Nomura Individual Investor Survey

November 2013

November 14, 2013

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 5.8 points m-m to 58.8

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 58.8 for November, an increase of 5.8pt from 53.0 in October. The proportion of respondents expecting a “rise of about 1,000 points” increased by 8.0ppt m-m, while the proportion of respondents declined m-m for all other responses. There were particularly large m-m declines for respondents expecting the Nikkei Average to rise/fall “more than 2,000 points” or “about 2,000 points.”

(2) Forex trends attracting increased attention

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most watched factor this month, but its response rate declined slightly, by 1.5ppt m-m. Forex trends saw the largest rise in response rate among all the factors, with a 6.4ppt increase m-m. Forex trends also became the second most watched factor, up from third in the previous survey. Domestic politics registered the largest decline, of 6.9ppt m-m, pushing it down from the second most watched factor to fourth.

(3) Capital goods/other still most appealing sector despite m-m decline in DI

Respondents were asked to choose one sector as an “appealing” investment target and one as “unappealing” over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for “unappealing” from that for “appealing.” Capital goods/other remained the most appealing sector this month, but its DI fell 10.5pt m-m, the largest decline of all the sectors. The DI for consumer goods remained in negative territory after a sharp decline last month. However, this month the DI improved by a strong 10.8pt m-m.

(4) Higher proportion of investors expect yen to appreciate against dollar

On the outlook for the USD/JPY rate over the next three months, the combined percentage of respondents expecting the yen to strengthen against the dollar was 44.6%, up 6.4ppt from the previous month's reading of 38.2%. The response rate for “rise of about ¥5 against the dollar” increased 6.9ppt m-m, the largest rise of all the responses. In contrast, the largest decline in the response rate was for “fall of about ¥5 against the dollar,” which dropped 4.9ppt m-m.

(5) Yen remains most appealing currency

Respondents were asked to choose one currency as an “appealing” investment target and one as “unappealing” over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for “unappealing” from that for “appealing.” The yen remained the most appealing currency this month. DIs declined m-m for all currencies ranked second through sixth. Although the Chinese yuan remained the least appealing currency, its DI saw the largest improvement among all the currencies, of 4.1ppt m-m.

(6) Japanese equities remain the most appealing financial instrument

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, with its DI rising 1.9pt m-m. The largest increase in DI this month was for Japanese investment trusts, which rose 2.5pt m-m.

(7) Price outlook

Asked for their outlook for prices of regularly purchased goods and services one year out, 62.7% of respondents said they expected prices to rise, a decline of 5.4ppt from last month. “Rise of less than 2%” continued to have the highest response rate, at 34.9%. The response rate for “no change” rose 4.1ppt m-m, the largest increase among all the responses. In contrast, the largest fall in the response rate was for “rise of 2% up to 5%,” which decreased 4.2ppt m-m.

(8) Investment action after end of tax breaks on capital gains and dividends

For our spot question category this month, we made some changes to the questions we asked investors in August about the end of preferential tax treatment on capital gains and dividends. A combined total of 85.6% of respondents said they were either “fully aware” or “somewhat aware” of the end of this tax break, suggesting that most individual investors are up to speed on securities tax regulations. When asked what investment action they would take regarding equity holdings when the tax break comes to an end, the most popular response, selected by 68.9% of respondents, was “no plans to sell shares due to the end of tax breaks.” Of the respondents that said they might sell some or all of their shares before the end of the year, 82.9% responded that their decision “would depend on capital gains/losses and the market environment” at the time. When we asked these respondents what level of share price appreciation above the purchase price would prompt them to sell, the most popular response, selected by 31.9%, was “10% or more but less than 20%.” Lastly, we asked investors about their intended uses of proceeds from sales of shareholdings. The most popular response, selected by 65.3% of respondents, was “invest in equities (or already invested in equities) using Nippon Individual Savings Accounts (NISA).”

