

Nomura Individual Investor Survey

May 2015

May 19, 2015

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 6.6pt m-m to 52.0

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 52.0 in May, a rise of 6.6pt from April. The Nikkei Average reference level (7 May 2015 close) was 19,291.99, down 105.99 from the previous survey (6 April close of 19,397.98), and the number of survey respondents expecting share prices to rise increased.

(2) Increased investor interest in international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The most-watched factor was again international affairs, and its response rate rose 7.4ppt m-m. This may have reflected growing uncertainties about financial support for Greece. The response rate for domestic corporate earnings saw the largest m-m decline for all the options, of 6.0ppt.

(3) Appeal of automobiles sector falls sharply, of materials rises

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 DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Automobiles was again the most appealing sector, as last month, but its DI saw the largest m-m decline of all the options, of 4.9pt. Materials saw the largest rise, of 3.3pt. The DI for consumer goods rose for the fourth straight month, by 2.2pt.

(4) Expectations of yen appreciation against dollar rise for fourth straight month

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 56.5%, up 1.6ppt from the previous month and marking the fourth consecutive monthly rise. The response rate for "rise of about ¥10 against the dollar" saw the largest m-m rise, of 1.1ppt. The response rate for "rise of about ¥5 against the dollar" was up 0.8ppt m-m. The response rate for "fall of about ¥5 against the dollar" fell 1.0ppt, the largest decline for all the options. Overall, the number of investors expecting the yen to strengthen against the dollar rose.

(5) Investment appeal of US dollar declines, of euro rises

We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The US dollar remained the most appealing, with a DI of 24.3, but its DI declined by the largest margin of all the currencies, at 7.9pt m-m. The euro's DI rose 2.3pt, for the largest rise among all the currencies. The DI for the yen rose for the fifth consecutive month, by 1.4pt.

(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, but its DI declined 2.8pt m-m.

(7) Decline in proportion of respondents expecting prices one year out to be higher

When asked for their outlook for prices of regularly purchased goods and services one year out, 55.3% of respondents said they expected prices to be higher, down 7.0ppt from the previous month. The response rate for no change rose 7.5ppt m-m. The response rate for a rise of 2% up to 5% declined 4.2ppt to 14.0%.

(8) Intentions regarding exercise of voting rights at general shareholders' meetings

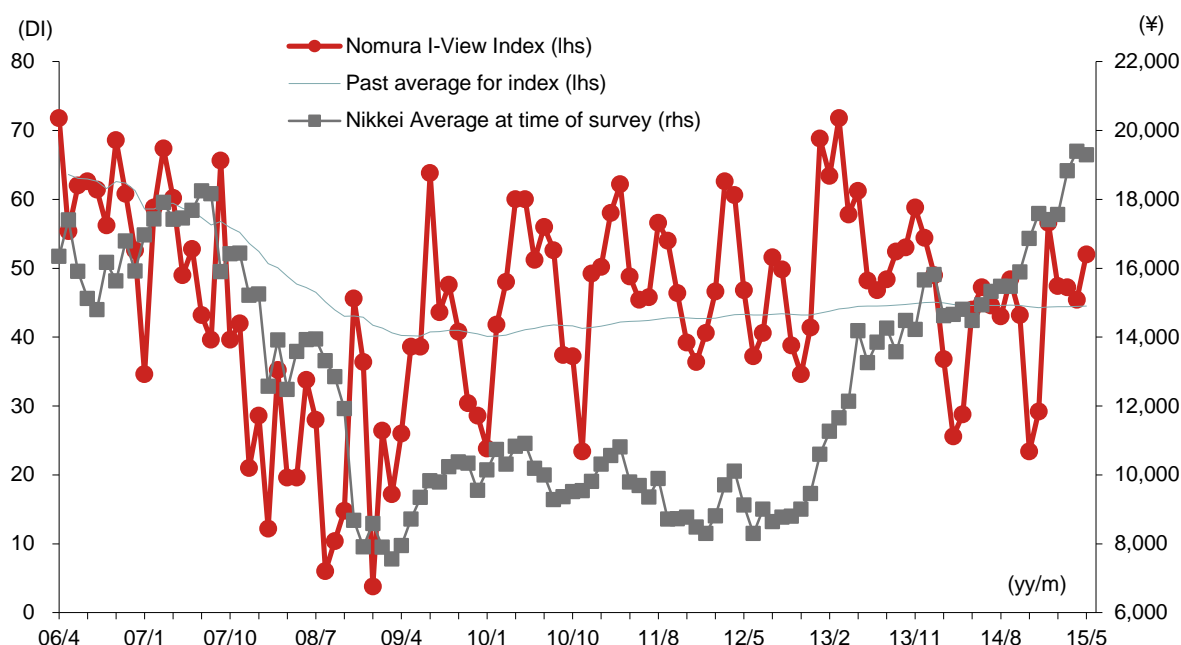
For this month's spot question, we asked investors about their views on exercising their voting rights at upcoming general shareholders' meetings. A higher proportion of respondents selected "I plan to exercise my voting rights for all the companies in which I hold shares" (29.5%) than "I plan not to exercise my voting rights for any of the companies in which I hold shares" (26.8%). Of the respondents saying they planned to exercise their voting rights, 27.1% said they intended to vote in favor of all resolutions, down from 29.4% in the May 2014 survey. Of resolutions respondents said they might oppose (multiple responses allowed), the highest response rates were for director compensation (35.3%), retirement bonuses for directors (34.0%), and dividends (use of surplus funds) (25.6%).

