Nomura Individual Investor Survey

January 2014

January 16, 2014

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 declines 5.4pt m-m to 49.0

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 49.0 for January, a decline of 5.4pt from 54.4 in December. After strong gains for share prices toward the end of 2013, the equity market has been relatively soft since the start of 2014. Against this backdrop, the view that share prices will correct seems to have gained ground among individual investors.

(2) Investor interest in market factors & psychological factors increases

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 2.3ppt m-m, which together with the decline for the second-placed forex trends factor, was the largest drop this month. Investor interest in market factors & psychological factors rose 4.2ppt m-m, the largest increase of all the factors. The response rate for this option also marked a new high.

(3) Capital goods/other most appealing sector for the first time in two months

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 was the most appealing sector for the first time in two months, with the sector's DI rising 5.1pt m-m, the largest increase of all the sectors. Meanwhile, the DI for automobiles, which was the most appealing sector last month, declined 4.7pt m-m, dropping the sector to second in the rankings.

(4) More investors see yen weakening versus the dollar

On the outlook for the USD/JPY rate over the next three months, the combined percentage of respondents expecting the yen to weaken against the dollar was 59.7%, up 3.1ppt from the previous month's total of 56.6%. Response rates rose for all the options, apart from “rise of about ¥5 against the dollar,” which saw a decline of 5.1ppt m-m. The response rate for “fall of about ¥5 against the dollar” rose 2.6% m-m, the largest increase of all the options.

(5) US dollar remains appealing for investors

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 DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the US dollar saw the largest increase of all the currencies, rising 8.6pt m-m. In contrast, the Japanese yen, which was the most appealing currency for four straight months through to December, saw its DI decline 5.0pt m-m, the largest drop of all the currencies, pushing it back into second in the rankings.

(6) Japanese equities more appealing for investors

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 6.8pt m-m, the largest increase of all the financial instruments. The DI for cash & deposits rose 3.6pt m-m, the second-largest increase. All the other financial instruments generally saw only moderate changes in appeal compared with the previous month.

(7) Outlook for price rises gains ground among investors

We asked investors about their outlook for prices of regularly purchased goods and services one year from now. A combined 66.2% of respondents said they expected prices to rise, an increase of 2.3ppt from last month. Although "rise of less than 2%" remained the most popular response, the response rate declined 1.8ppt m-m to 35.1%. "Rise of 2% up to 5%” saw the largest increase in response rate, rising 4.0ppt m-m. The largest decline in the response rate was for “no change," which dropped 2.2ppt m-m.

(8) Impressions of JPX-Nikkei Index 400

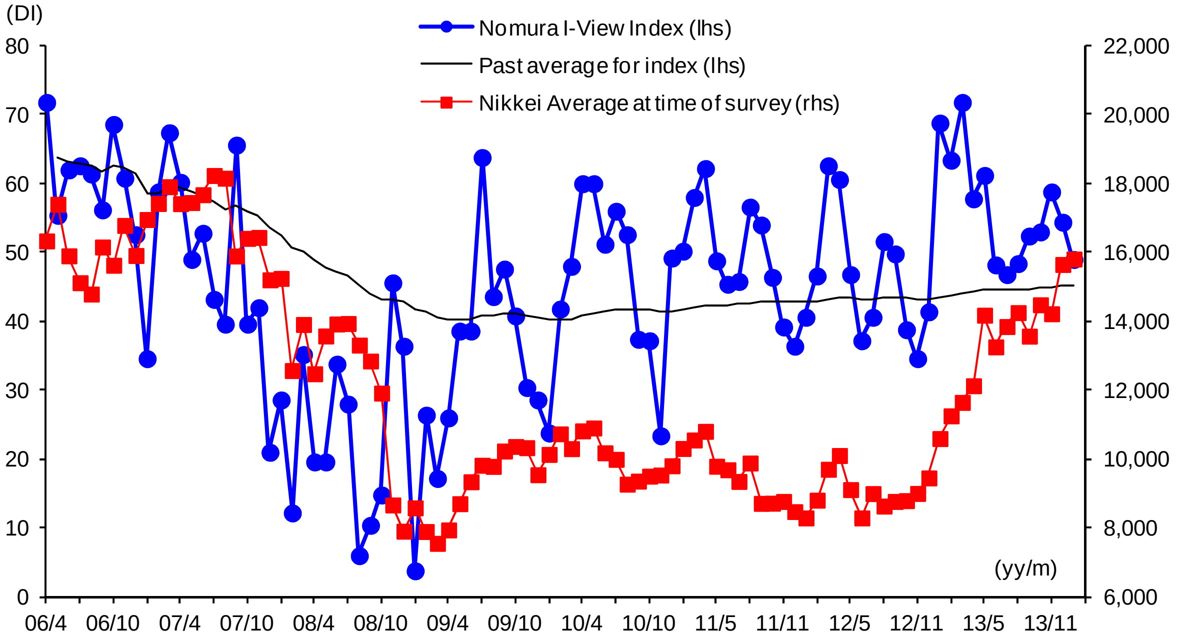
For this month’s spot question, we asked investors about their impressions of the new JPX-Nikkei Index 400, which was launched in January 2014. Constituents of the index are selected based on factors such as earnings performance and capital efficiency. We asked investors whether they would use the index to help them make investment decisions. The most popular response was “not sure,” with a response rate of 35.7%, followed by “more than likely,” with 33.8%. The responses seem to suggest that individual investors are interested in the index, but that awareness is not that high.