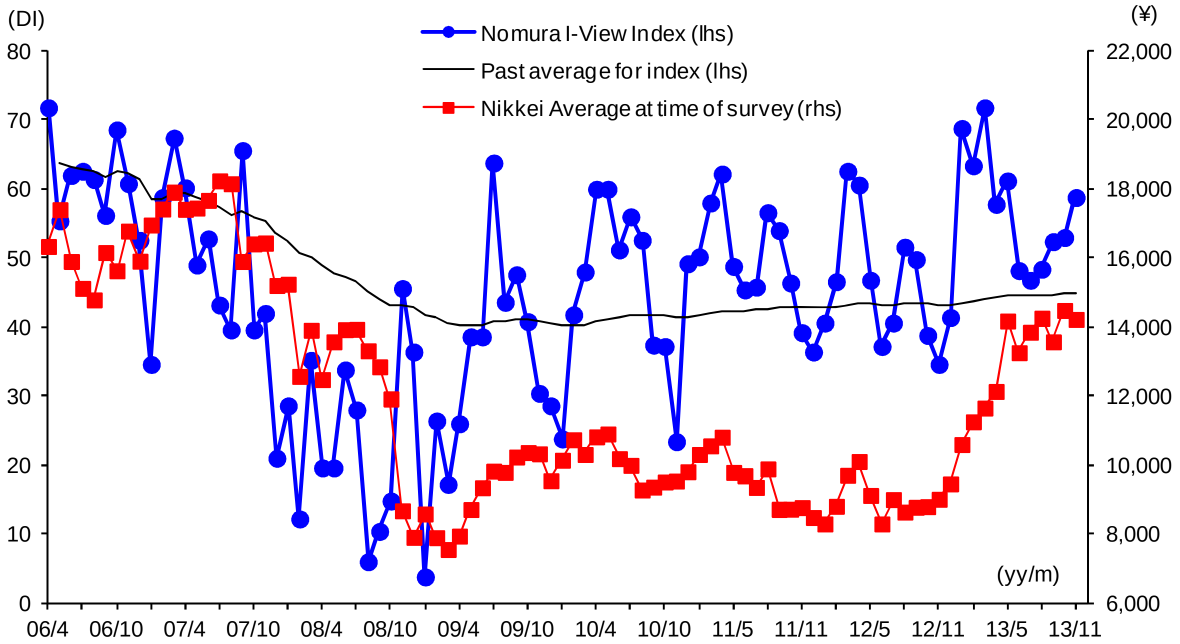
2. Survey results

(1) Nomura I-View Index rises 5.8pt m-m to 58.8

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 58.8 for November, an increase of 5.8pt from 53.0 in October (Figure 1).

The Nikkei Average reference level (5 November close) was 14,225.37, down 259.35pt from the previous survey (1 October close of 14,484.72).

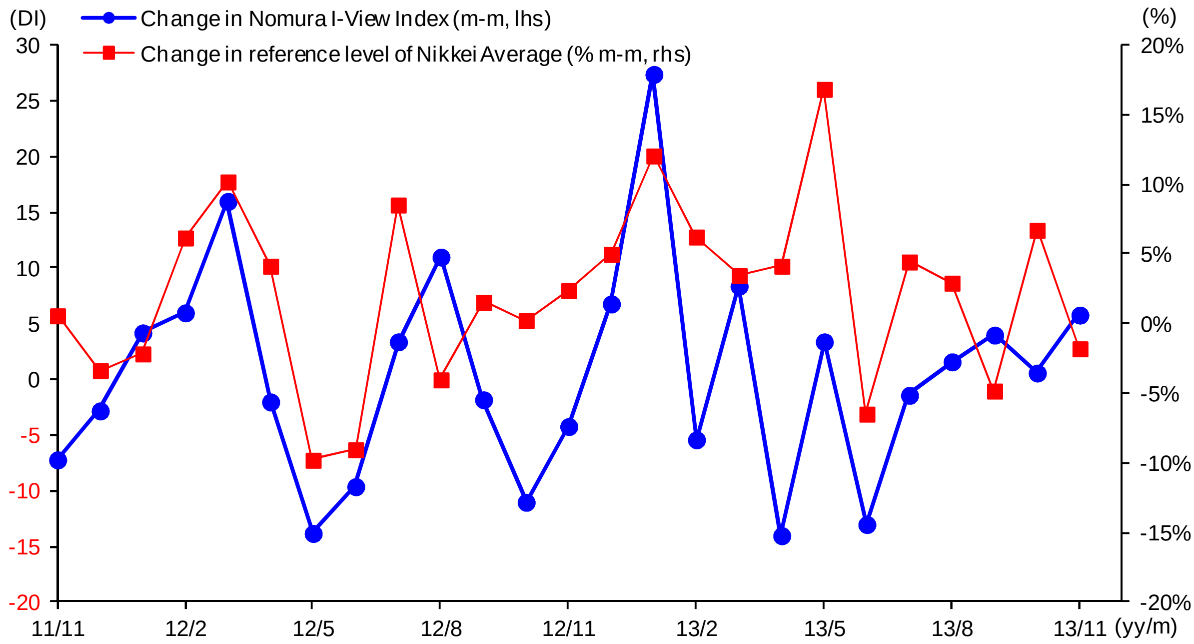
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index. The calculation method is as follows: [(Number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices in the next three months) divided by number of respondents] x 100. The figure for January 2010 used here excludes those respondents who projected the Nikkei Average would be flat. (2) The Nomura I-View Index ranges from –100 to +100. The closer to +100 the figure is, the more bullish the outlook held by individual investors. The closer to –100 the figure is, the more bearish the outlook held by individual investors.