2. Survey results

(1) Nomura I-View Index rises 6.6pt m-m to 52.0

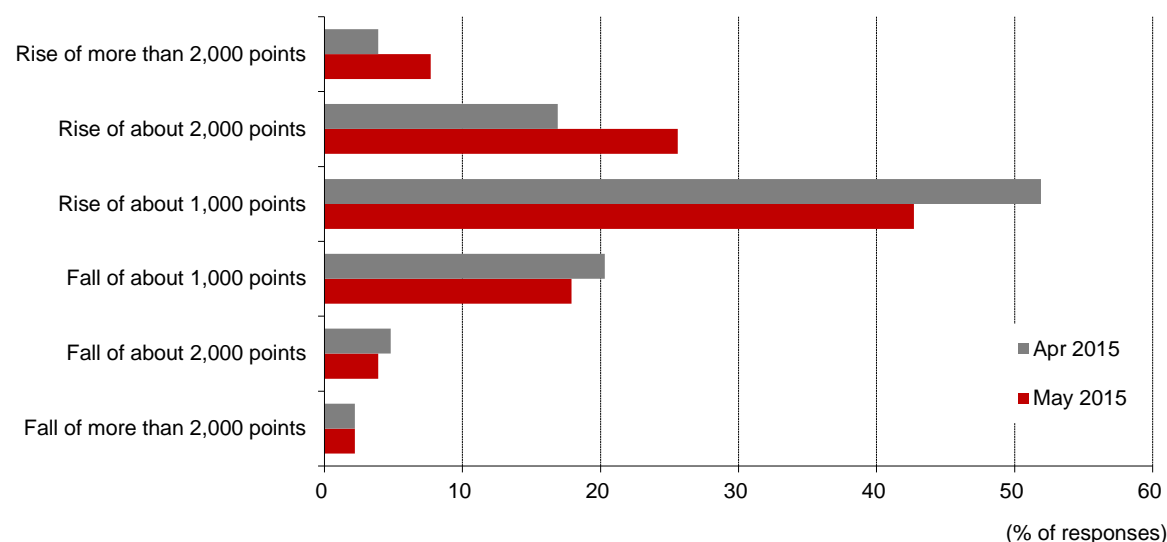
The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 52.0 in May, a rise of 6.6pt from April. The Nikkei Average reference level (7 May 2015 close) was 19,291.99, down 105.99 from the previous survey (6 April close of 19,397.98), and the number of survey respondents expecting share prices to rise rose.

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 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 Jan 2010 used here excludes those respondents who projected that the Nikkei Average 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.