2. Survey results

(1) Nomura I-View Index declines 5.4pt m-m to 49.0

The 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 49.0 for January, a decline of 5.4pt from 54.4 in December (Figure 1). After strong gains for share prices towards the end of 2013, the equity market has been relatively soft since the start of 2014. Against this backdrop, the view that share prices will correct seems to have gained ground among individual investors. The Nikkei Average reference level (7 January close) was 15,814.37, up 159.30pt from the previous survey (2 December close of 15,655.07).

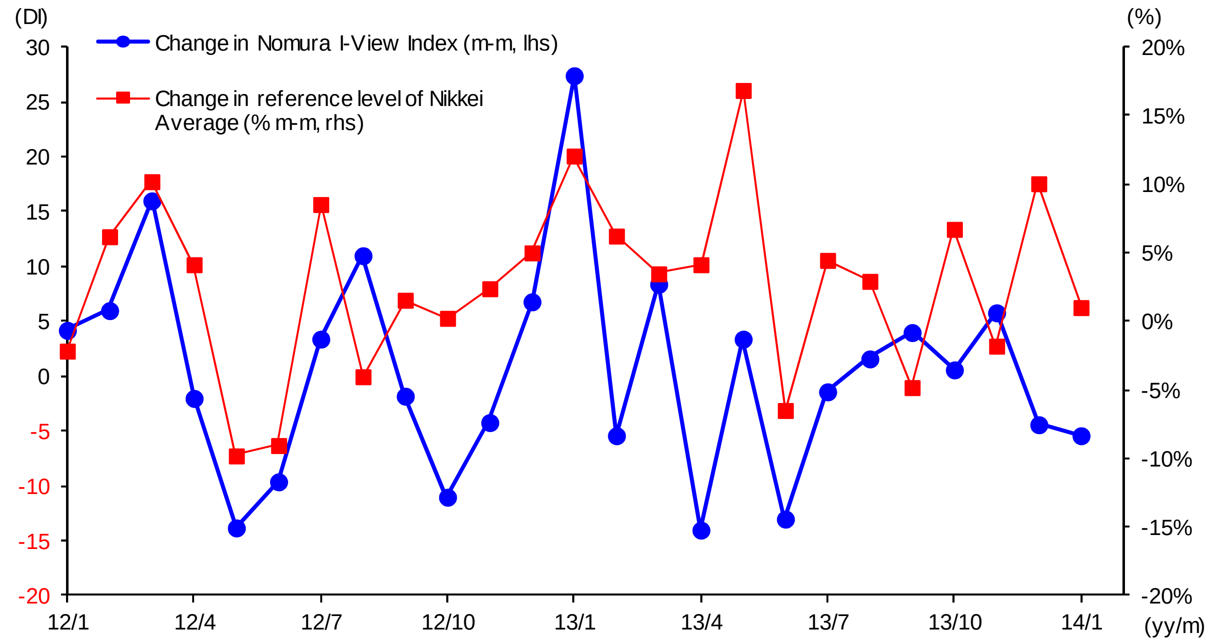
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 January 2012, 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, the Nomura I-View Index declined m-m in line with a fall in the rate of share price gains m-m, indicating that investors were more sensitive to share price trends (Figure 2).