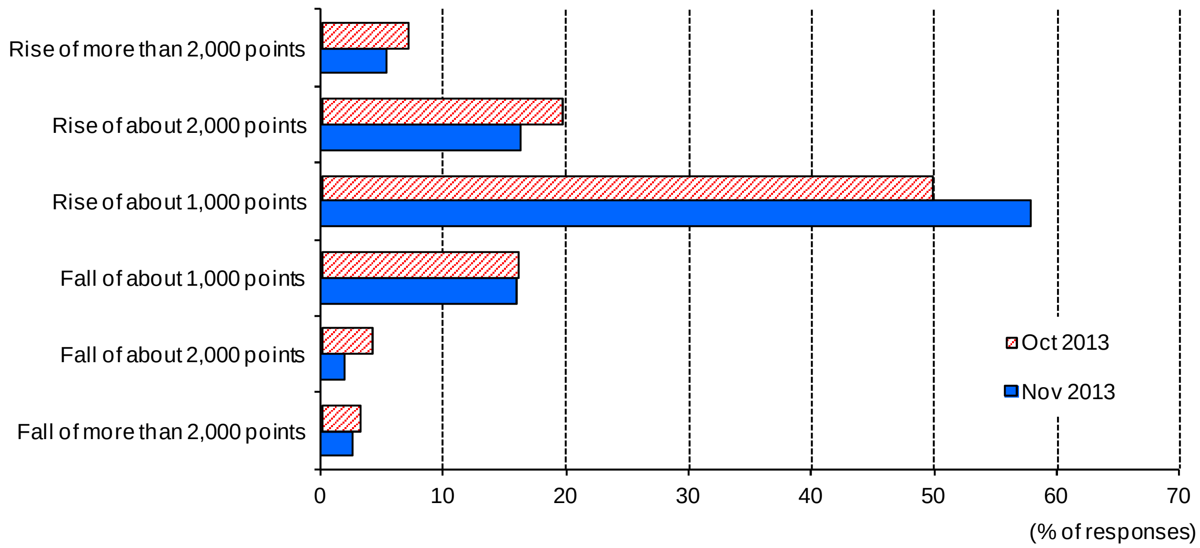
Looking at data for the two years from November 2011, we observe a loose positive correlation between the monthly change in the Nomura I-View Index and the reference level of the Nikkei Average at the time of survey versus its month-earlier level, suggesting that individual investors' share price outlook tends to be easily influenced by recent share price trends. This month, however, the Nomura I-view Index rose strongly m-m, despite a decline in share prices, indicating that individual investors were less sensitive to share price trends (Figure 2).

Fig. 2: M-m change in Nomura I-View Index and m-m change in reference level of Nikkei Average at time of survey



The combined proportion of respondents expecting the Nikkei Average to rise over the next three months was 79.4%, up 2.9pt from 76.5% in the last survey. The proportion of respondents expecting a rise of “about 1,000 points” increased by 8.0ppt m-m, while the proportion of respondents declined m-m for all other responses. There were particularly large m-m declines for respondents expecting the Nikkei Average to rise/fall “more than 2,000 points” or “about 2,000 points.” The Nikkei Average trended in a narrow range during October, and it appears that fewer individual investors expect substantial fluctuations in share prices (Figure 3).

Fig. 3: Outlook for Nikkei Average during the next three months

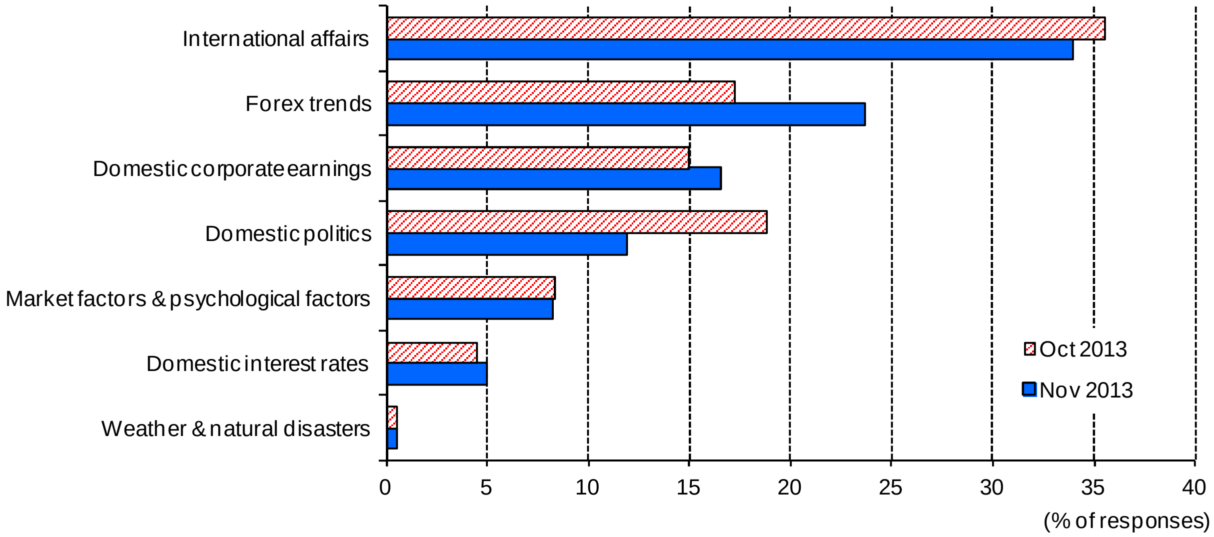


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 5 November closing figure of 14,225. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Forex trends attracting increased attention

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most watched factor this month, but its response rate declined slightly, by 1.5ppt m-m. Forex trends saw the largest rise in response rate among all the factors, with a 6.4ppt increase m-m. Forex trends also became the second most watched factor, up from third in the previous survey. Domestic politics registered the largest decline, of 6.9ppt m-m, pushing it down from the second most watched factor to fourth (Figure 4).