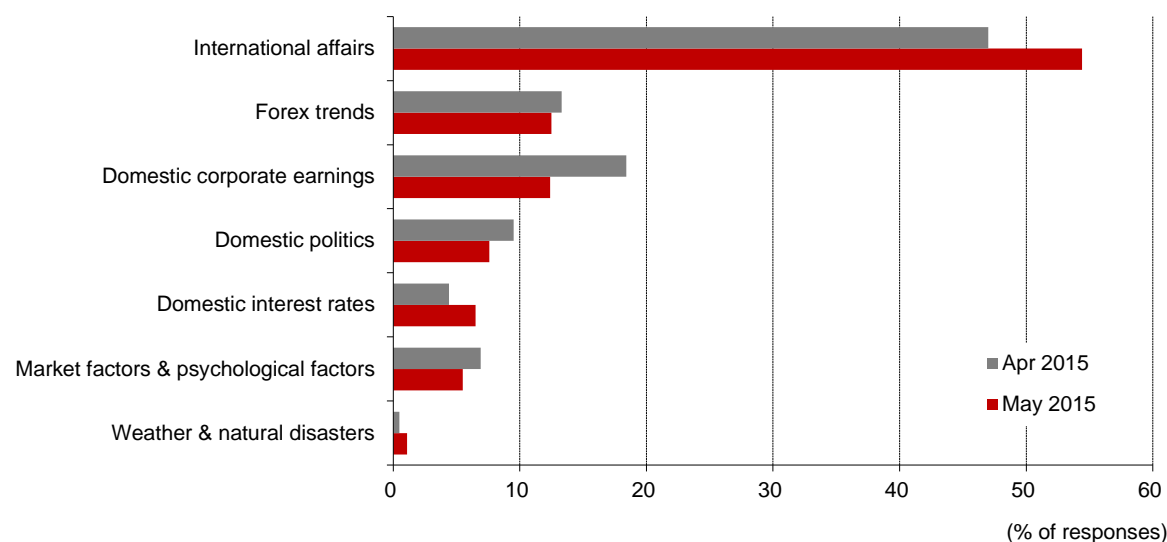
The combined proportion of respondents expecting the Nikkei Average to rise over the next three months was 76.0%, up 3.3ppt from the last survey. The proportion of respondents expecting a "rise of about 2,000 points" rose 8.7ppt m-m, the largest rise among the range of responses. The proportion of respondents expecting a "rise of more than 2,000 points" was 7.7%, marking the second-largest m-m rise, of 3.8ppt (Figure 2).

Fig. 2: 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 the 7 May close of 19,291. 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) Increased investor interest in international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The most-watched factor was again international affairs, and its response rate rose 7.4ppt m-m. This may have reflected growing uncertainties about financial support for Greece. The response rate for domestic corporate earnings saw the largest m-m decline for all the options, of 6.0ppt (Figure 3).

Fig. 3: 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) Appeal of automobiles sector falls sharply, of materials rises

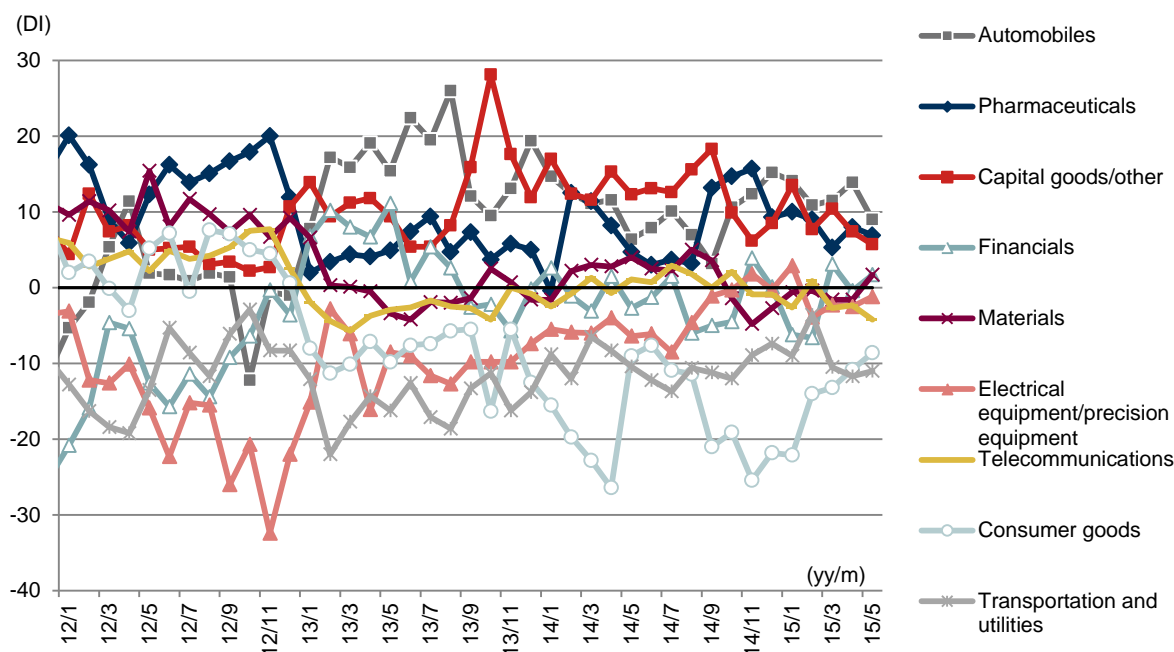
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Automobiles was again the most appealing sector, as last month, but its DI saw the largest m-m decline of all the options, of 4.9pt. Materials saw the largest rise, of 3.3pt. The DI for consumer goods rose for the fourth straight month, by 2.2pt (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Automobiles	9.0	16.1	7.1	13.9
Pharmaceuticals	6.9	13.2	6.3	8.0
Capital goods/other	5.7	11.2	5.5	7.4
Financials	1.7	13.4	11.7	-0.4
Materials	1.7	14.1	12.4	-1.6
Telecommunications	-1.2	8.5	9.7	-2.5
Electrical equipment/precision equipment	-4.2	4.5	8.7	-2.3
Consumer goods	-8.6	13.8	22.4	-10.8
Transportation and utilities	-11.0	5.2	16.2	-11.7