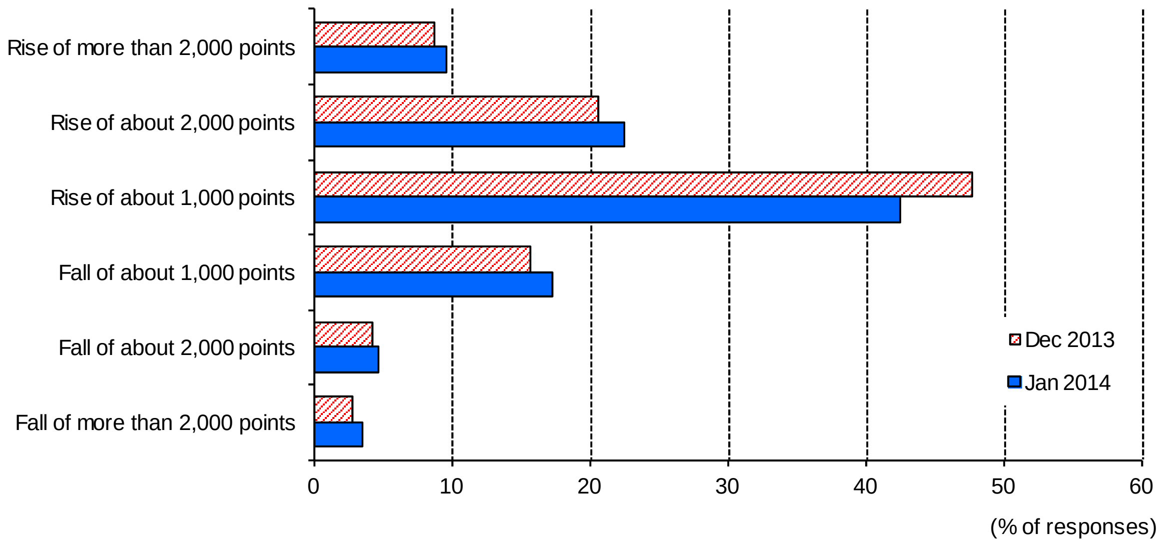
Fig. 2: M-m change in Nomura I-View Index and m-m change in reference level of Nikkei Average at time of survey



Source: Nomura

The combined proportion of respondents expecting the Nikkei Average to rise over the next three months was 74.5%, down 2.7pt from 77.2% in last month's survey. The proportion of respondents expecting a "rise of about 1,000 points" remained the largest, but there was a decline of 5.3pt m-m. Response rates for all other options increased m-m (Figure 3).

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

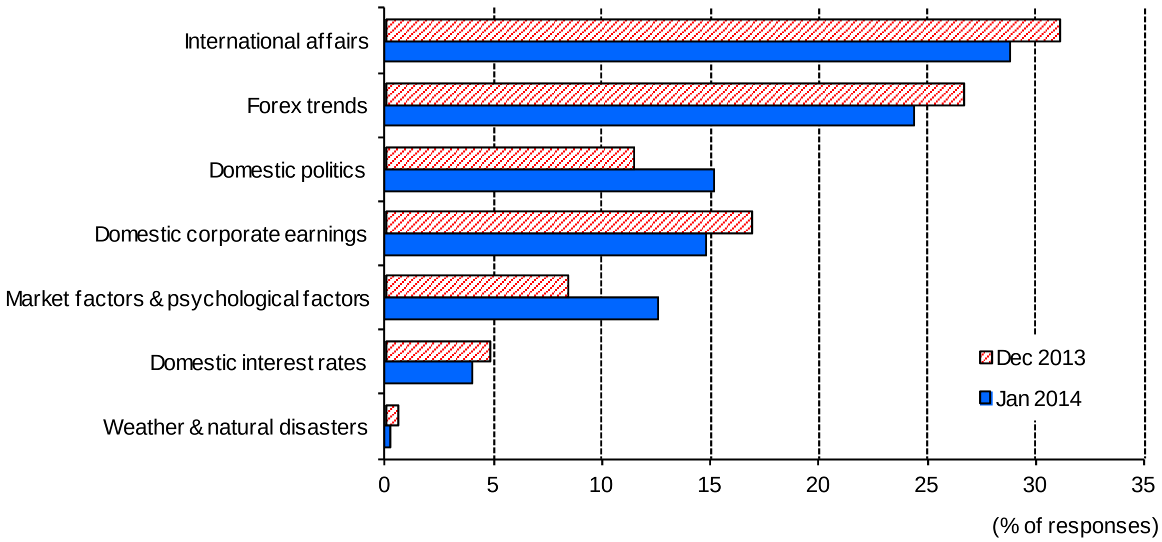


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 7 January closing figure of 15,814. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Investor interest in market factors & psychological factors increases