Fig. 4: Impact of factors on the stock market



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

(3) Capital goods/other still most appealing sector, but DI falls m-m

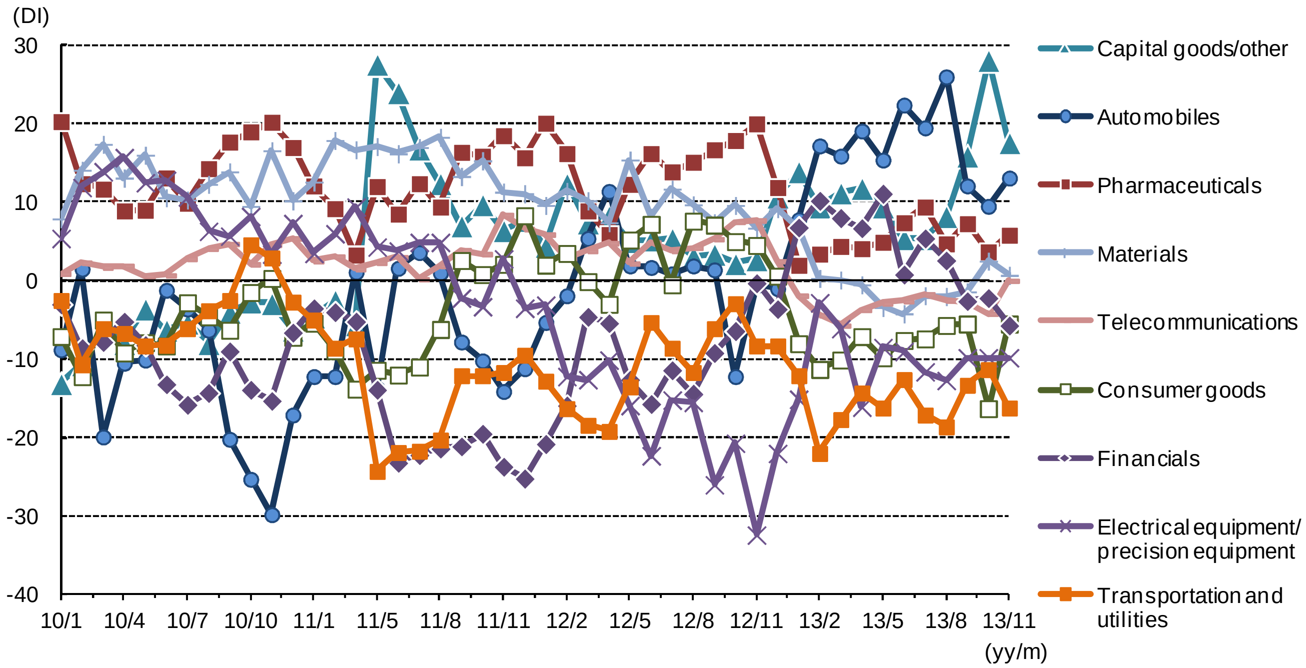
Respondents were asked to choose one sector as an “appealing” investment target and one as “unappealing” over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for “unappealing” from that for “appealing.” Capital goods/other remained the most appealing sector this month, but its DI fell 10.5pt m-m, the largest decline of all the sectors. The DI for consumer goods remained in negative territory after a sharp decline last month, which made it the least appealing sector in October. However, this month the DI improved by a strong 10.8pt m-m (Figures 5, 6).

Fig. 5: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Capital goods/other	17.6	21.3	3.7	28.1
Automobiles	13.1	19.4	6.3	9.5
Pharmaceuticals	5.8	10.9	5.1	3.7
Materials	0.7	11.3	10.6	2.5
Telecommunications	0.0	6.0	6.0	-4.2
Consumer goods	-5.5	11.9	17.4	-16.3
Financials	-5.7	8.1	13.8	-2.2
Electrical equipment/precision equipment	-9.8	7.2	17.0	-9.8
Transportation and utilities	-16.2	3.9	20.1	-11.3

Note: Respondents were given nine sectors and asked to choose one viewed as an appealing investment target and one viewed as unappealing. For each sector we calculated a diffusion index 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/others 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. 6: 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 below (Figure 7).

Fig. 7: Name a stock with appeal (1,000 valid responses)

