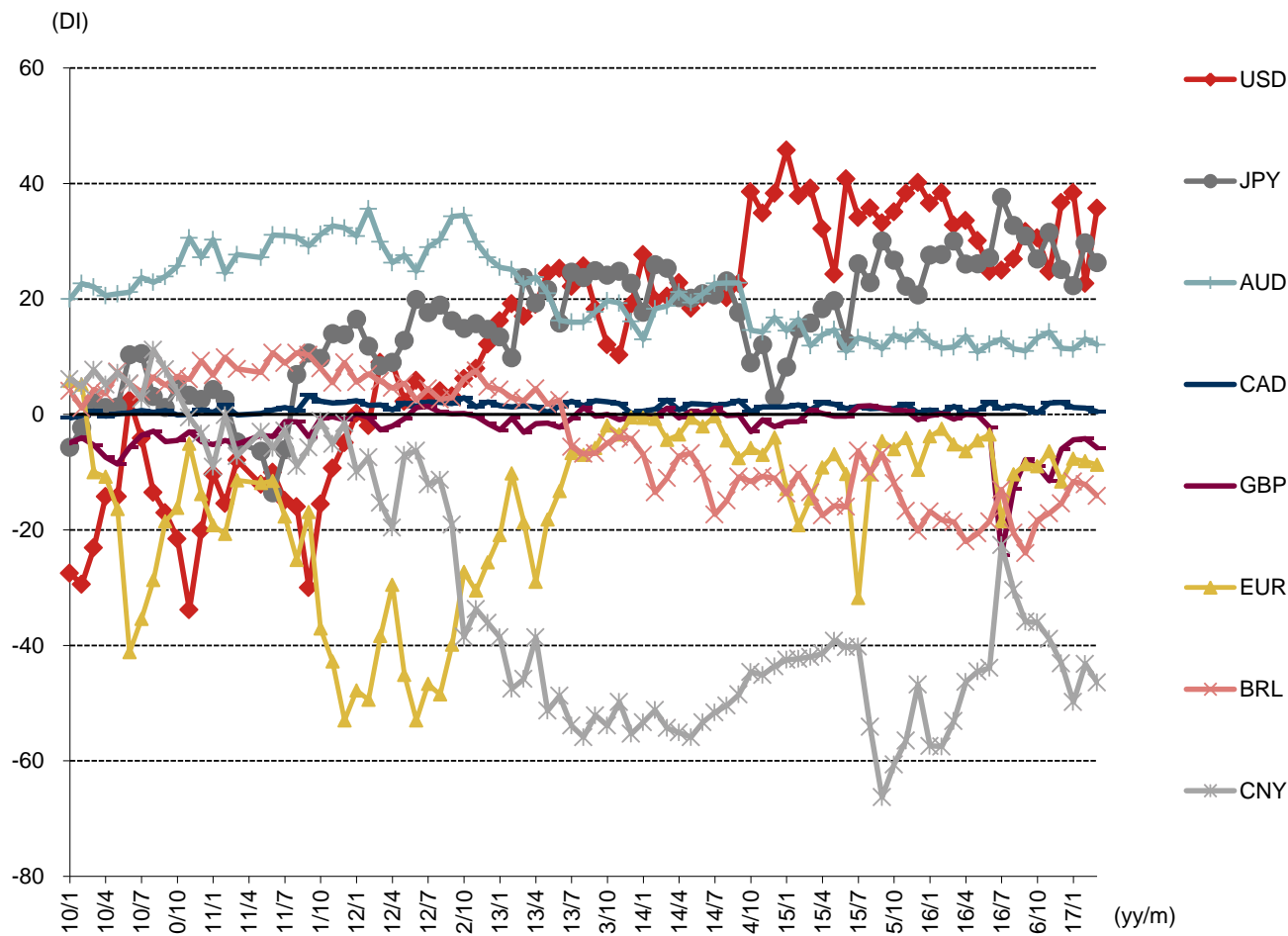
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar rose 13.0pt m-m to 35.7, while DIs for all the other currency options declined. The DI for the Japanese yen saw the largest decline, of 3.4pt to 26.3, followed by that for the Chinese yuan, of 3.2pt to -46.4 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	35.7	43.1	7.4	22.7
Japanese yen	26.3	33.0	6.7	29.7
Australian dollar	12.1	13.7	1.6	13.1
Canadian dollar	0.5	1.3	0.8	1.1
Pound sterling	-5.8	1.9	7.7	-4.2
Euro	-8.7	2.8	11.5	-8.1
Brazilian real	-14.1	2.2	16.3	-12.1
Chinese yuan	-46.4	1.2	47.6	-43.2