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 2.3ppt m-m, which together with the decline for the second-placed forex trends factor, was the largest drop this month. Meanwhile, investor interest in market factors & psychological factors rose 4.2ppt m-m, the largest increase of all the factors. The response rate for this option also marked a new high. Domestic politics also saw a large increase of 3.7ppt m-m (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 most appealing sector for the first time in two months

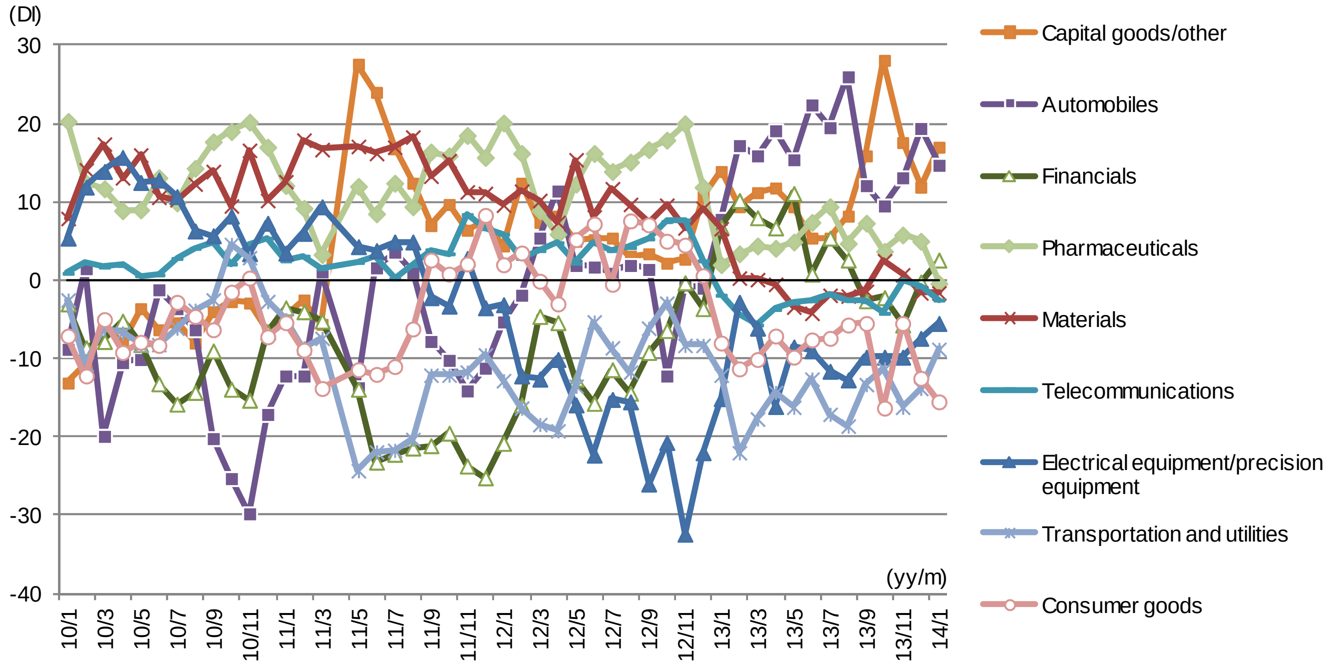
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Capital goods/other was the most appealing sector for the first time in two months, with the sector's DI rising 5.1pt m-m, the largest increase of all the sectors. Transportation and utilities remained near the bottom of the rankings, but the sector’s DI rose a strong 5.0pt m-m, the second-largest improvement of all the sectors. The DI for financials turned positive, lifting the sector to third place. Meanwhile, the DI for automobiles, which was the most appealing sector last month, declined 4.7pt m-m, dropping the sector to second in the rankings. The largest decline was registered by pharmaceuticals, which saw its DI fall 5.4pt 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	17.0	21.3	4.3	11.9
Automobiles	14.7	20.2	5.5	19.4
Financials	2.6	11.6	9.0	-0.2
Pharmaceuticals	-0.4	6.8	7.2	5.0
Materials	-1.6	11.0	12.6	-1.6
Telecommunications	-2.5	5.8	8.3	-0.8
Electrical equipment/precision equipment	-5.5	7.5	13.0	-7.4
Transportation and utilities	-8.8	6.0	14.8	-13.8
Consumer goods	-15.5	9.8	25.3	-12.5