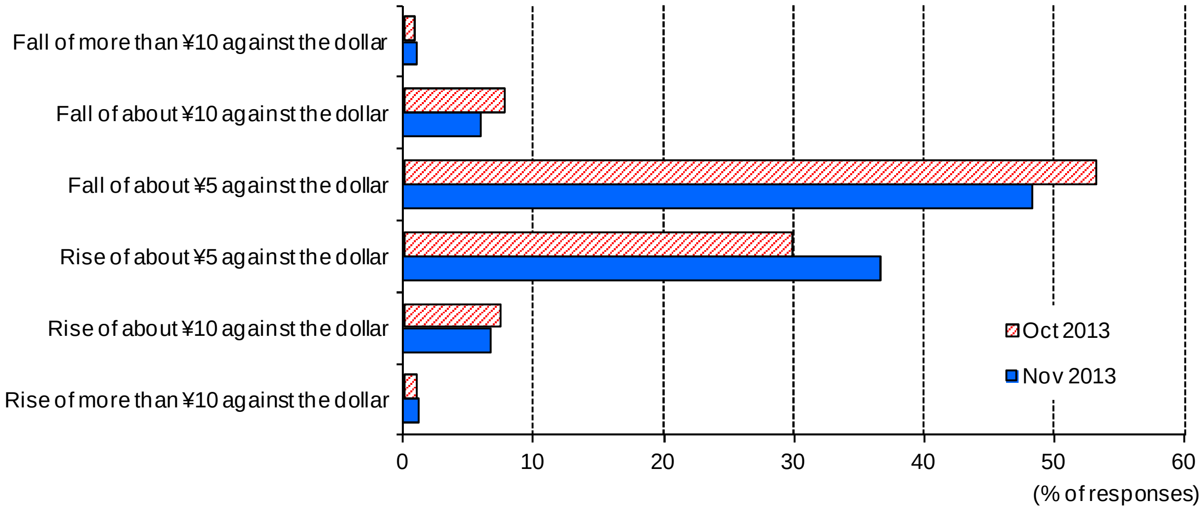
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	106	7751	Canon	9
9984	Softbank	41	8058	Mitsubishi Corp	9
6752	Panasonic	24	8604	Nomura Holdings	9
4502	Takeda Pharmaceutical	23	9437	NTT Docomo	9
4661	Oriental Land	23	4503	Astellas Pharma	8
8267	Aeon	20	7201	Nissan Motor	8
6758	Sony	17	7270	Fuji Heavy Industries	8
6501	Hitachi	14	9501	Tokyo Electric Power	8
8411	Mizuho Financial Group	13	3765	GungHo Online Entertainment	7
1801	Taisei	12	8306	Mitsubishi UFJ Financial Group	7
4755	Rakuten	12	9022	Central Japan Railway	7
9202	ANA Holdings	12	3402	Toray Industries	6
2811	Kagome	11	5401	Nippon Steel & Sumitomo Metal	6
7267	Honda Motor	11	5711	Mitsubishi Materials	6
8316	Sumitomo Mitsui Financial Group	10	6301	Komatsu	6
6502	Toshiba	9	7261	Mazda Motor	6

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

(5) Higher proportion of investors expect yen to appreciate against dollar

On the outlook for the USD/JPY rate over the next three months, the percentage of respondents expecting the yen to strengthen against the dollar was 44.6%, up 6.4ppt from the previous month's reading of 38.2%. The response rate for “rise of about ¥5 against the dollar” increased 6.9ppt m-m, the largest rise of all the responses. In contrast, the largest decline in the response rate was for “fall of about ¥5 against the dollar,” which dropped 4.9ppt m-m (Figure 8).

Fig. 8: Respondents' three-month outlook for the USD/JPY rate



Note: Respondents were asked to share their outlook for the USD/JPY rate over the next three months, referencing a 5 November 2013 indicative rate of US$1=¥98.29. They could choose one answer from a possible six 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) Yen remains most appealing currency

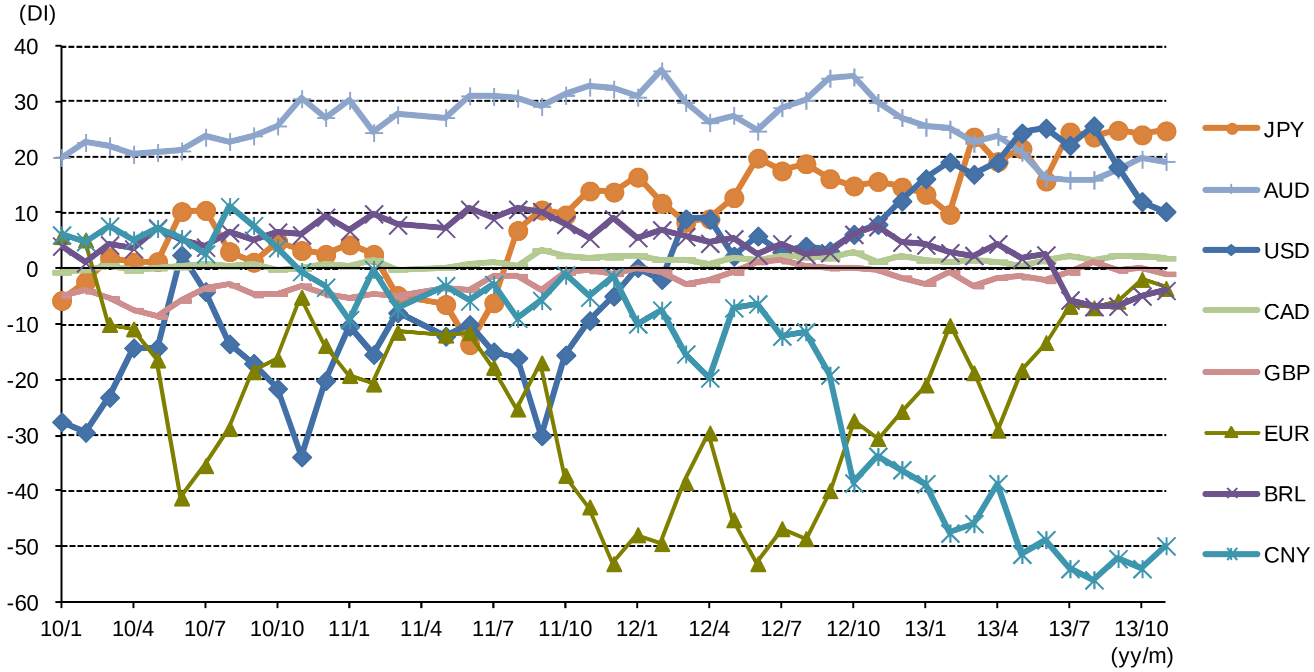
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The yen remained the most appealing currency this month. DIs declined m-m for all currencies ranked second through sixth. The largest decline among all the currencies was for the third-ranked US dollar, which saw its DI drop 1.8ppt m-m. Although the Chinese yuan remained the least appealing currency, its DI saw the largest improvement among all the currencies, of 4.1ppt m-m (Figures 9, 10).