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 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: Trend in DIs for selected sectors



(4) Most-watched stocks

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

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

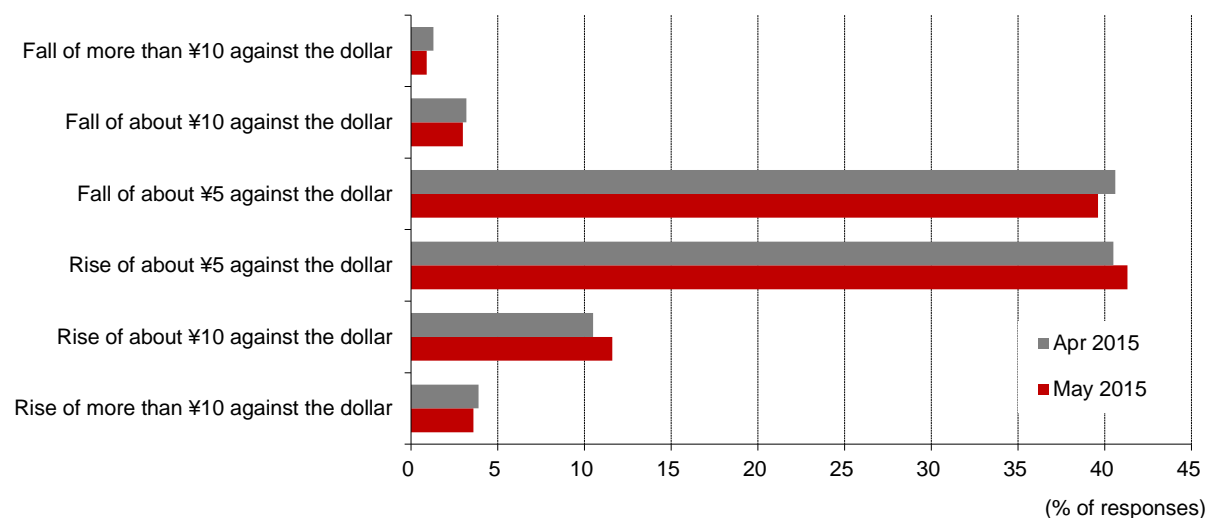
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	111	7751	Canon	10
9984	Softbank	29	9020	East Japan Railway	10
4502	Takeda Pharmaceutical	25	3402	Toray Industries	9
8306	Mitsubishi UFJ Financial Group	21	8604	Nomura Holdings	9
4661	Oriental Land	21	5401	Nippon Steel & Sumitomo Metal	8
9202	ANA Holdings	18	8316	Sumitomo Mitsui Financial Group	8
8411	Mizuho Financial Group	18	9201	Japan Airlines	7
6501	Hitachi	17	4503	Astellas Pharma	7
6758	Sony	15	9432	Nippon Telegraph and Telephone	7
8267	Aeon	15	7011	Mitsubishi Heavy Industries	7
6752	Panasonic	14	9437	NTT Docomo	7
7267	Honda Motor	12	8591	Orix	7
6954	Fanuc	12	8031	Mitsui & Co	7
9022	Central Japan Railway	11	8058	Mitsubishi Corp	7
4901	Fujifilm Holdings	11			