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 investment appeal by sector



(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)

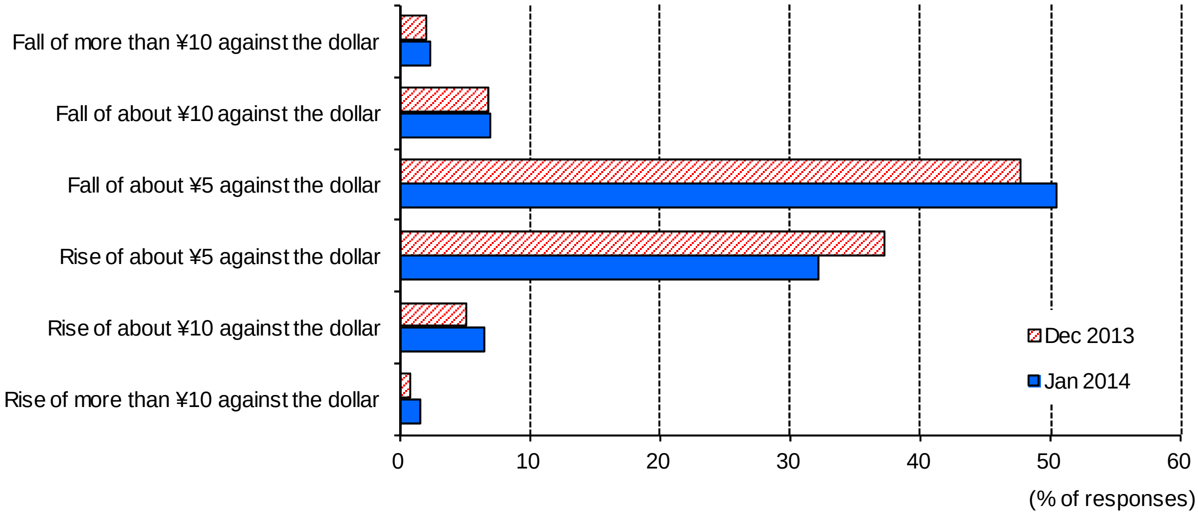
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	108	1801	Taisei	10
9984	Softbank	55	7751	Canon	10
8411	Mizuho Financial Group	23	8058	Mitsubishi Corp	10
7267	Honda Motor	20	5401	Nippon Steel & Sumitomo Metal	9
4502	Takeda Pharmaceutical	19	9022	Central Japan Railway	9
6752	Panasonic	16	9501	Tokyo Electric Power	9
9202	All Nippon Airways	16	1812	Kajima	8
4661	Oriental Land	13	3402	Toray Industries	8
6501	Hitachi	13	8604	Nomura Holdings	8
8267	Aeon	13	9432	Nippon Telegraph and Telephone	8
8306	Mitsubishi UFJ Financial Group	13	2811	Kagome	7
9437	NTT Docomo	12	8750	Dai-ichi Life Insurance	7
6758	Sony	11	8316	Sumitomo Mitsui Financial Group	6

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

(5) More investors see yen weakening versus the dollar

On the outlook for the USD/JPY rate over the next three months, the combined percentage of respondents expecting the yen to weaken against the dollar was 59.7%, up 3.1ppt from the previous month's total of 56.6%. Response rates rose for all the options, apart from “rise of about ¥5 against the dollar,” which saw a decline of 5.1ppt m-m. The response rate for “fall of about ¥5 against the dollar” rose 2.6% m-m, the largest increase of all the options (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 7 January 2014 indicative rate of US$1=¥104.31. 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) US dollar remains appealing for investors