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) Among financial instruments, appeal of Japanese investment trusts and securities issued overseas rises**

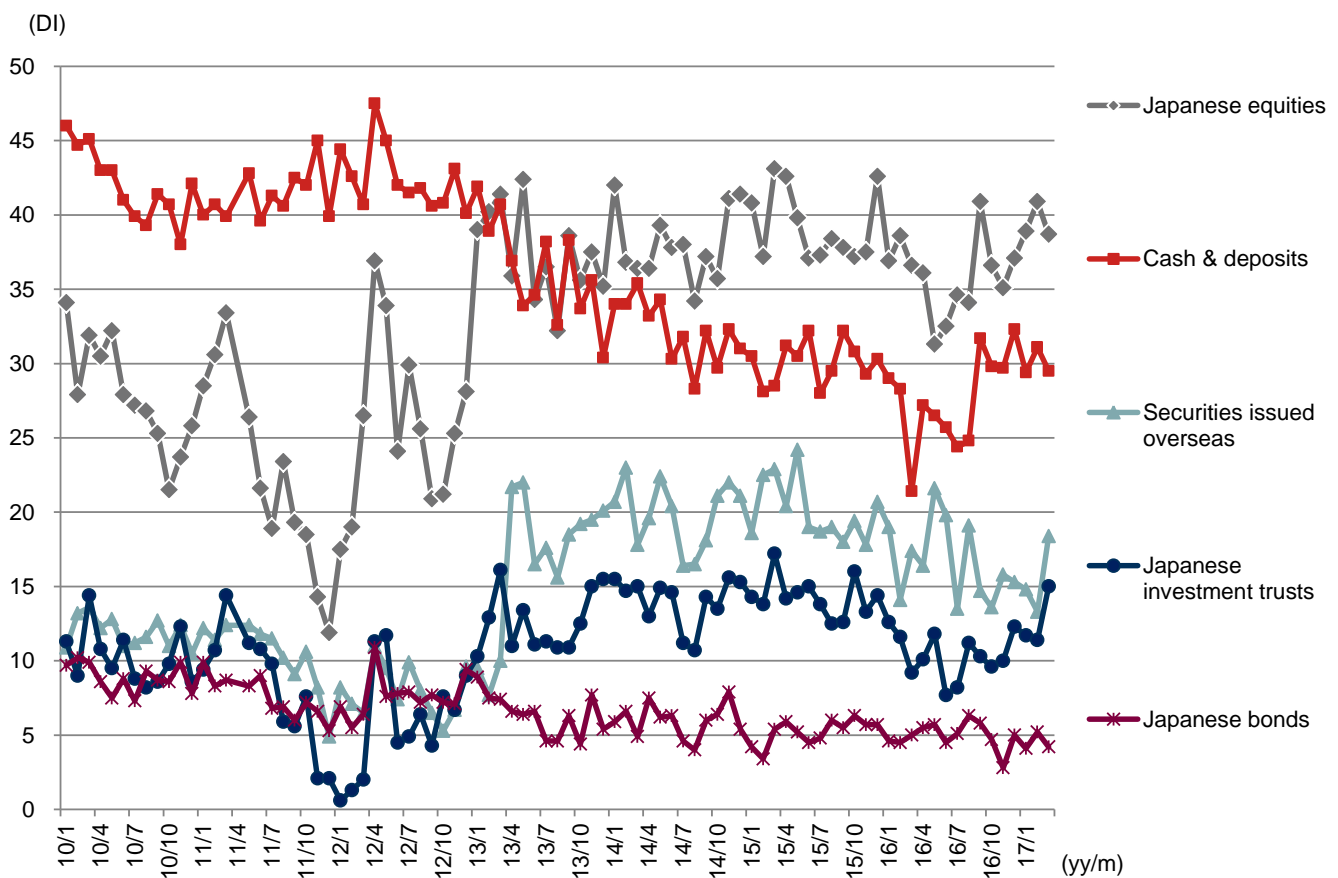
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese investment trusts rose m-m for first time in three months, by 3.6pt to 15.0, while the DI for securities issued overseas (total of foreign equities, foreign investment trusts, and foreign bonds) rose m-m for the first time in four months, by 5.1pt to 18.4. In contrast, the DI for Japanese equities declined for the first time in four months, by 2.2pt to 38.7 (Figures 10 and 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	38.7	50.2	11.5	40.9
Cash & deposits	29.5	34.4	4.9	31.1
Japanese investment trusts	15.0	19.8	4.8	11.4
Gold	10.3	10.4	0.1	9.6
Foreign equities	9.5	11.0	1.5	8.1
Foreign investment trusts	7.0	8.3	1.3	4.3
Japanese bonds	4.2	6.7	2.5	5.2
Hybrid securities	2.4	2.7	0.3	1.5
Foreign bonds	1.9	4.4	2.5	0.9
Other	0.2	0.4	0.2	0.5
None	-47.6	28.5	76.1	-47.4