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

(5) Expectations of yen appreciation against dollar rise for fourth straight month

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 56.5%, up 1.6ppt from the previous month and marking the fourth consecutive monthly rise. The response rate for "rise of about ¥10 against the dollar" saw the largest m-m rise, of 1.1ppt. The response rate for "rise of about ¥5 against the dollar" was up 0.8ppt m-m. The response rate for "fall of about ¥5 against the dollar" fell 1.0ppt, the largest decline for all the options. Overall, the number of investors expecting the yen to strengthen against the dollar rose (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 7 May 2015 indicative rate of 119.57. 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) Investment appeal of US dollar declines, of euro rises

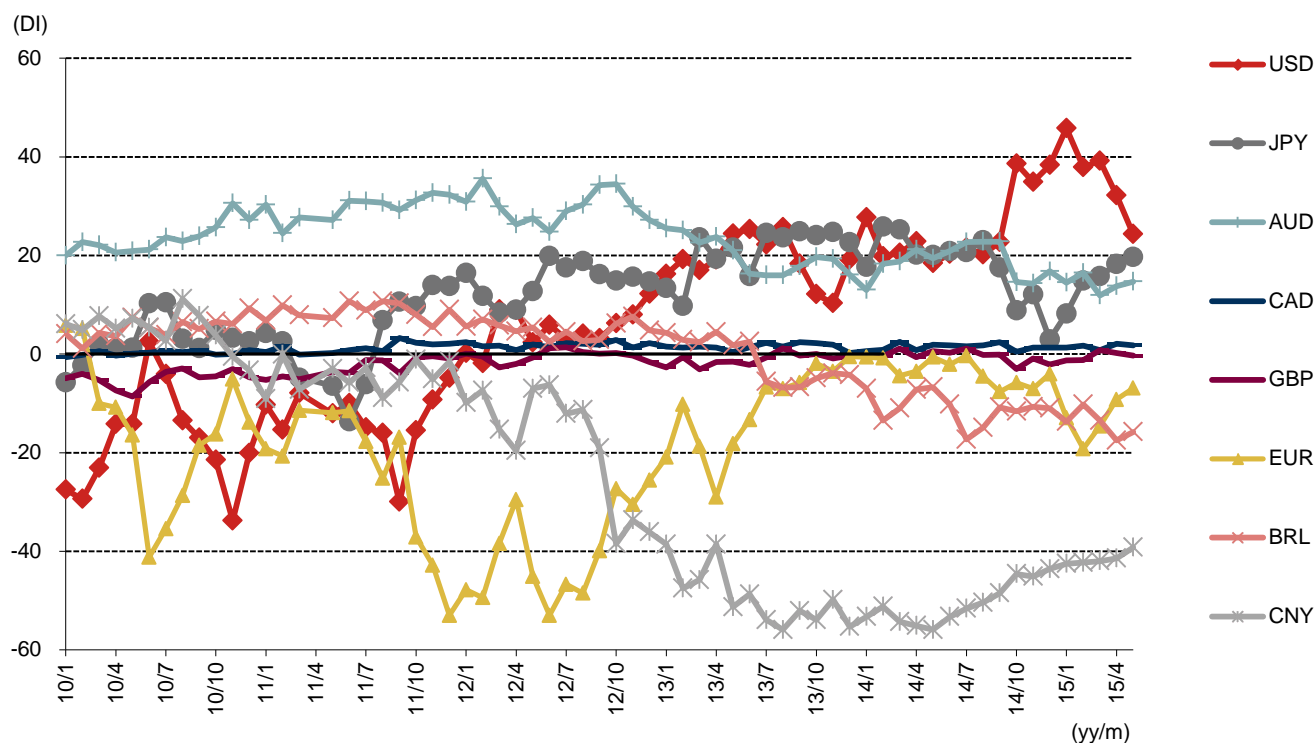
We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The US dollar remained the most appealing, with a DI of 24.3, but its DI declined by the largest margin of all the currencies, at 7.9pt m-m. The euro's DI rose 2.3pt, for the largest rise among all the currencies. The DI for the yen rose for the fifth consecutive month, by 1.4pt (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	24.3	32.6	8.3	32.2
Japanese yen	19.7	28.5	8.8	18.3
Australian dollar	14.7	16.7	2.0	13.8
Canadian dollar	1.8	2.7	0.9	2.1
Pound sterling	-0.3	4.0	4.3	0.2
Euro	-6.9	6.6	13.5	-9.2
Brazilian real	-15.8	4.5	20.3	-17.5
Chinese yuan	-39.2	2.3	41.5	-41.4