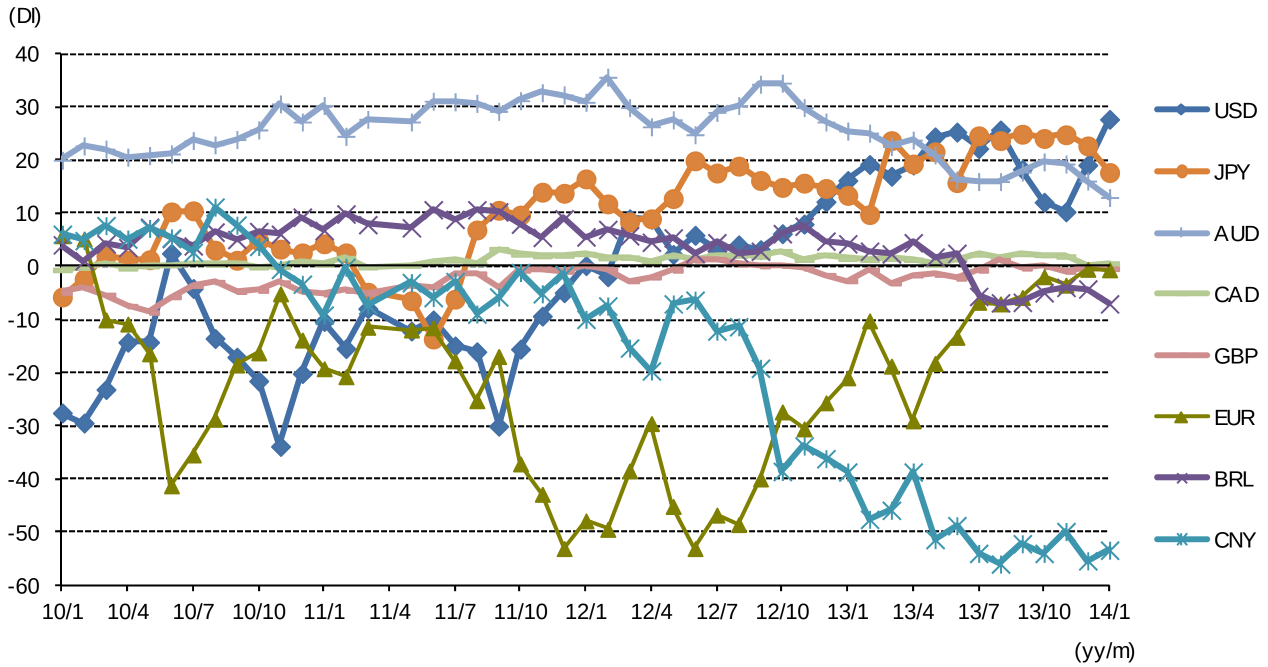
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the US dollar saw the largest increase of all the currencies, rising 8.6pt m-m. Although the Chinese yuan remained the least appealing currency, it registered the second-largest increase in DI after the US dollar, rising 2.0pt m-m. In contrast, the Japanese yen, which was the most appealing currency for four straight months through to December, saw its DI decline 5.0pt m-m, the largest drop of all the currencies, pushing it back into second in the rankings. The Australian dollar also saw a large decline in its DI m-m (Figures 9, 10).

Fig. 9: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	27.7	34.6	6.9	19.1
Japanese yen	17.7	28.3	10.6	22.7
Australian dollar	13.0	16.5	3.5	16.1
Canadian dollar	0.6	1.8	1.2	0.2
Pound sterling	-0.4	2.1	2.5	-0.3
Euro	-0.6	6.8	7.4	-0.5
Brazilian real	-7.0	5.3	12.3	-4.2
Chinese yuan	-53.3	1.8	55.1	-55.3