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, the percentage of respondents selecting one of the "rise" responses increased 1.7ppt m-m to 37.9%, while the percentage selecting one of the "fall" responses declined 2.1ppt m-m to 15.9%. The proportion of respondents selecting the "no change" response rose 0.4ppt m-m to 46.2% (Figure 12).

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

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.2	2.0
2	Fall of 2% up to 5%	4.0	5.2
3	Fall of less than 2%	9.7	10.8
4	No change (0%)	46.2	45.8
5	Rise of less than 2%	32.1	28.5
6	Rise of 2% up to 5%	5.0	6.4
7	Rise of 5% or more	0.8	1.3
	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) Important conditions for equity investment**

For this month's spot question, we asked respondents about "important conditions for equity investment." First, we asked what kinds of conditions other than improvements in the macroeconomic environment (economy, forex, corporate earnings, etc) investors required in order to increase equity investment. The highest response rate was for "lower tax burden on equity investment," which was selected by 30.6% of all respondents, followed by "improvement in shareholder returns (dividends, share buybacks)" (22.9%) and "easing anxieties over funds to cover living expenses in the future" (19.4%) (Figure 13).

**Fig. 13: Important conditions for equity investment (1,000 responses)**

	Choices	No. of responses	% of responses
1	Lower tax burden on equity investment	306	30.6
2	Improved visibility of corporate disclosures	46	4.6
3	Enhanced financial services	60	6.0
4	Improvement in shareholder returns (dividends, share buybacks)	229	22.9
5	Greater confidence in politics and policy measures	159	15.9
6	Easing anxieties over funds to cover living expenses in the future	194	19.4
7	Others (specific)	6	0.6
	Total	1,000	100.0

Note: Respondents were asked to select one response to the question: "What do you think is the most important condition for you to increase equity investment other than improvements in the macroeconomic environment (economy, forex, corporate earnings, etc)?"

Next, we asked respondents who chose the "lower tax burden on equity investment" response to the first question which was the most important factor for them to increase equity investment. The response "eliminating capital gains tax on equities" was chosen by the largest number of respondents, accounting for 53.6% of the total (Figure 14).

**Fig. 14: "Lowering tax burden on equity investment" key factor (306 responses)**

	Choices	No. of responses	% of responses
1	Eliminating capital gains tax on equities	164	53.6
2	Eliminating taxes on share dividends	91	29.7
3	Expanding scope of financial product profits/losses	13	4.2
4	Lowering inheritance tax on equities	14	4.6
5	Expanding tax-exempt scope of defined contribution pensions	8	2.6
6	Lowering taxes on gifts of long-term shareholdings	6	2.0
7	Extending loss deferral period	6	2.0
8	Others (specific)	4	1.3
	Total	306	100.0

Note: We asked respondents to choose one response to the question: "What specific measure in terms of reducing taxes on equity investment do you think is most important for you to increase equity investment?"