Fig. 9: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	24.8	33.3	8.5	24.1
Australian dollar	19.3	21.3	2.0	19.7
US dollar	10.3	20.3	10.0	12.1
Canadian dollar	1.9	2.7	0.8	2.2
Pound sterling	-0.9	2.0	2.9	0.0
Euro	-3.5	8.8	12.3	-1.9
Brazilian real	-3.9	7.2	11.1	-4.9
Chinese yuan	-49.8	2.1	51.9	-53.9

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

Fig. 10: Trend in DIs for investment appeal of selected currencies



(7) Japanese equities remain the most appealing financial instrument

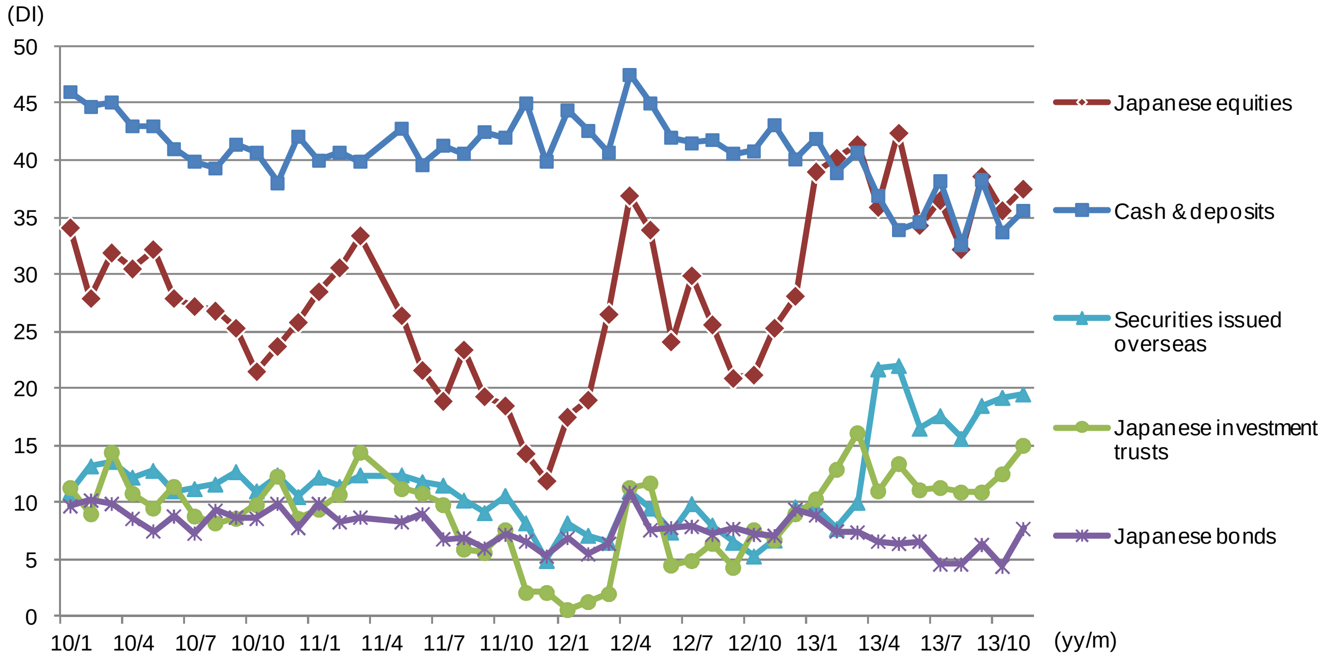
To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, with its DI rising 1.9pt m-m. The largest increase this month was for Japanese investment trusts, which rose 2.5pt m-m (Figures 11, 12).

Fig. 11: Financial instruments for which investors are either seeking to increase or decrease their holdings

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	37.5	50.2	12.7	35.6
Cash & deposits	35.6	39.4	3.8	33.7
Japanese investment trusts	15.0	20.2	5.2	12.5
Gold	9.3	10.2	0.9	8.6
Foreign equities	8.5	9.9	1.4	7.8
Japanese bonds	7.7	9.0	1.3	4.4
Foreign investment trusts	7.4	8.4	1.0	7.1
Foreign bonds	3.6	5.1	1.5	4.3
Hybrid securities	2.2	2.3	0.1	1.8
Other	1.4	1.5	0.1	0.8
None	-49.3	27.9	77.2	-45.5

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

Fig. 12: Trend in DIs for financial instruments in which investors are either seeking to increase or decrease their holdings



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

(8) Price outlook

Asked for their outlook for prices of regularly purchased goods and services one year out, 62.7% of respondents said they expected prices to rise (responses 5-7 in Figure 13), a decline of 5.4ppt from last month. "Rise of less than 2%" continued to have the highest response rate, at 34.9%. The response rate for "no change" rose 4.1ppt m-m, the largest increase among all the responses. In contrast, the largest fall in the response rate was for "rise of 2% up to 5%," which fell 4.2ppt m-m (Figure 13).