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 by currency



(7) Japanese equities more appealing for investors

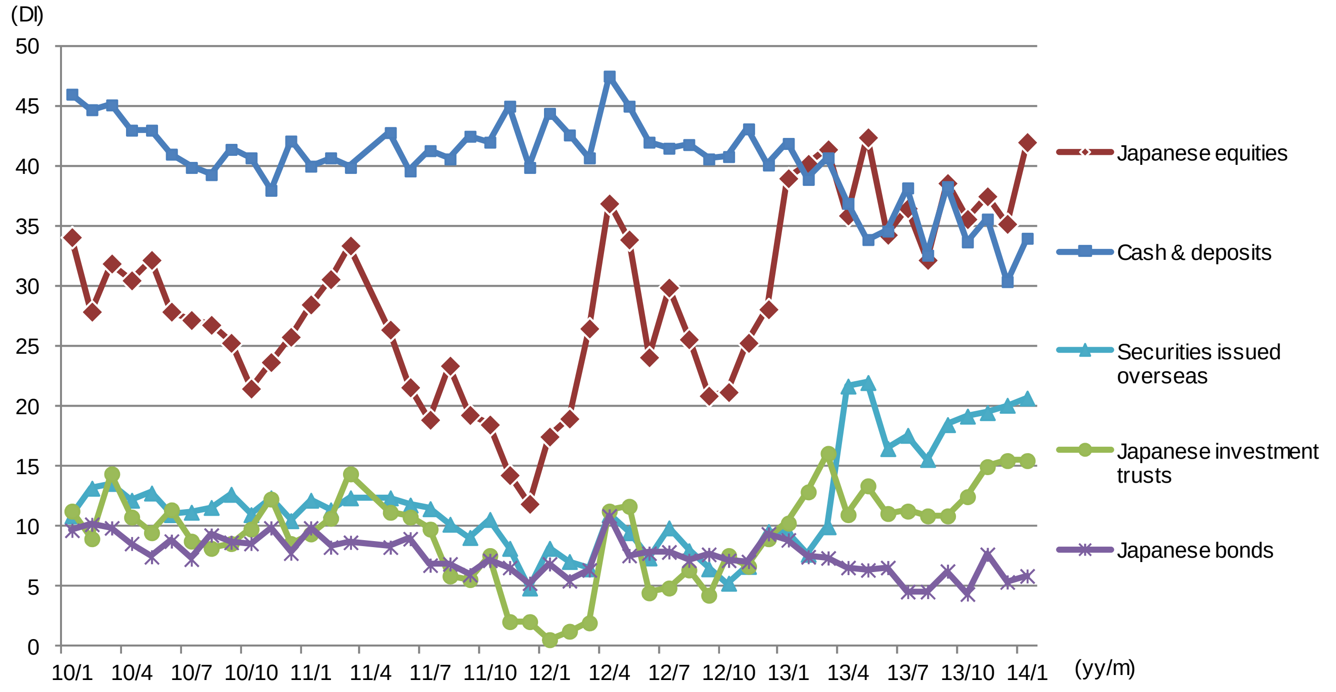
To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, with its DI rising 6.8pt m-m, the largest increase of all the financial instruments. The DI for cash & deposits rose 3.6pt m-m, the second-largest increase. All the other financial instruments generally saw only moderate changes in appeal compared with the previous month (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	42.0	54.9	12.9	35.2
Cash & deposits	34.0	38.7	4.7	30.4
Japanese investment trusts	15.5	21.1	5.6	15.5
Foreign equities	9.3	10.3	1.0	9.5
Gold	8.2	9.2	1.0	8.9
Foreign investment trusts	7.1	8.3	1.2	6.8
Japanese bonds	5.9	8.0	2.1	5.4
Foreign bonds	4.3	5.6	1.3	3.8
Hybrid securities	2.1	2.4	0.3	2.4
Other	1.0	1.1	0.1	1.5
None	-52.6	24.7	77.3	-48.4

Note: Respondents were given a selection of seven 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) Outlook for price rises gains ground among investors

We asked investors about their outlook for prices of regularly purchased goods and services one year from now. A combined 66.2% of respondents said they expected prices to rise (responses 5-7 in Figure 13), an increase of 2.3ppt from last month. Although "rise of less than 2%" remained the most popular response, the response rate declined 1.8ppt m-m to 35.1%. "Rise of 2% up to 5%" saw the largest increase in response rate, rising 4.0ppt m-m. The largest decline in the response rate was for "no change," which dropped 2.2ppt 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	6.6	6.0
2	Fall of 2% up to 5%	4.8	5.5
3	Fall of less than 2%	4.6	4.6
4	No change (0%)	17.8	20.0
5	Rise of less than 2%	35.1	36.9
6	Rise of 2% up to 5%	26.5	22.5
7	Rise of 5% or more	4.6	4.5
	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) Impressions of JPX-Nikkei Index 400

For this month's spot question, we asked investors about their impressions of the new JPX-Nikkei Index 400, which was launched in January 2014. Constituents of the index are selected based on factors such as earnings performance and capital efficiency. We asked investors whether they would use the index to help them make investment decisions. The most popular response was "don't know," with a response rate of 35.7%, followed by "more than likely," with 33.8% (Figure 14). We also asked investors about how they thought the JPX-Nikkei Index 400 would be viewed in the future compared with existing indices. The most popular response again was "don't know," selected by 44.3% of respondents, followed by "it will likely be used in conjunction with the TOPIX and Nikkei Average," with a response rate of 30.7% (Figure 15). The responses seem to suggest that individual investors are interested in the index, but that awareness is not that high.