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. 9: Trend in DIs for investment appeal of selected currencies



(7) Japanese equities remain the most appealing financial instrument

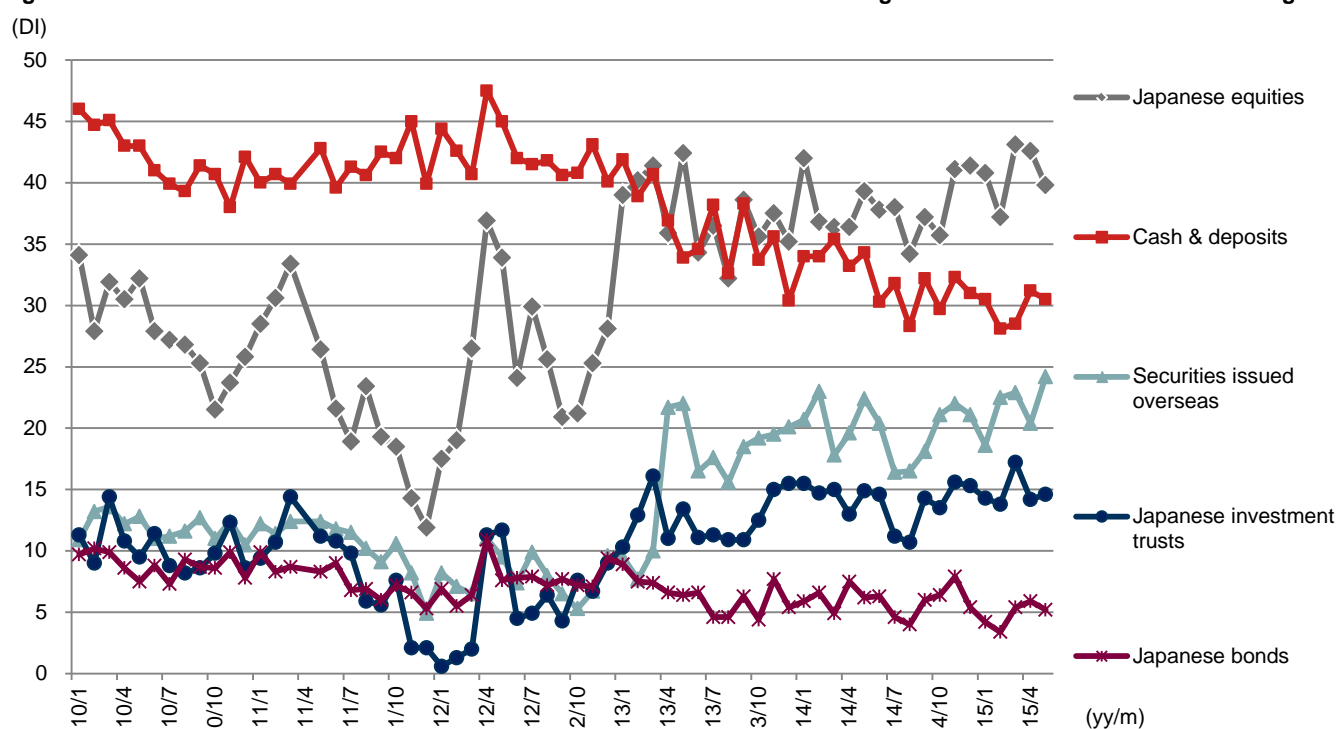
To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, but its DI declined 2.8pt m-m (Figures 10 and 11).