Fig. 13: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	5.8	4.8
2	Fall of 2% up to 5%	6.9	7.6
3	Fall of less than 2%	4.3	3.3
4	No change (0%)	20.3	16.2
5	Rise of less than 2%	34.9	34.3
6	Rise of 2% up to 5%	23.2	27.4
7	Rise of 5% or more	4.6	6.4
	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) Investment action after end of tax breaks on capital gains and dividends

For our spot question category this month, we made some changes to the questions we asked investors in August about the end of preferential tax treatment on capital gains and dividends. A combined total of 85.6% of respondents said they were either "fully aware" or "somewhat aware" of the end of this tax break, suggesting that most individual investors are up to speed on securities tax regulations (Figure 14). When asked what investment action they would take regarding equity holdings when the tax break comes to an end, the most popular response, selected by 68.9% of respondents, was "no plans to sell shares due to the end of tax breaks" (Figure 15). Of the respondents that said they might sell some or all of their shares before the end of the year, 82.9% responded that their decision "would depend on capital gains/losses and the market environment" (Figure 16). When we asked these respondents what level of share price appreciation above the purchase price would prompt them to sell, the most popular response, selected by 31.9%, was "10% or more but less than 20%" (Figure 17). Lastly, we asked investors about their intended uses of proceeds from sales of shareholdings. The most popular response, selected by 65.3% of respondents, was "invest in equities (or already invested in equities) using Nippon Individual Savings Accounts (NISA)" (Figure 18).

Fig. 14: Are you aware of the scheduled end of tax breaks on capital gains and dividends?

	Choices	% of responses
1	Fully aware	43.0
2	Somewhat aware	42.6
3	Not aware at all	14.4
	Total	100.0

Note: Investors were asked to select one of the above responses to the question: "The preferential tax rate of 10% on dividends and capital gains for listed stocks, etc, is due to expire at the end of December 2013 and revert to 20% from January 2014. Are you aware of this issue?"

Fig. 15: Investment action due to the end of tax breaks

	Choices	% of responses
1	Already sold some or all shares due to the end of tax breaks	5.4
2	Plan to sell some or all shares within the year due to the end of tax breaks	25.7
3	No plans to sell shares due to the end of tax breaks	68.9
	Total	100.0

Note: Investors were asked to select one of the above responses to the question: "Have you already sold or do you plan to sell your equity holdings within the year due to the end of the tax breaks?"

Fig. 16: Investment strategy if planning to sell shares before year-end

	Choices	No. of responses	% of responses
1	Would not depend on capital gains/losses and market environment	44	17.1
2	Would depend on capital gains/losses and market environment	213	82.9
	Total	257	100.0

Note: Investors who selected response 2 in Figure 15 were asked to select one of the above responses to the question: "Would your decision to sell shares before the year-end depend on likely capital gains/losses and the market environment at the time?"

Fig. 17: Level of gains that would prompt sale of shares

	Choices	No. of responses	% of responses
1	Less than 5%	24	11.3
2	5% or more but less than 10%	43	20.2
3	10% or more but less than 20%	68	31.9
4	20% or more but less than 30%	34	16.0
5	30% or more but less than 50%	26	12.2
6	50% or more but less than 100%	12	5.6
7	100% or more	6	2.8
	Total	213	100.0

Note: Investors who selected response 2 in Figure 16 were asked to select one of the above responses to the question: "What level of share price appreciation above the purchase price would prompt you to sell your shares?"

Fig. 18: Intended use of proceeds from sale of shareholdings

	Choices	No. of responses	% of responses
1	Invest in equities (or already invested in equities) using NISA	203	65.3
2	Invest in equities (or already invested in equities) but without using NISA	77	24.8
3	No intention to invest in equities	31	10.0
	Total	311	100.0

Note: Investors who selected response 1 or 2 in Figure 15 were asked to select one of the above responses to the question: "Do you intend to use the proceeds from the sale of shareholdings to invest in equities? If so, do you intend to use Nippon Individual Savings Accounts (NISA)?"

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 November with deadline for responses on 6 November.

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 rate 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 queries about their personal profiles.

4. Nomura Individual Investor Survey (November 2013) respondents

Gender: Male (79.0%), Female (21.0%)

Age: Under 30 (1.3%), 30–39 (11.8%), 40–49 (25.0%), 50–59 (32.4%), 60 and above (29.5%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.3%), Professional (physician/medical professional, lawyer, etc) (2.2%), Company management/corporate officer (5.1%), Company employee/public servant (50.0%), Student (0.3%), Full-time homemaker (10.2%), Part-time worker/casual worker/job-hopper (5.3%), Unemployed/pensioner (16.8%), Other (1.8%)

Region: Kanto (43.8%), Kinki (22.1%), Tokai/Koshinetsu/Hokuriku (17.7%), Hokkaido/Tohoku (5.3%), Chugoku/Shikoku/Kyushu (11.1%)

Financial assets held: Less than ¥1,000,000 (5.8%), ¥1,000,000–¥2,999,999 (9.7%), ¥3,000,000–¥4,999,999 (11.7%), ¥5,000,000–¥9,999,999 (20.4%), ¥10,000,000–¥29,999,999 (28.6%), ¥30,000,000–¥49,999,999 (12.3%), ¥50,000,000 or more (11.5%)