Next, we asked respondents who chose the "improved visibility of corporate disclosures" response to the question in Figure 13 which was the most important factor for them to increase equity investment. The response "improving corporate disclosure structures" was chosen by the largest number of respondents, accounting for 37.0% of the total (Figure 15).

**Fig. 15: Important factors for improving corporate disclosure visibility (46 responses)**

	Choices	No. of responses	% of responses
1	More proactive IR activities	9	19.6
2	Thorough internal company education regarding insider trading	13	28.3
3	Improve corporate disclosure structures	17	37.0
4	Improve corporate governance	7	15.2
5	Others (specific)	0	0.0
	Total	46	100.0

Note: We asked respondents to choose one response to the question: "What specific measure in terms of improving the visibility of corporate disclosures do you think is most important for you to increase equity investment?"

Next, we asked respondents who chose the "enhanced financial services" response to the question in Figure 13 which was the most important factor for them to increase equity investment. The response "offering attractive financial products" was chosen by the largest number of respondents, accounting for 36.7% of the total (Figure 16).

**Fig. 16: Important factors for enhancing financial services (60 responses)**

	Choices	No. of responses	% of responses
1	Offering attractive financial products	22	36.7
2	Improved asset consulting services	15	25.0
3	Improved face-to-face services	11	18.3
4	Improved electronic trading	4	6.7
5	Lower commissions	8	13.3
6	Others (specific)	0	0.0
	Total	60	100.0

Note: We asked respondents to choose one response to the question: "What specific measure in terms of enhancing financial services do you think is most important for you to increase equity investment?"

### 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 6 March, with deadline for responses on 7 March.

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 (March 2017) respondents

Gender: Male (82.9%), female (17.1%)

Age: Under 30 (1.2%), 30–39 (8.3%), 40–49 (21.9%), 50–59 (30.9%), 60 and above (37.7%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.0%), professional (physician/medical professional, lawyer, etc) (2.7%), company management/corporate officer (4.4%), company employee/public servant (45.9%), student (0.2%), full-time homemaker (8.9%), part-time worker/casual worker/job-hopper (4.6%), unemployed/pensioner (24.1%), other (2.2%)

Region: Kanto (50.5%), Kinki (18.6%), Tokai/Koshinetsu/Hokuriku (14.9%), Hokkaido/Tohoku (5.8%), Chugoku/Shikoku/Kyushu (10.2%)

Financial assets held: Less than ¥1,000,000 (6.0%), ¥1,000,000–¥2,999,999 (8.7%), ¥3,000,000–¥4,999,999 (9.9%), ¥5,000,000–¥9,999,999 (17.1%), ¥10,000,000–¥29,999,999 (29.2%), ¥30,000,000–¥49,999,999 (14.4%), ¥50,000,000 or more (14.7%)

Value of domestic stocks held: Less than ¥500,000 (10.9%), ¥500,000–¥999,999 (11.8%), ¥1,000,000–¥2,999,999 (20.7%), ¥3,000,000–¥4,999,999 (15.3%), ¥5,000,000–¥9,999,999 (16.8%), ¥10,000,000–¥29,999,999 (17.5%), ¥30,000,000 or more (7.0%)

Investment experience: Less than three years (2.9%), three years to less than five years (8.9%), five years to less than 10 years (20.2%), 10 years to less than 20 years (34.5%), 20 years or more (33.5%)

Investment plan for domestic stocks: Mainly for long-term holding (46.1%), pursuit of gains from short-term appreciation (13.1%), pursuit of dividends and shareholder perks (27.3%), no particular plan (13.5%)

#### Notice

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

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

### Important Disclosures

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50% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 39% 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; 52% 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; 7% 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 31 December 2016.

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### Distribution of ratings (Instinet, LLC)

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

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### 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.

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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.

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