Fig. 10: 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	39.8	51.0	11.2	42.6
Cash & deposits	30.5	35.3	4.8	31.2
Japanese investment trusts	14.6	20.1	5.5	14.2
Foreign equities	10.3	11.2	0.9	9.4
Foreign investment trusts	8.5	9.3	0.8	6.9
Gold	6.8	7.6	0.8	8.7
Foreign bonds	5.4	6.6	1.2	4.1
Japanese bonds	5.2	7.0	1.8	5.9
Hybrid securities	2.4	2.6	0.2	2.7
Other	1.1	1.4	0.3	0.7
None	-49.1	27.9	77.0	-51.1

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). "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 Feb 2012 survey. From the Apr 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

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



(8) Decline in proportion of investors expecting prices one year out to be higher

When asked for their outlook for prices of regularly purchased goods and services one year out, 55.3% of respondents said they expected prices to be higher, down 7.0ppt from the previous month. The response rate for no change rose 7.5ppt m-m. The response rate for rise of 2% up to 5% declined 4.2ppt to 14.0%.

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.3	3.1
2	Fall of 2% up to 5%	4.9	5.0
3	Fall of less than 2%	5.2	5.8
4	No change (0%)	31.3	23.8
5	Rise of less than 2%	38.5	39.4
6	Rise of 2% up to 5%	14.0	18.2
7	Rise of 5% or more	2.8	4.7
	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) Intentions regarding exercising voting rights at general shareholders' meetings

For this month's spot question, we asked investors about their views on exercising their voting rights at upcoming general shareholders' meetings. A higher proportion (47.3%) said they planned to exercise their voting rights (sum of responses 1 and 2 in Figure 13) than said they planned not to (26.8%). The proportion saying they planned to exercise their voting rights rose from 43.2% in the same survey in May 2015. The proportion saying they planned not to exercise their voting rights was, at 26.8%, down 4.1ppt from the May 2014 survey. The proportion of "undecided" responses was unchanged (Figure 13).

Fig. 13: Intentions regarding exercising voting rights at general shareholders' meetings

	Choices	% of responses	(Ref): % of responses in previous survey (May 2014)
1	I plan to exercise my voting rights for all the companies in which I hold shares	29.5	26.4
2	I plan to exercise my voting rights for only some of the companies in which I hold shares	17.8	16.8
3	I plan not to exercise my voting rights for any of the companies in which I hold shares	26.8	30.9
4	Undecided	25.9	25.9
	Total	100.0	100.0

Note: Respondents were asked to select one of the four listed responses to the question of whether they intend to exercise their voting rights at upcoming general shareholders' meetings (irrespective of whether they intended to exercise voting rights through attendance at general shareholders' meetings, in writing, over the internet and mobile phones).

Of the respondents saying they planned to exercise their voting rights (those selecting response 1 or 2 in Figure 13; 473 this time, versus 432 in May 2014), 27.1% said they intended to vote in favor of all resolutions, down from last year's figure of 29.4%. Of resolutions respondents said they might oppose (multiple responses allowed), the highest response rates were for director compensation (35.3%), retirement bonuses for directors (34.0%), and dividends (use of surplus funds) (25.6%). The response rate for share buybacks saw the largest decline from the May 2014 survey, of 3.1ppt. The response rate for director compensation marked the largest rise from the previous survey, of 6.8ppt (Figure 14).

Fig. 14: Resolutions investors may vote against

	Choices	No. of responses	% of responses	(Ref): % of responses in previous survey (May 2014)
1	Plan to vote in favor of all resolutions	128	27.1	29.4
2	Dividends (use of surplus funds)	121	25.6	25.9
3	Director compensation	167	35.3	28.5
4	Retirement bonuses for directors	161	34.0	29.9
5	Stock options	64	13.5	14.6
6	Appointment of directors/auditors	63	13.3	11.1
8	Takeover defense measures	43	9.1	7.6
9	Change in the number of directors (increase, reduction, establishment of upper limit, etc)	44	9.3	10.2
10	Change in the maximum number of issuable shares	54	11.4	13.0
11	Share buybacks	17	3.6	6.7
	No. of responses	473	100.0	432

Note: Investors were asked to select all of the resolutions from among those given (excluding responses 7 and 12) they may vote against.