Value of domestic stocks held: Less than ¥500,000 (13.3%), ¥500,000–¥999,999 (9.5%), ¥1,000,000–¥2,999,999 (24.7%), ¥3,000,000–¥4,999,999 (16.2%), ¥5,000,000–¥9,999,999 (17.1%), ¥10,000,000–¥29,999,999 (14.3%), ¥30,000,000 or more (4.9%)

Investment experience: Less than three years (4.1%), Three years to less than five years (10.6%), Five years to less than 10 years (25.5%), 10 years to less than 20 years (32.8%), 20 years or more (27.0%)

Investment plan for domestic stocks: Mainly for long-term holding (43.0%), Pursuit of gains from short-term appreciation (15.8%), Pursuit of dividends and shareholder perks (25.3%), No particular plan (15.9%)

Notice

The next Nomura Individual Investor Survey (December 2013) is scheduled for release on Thursday, 12 December 2013.

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/jp/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 research is available on 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., on 1-877-865-5752. If you have any difficulties with the website, please email 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/NYSE rules, may not be associated persons of NSI, and may not be subject to FINRA Rule 2711 and NYSE Rule 472 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.

Any authors named in this report are research analysts unless otherwise indicated. *Industry Specialists* identified in some Nomura International plc research reports are employees within the Firm who are responsible for the sales and trading effort in the sector for which they have coverage. Industry Specialists do not contribute in any manner to the content of research reports in which their names appear. *Marketing Analysts* identified in some Nomura research reports are research analysts employed by Nomura International plc who are primarily responsible for marketing Nomura’s Equity Research product in the sector for which they have coverage. Marketing Analysts may also contribute to research reports in which their names appear and publish research on their sector.

Distribution of ratings (Global)

The distribution of all ratings published by Nomura Global Equity Research is as follows:
44% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 41% of companies with this rating are investment banking clients of the Nomura Group*.
46% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 54% of companies with this rating are investment banking clients of the Nomura Group*.
10% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 21% of companies with this rating are investment banking clients of the Nomura Group*.
As at 30 September 2013. **The Nomura Group as defined in the Disclaimer section at the end of this report.*

Explanation of Nomura's equity research rating system in Europe, Middle East and Africa, US and Latin America, and Japan and Asia ex-Japan from 21 October 2013

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.

Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan prior to 21 October 2013

STOCKS

Stock recommendations are based on absolute valuation upside (downside), which is defined as (Target Price - Current Price) / Current Price, subject to limited management discretion. In most cases, the Target Price will equal the analyst's 12-month intrinsic valuation of the stock, based on an appropriate valuation methodology such as discounted cash flow, multiple analysis, etc. A **'Buy'** recommendation indicates that potential upside is 15% or more. A **'Neutral'** recommendation indicates that potential upside is less than 15% or downside is less than 5%. A **'Reduce'** recommendation indicates that potential downside is 5% or more. A rating of **'Suspended'** indicates that the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the subject company. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage of the Nomura entity identified in the top banner. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies.

SECTORS

A **'Bullish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation. A **'Neutral'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation. A **'Bearish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

Target Price

A Target Price, if discussed, reflect 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 document contains material that has been prepared by the Nomura entity identified at the top or bottom of page 1 herein, if any, and/or, with the sole or joint contributions of one or more Nomura entities whose employees and their respective affiliations are specified on page 1 herein or identified elsewhere in the document. The term "Nomura Group" used herein refers to Nomura Holdings, Inc. or any of its affiliates or subsidiaries and may refer to one or more Nomura Group companies including: Nomura Securities Co., Ltd. ('NSC') Tokyo, Japan; Nomura International plc ('NIplc'), UK; Nomura Securities International, Inc. ('NSI'), New York, US; 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; SEBI Registration No: BSE INB011299030, NSE INB231299034, INF231299034, INE 231299034, MCX: INE261299034) and NIplc, Madrid Branch ('NIplc, 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 a Research Assistance Agreement. CNS is not a Nomura entity.

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) BASED UPON INFORMATION FROM SOURCES THAT WE CONSIDER RELIABLE, BUT HAS NOT BEEN INDEPENDENTLY VERIFIED BY NOMURA GROUP.

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 Nomura group are hereby excluded and 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. 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. Nomura Group does not provide tax advice.

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. 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.

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, quantitative analysis and short term trading ideas; 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. Nomura Group publishes research product in a number of different ways including the posting of product on 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. Clients outside of the US may access the Nomura Research Trading Ideas platform (Retina) at http://go.nomuranow.com/equities/tradingideas/retina/

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.

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 NIplc. NIplc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. NIplc 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 NIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIHK. 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.

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, NIplc or any other member of 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.

 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

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 1.365% (tax included) of the transaction amount or a commission of ¥2,730 (tax included) 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 1.365% (tax included) of the transaction amount (or a commission of ¥2,730 (tax included) 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 0.9975% (tax included) 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 ¥7,455 tax included). 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 1.365% (tax included) of the transaction amount (or a commission of ¥2,730 (tax included) 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 1.05% (tax included) of the transaction amount (or a commission of ¥4,200 (tax included) if this would be less than ¥4,200). 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.

Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.25% (tax included) 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 5.25% (tax included, 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.

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 ¥10,500 (tax included) 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.
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 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