Fig. 14: Do you intend to use the JPX-Nikkei 400 Index to aid investment decisions?

	Choices	% of responses
1	Yes	8.6
2	More than likely	33.8
3	Not that likely	12.5
4	No	9.4
5	Don't know	35.7
	Total	100

Note: The new JPX-Nikkei 400 Index was launched on 6 January 2014. The constituent stocks of the index are selected based on capital efficiency and earnings indicators such as ROE and operating profits, in addition to market cap and trading value. Investors were asked to select one of the above five responses to the question, "Do you intend to use the index, given it also takes into account earnings and capital efficiency, to help you make investment decisions?"

Fig. 15: How do you think the JPX-Nikkei Index 400 will be viewed in relation to the TOPIX and the Nikkei?

	Choices	% of responses
1	It will likely replace the TOPIX and the Nikkei Average as the representative index of the Japanese stock market	8.6
2	It will likely be used in conjunction with the TOPIX and Nikkei Average	30.7
3	The TOPIX and the Nikkei Average will likely remain the representative indices of the Japanese stock market, and the new index is unlikely to be used much	16.4
4	Don't know	44.3
	Total	100

Note: From the four possible responses above, we asked individual investors to choose one that best matched their view on how the JPX-Nikkei Index 400 is likely to be regarded by investors in relation to the TOPIX, which comprises all TSE-1 stocks, and the Nikkei Average, which comprises 225 stocks based on market liquidity.

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 7 January with deadline for responses on 8 January.

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 queries about their personal profiles.

4. Nomura Individual Investor Survey (January 2014) respondents

Gender: Male (81.8%), female (18.2%)

Age: Under 30 (1.4%), 30–39 (11.2%), 40–49 (26.9%), 50–59 (30.1%), 60 and above (30.4%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.2%), professional (physician/medical professional, lawyer, etc) (2.8%), company management/corporate officer (4.6%), company employee/public servant (48.1%), student (0.2%), full-time homemaker (9.7%), part-time worker/casual worker/job-hopper (4.7%), unemployed/pensioner (19.7%), other (2.0%)

Region: Kanto (45.3%), Kinki (23.0%), Tokai/Koshinetsu/Hokuriku (13.7%), Hokkaido/Tohoku (6.4%), Chugoku/Shikoku/Kyushu (11.6%)

Financial assets held: Less than ¥1,000,000 (7.2%), ¥1,000,000–¥2,999,999 (9.8%), ¥3,000,000–¥4,999,999 (13.2%), ¥5,000,000–¥9,999,999 (18.2%), ¥10,000,000–¥29,999,999 (30.1%), ¥30,000,000–¥49,999,999 (12.4%), ¥50,000,000 or more (9.1%)

Value of domestic stocks held: Less than ¥500,000 (12.9%), ¥500,000–¥999,999 (12.0%), ¥1,000,000–¥2,999,999 (21.5%), ¥3,000,000–¥4,999,999 (18.6%), ¥5,000,000–¥9,999,999 (15.8%), ¥10,000,000–¥29,999,999 (14.6%), ¥30,000,000 or more (4.6%)

Investment experience: Less than three years (3.9%), three years to less than five years (10.1%), five years to less than 10 years (28.8%), 10 years to less than 20 years (30.8%), 20 years or more (26.4%)

Investment plan for domestic stocks: Mainly for long-term holding (46.1%), pursuit of gains from short-term appreciation (15.5%), pursuit of dividends and shareholder perks (22.9%), no particular plan (15.5%)

Notice

The next Nomura Individual Investor Survey (February 2014) is scheduled for release on Thursday, 13 February 2014.

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

Important Disclosures

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47% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 55% of companies with this rating are investment banking clients of the Nomura Group*.
11% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 26% of companies with this rating are investment banking clients of the Nomura Group*.
As at 31 December 2013. **The Nomura Group as defined in the Disclaimer section at the end of this report.*

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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

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SECTORS

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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.

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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.
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