Of respondents who said they did not plan to exercise their voting rights (those selecting response 3 in Figure 13; 268 this time, versus 309 in May 2014), the highest response rate for reasons they did not plan to do so (multiple responses allowed) was for "because the impact of my vote is small," at 52.6%. There were also high response rates for "because it is a hassle" (42.5%) and "I have no interest in exercising voting rights" (19.8%). The response rate for "none of the resolutions requires me to express an opinion" was 14.9%, marking the largest decline in response rate of 1.5ppt compared with the May 2014 survey. The response rate for "because it is a hassle", at 38.2%, marked the largest rise of all the responses, of 4.5ppt (Figure 15).

Fig. 15: Reasons for not planning to exercise voting rights

	Choices	No. of responses	% of responses	(Ref): % of responses in previous survey (May 2014)
1	Because the impact of my vote is small	141	52.6	51.5
2	Because it is a hassle	114	42.5	38.2
3	I have no interest in exercising voting rights	53	19.8	21.0
4	None of the resolutions requires me to express an opinion	36	13.4	14.9
5	I cannot attend the general meeting or I have no time to complete the paperwork or internet forms	28	10.4	11.0
6	My investment style is mainly short term or seeking capital gains, so I do not view exercising my voting rights as important	28	10.4	7.1
7	I have not have the time to study the resolutions	15	5.6	5.2
8	I do not understand the resolutions well	15	5.6	5.2
	No. of responses	268		309

Note: Investors were asked to select all of the answers from among those given that describe their reasons for not planning to exercise voting rights.

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 May, with deadline for responses on 8 May.

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 (May 2015) respondents

Gender: Male (85.0%), Female (15.0%)

Age: Under 30 (0.8%), 30–39 (9.3%), 40–49 (21.7%), 50–59 (34.5%), 60 and above (33.7%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.9%), professional (physician/medical professional, lawyer, etc) (2.6%), company management/corporate officer (3.8%), company employee/public servant (52.0%), student (0.0%), full-time homemaker (7.1%), part-time worker/casual worker/job-hopper (4.3%), unemployed/pensioner (20.3%), other (2.0%)

Region: Kanto (47.5%), Kinki (20.5%), Tokai/Koshinetsu/Hokuriku (17.0%), Hokkaido/Tohoku (4.5%), Chugoku/Shikoku/Kyushu (10.5%)

Financial assets held: Less than ¥1,000,000 (4.5%), ¥1,000,000–¥2,999,999 (10.3%), ¥3,000,000–¥4,999,999 (10.1%), ¥5,000,000–¥9,999,999 (18.3%), ¥10,000,000–¥29,999,999 (28.0%), ¥30,000,000–¥49,999,999 (15.1%), ¥50,000,000 or more (13.7%)

Value of domestic stocks held: Less than ¥500,000 (8.1%), ¥500,000–¥999,999 (11.5%), ¥1,000,000–¥2,999,999 (23.7%), ¥3,000,000–¥4,999,999 (17.0%), ¥5,000,000–¥9,999,999 (16.1%), ¥10,000,000–¥29,999,999 (16.9%), ¥30,000,000 or more (6.7%)

Investment experience: Less than three years (2.1%), three years to less than five years (8.5%), five years to less than 10 years (25.5%), 10 years to less than 20 years (33.1%), 20 years or more (30.8%)

Investment plan for domestic stocks: Mainly for long-term holding (47.9%), pursuit of gains from short-term appreciation (13.8%), pursuit of dividends and shareholder perks (26.1%), no particular plan (12.2%)

Notice

The next Nomura Individual Investor Survey (June 2015) is scheduled for release on Tuesday, 11 June 2015.

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

Important Disclosures

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48% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 43% of companies with this rating are investment banking clients of the Nomura Group*.

44% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 53% of companies with this rating are investment banking clients of the Nomura Group*.

8% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 25% of companies with this rating are investment banking clients of the Nomura Group*.

As at 31 March 2015. *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

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SECTORS

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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.

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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. When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index. The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For J17 and subsequent issues, the maturity value shall not undercut the face amount. Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.4% of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.4% (annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

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