

Nomura Individual Investor Survey

January 2016

15 January 2016

Global Research Division
Nomura Securities Co., Ltd.

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

1. Survey overview

(1) Nomura I-View Index rises to 55.4, highest level since January 2015

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 55.4 in January 2016, rising for the third consecutive month and at the highest level since January 2015 (56.6). The Nikkei Average reference level (4 January 2016 close) was 18,450.98, down 1,247.17 from the previous survey (7 December 2015 close of 19,698.15), and more survey respondents expected share prices to rally.

(2) Increased investor interest in international affairs

Respondents were also asked to select the factor most likely to affect the stock market over the next three months.

"International affairs" topped the list again, as it has done continuously since September 2013, and its response rate rose 3.4ppt m-m to 64.0%. The response rate for domestic corporate earnings fell 2.8ppt to 6.8%, while that for domestic interest rates declined 0.5ppt to 4.4%.

(3) Increased investment appeal of transportation and utilities sectors

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a diffusion index (DI) for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The automobile sector was the most appealing, although its DI fell 1.0pt m-m to 9.6. The DI for pharmaceuticals, the top-ranked sector the previous month, fell 3.0pt m-m to 7.9. The transportation and utilities sector saw the largest rise in its DI among all the nine sectors, of 4.8pt to 0.2. The financial sector's DI fell 7.2pt m-m to -4.4.

(4) Rise in percentage of respondents expecting modest weakening of yen versus US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 51.4%, up 5.5ppt from the previous month (45.9%). The response rate for "fall of about ¥5 against the dollar" rose 6.4ppt m-m to 45.7%, its highest level since February 2015. The response rate for "fall of about ¥10 against the dollar" declined 0.6ppt m-m and that for "fall of more than ¥10 against the dollar" declined 0.3ppt. Looking at response rates for expectations of yen appreciation, that for "rise of about ¥5 against the dollar" fell 7.5ppt m-m to 35.7%, while there were increases for "rise of about ¥10 against the dollar" (of 1.4ppt) and "rise of more than ¥10 against the dollar" (0.6ppt).

(5) Investment appeal of Chinese yuan falls

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over a timeframe of approximately three months. We then calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar fell 3.6pt m-m to 36.6, but the currency still topped the list again, as it has done continuously since October 2014. The DI for the yuan, at -57.4, marked the largest m-m fall of all the currencies listed, of 10.6pt. The DI for the yen rose 6.9pt m-m to 27.6 and the DI for the euro also rose, by 5.8pt to -3.8.

(6) Appeal of Japanese equities among financial instruments declines

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. Japanese equities topped the list again, as they have done continuously since September 2013, but the DI for Japanese equities DI fell 5.7pt m-m to 36.9. There were declines in the DIs for Japanese investment trusts, of 1.8pt m-m to 12.6, and cash & deposits, of 1.3pt to 29.0. The DI for the response "none" rose 8.3pt m-m to -45.1.

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

When asked for their outlook for prices of regularly purchased goods and services one year out, 41.9% of respondents selected the response "no change," up 3.5ppt from the previous month. The response rate for the "rise" options declined 1.7ppt m-m to 43.6% and that for the "fall" options also fell, by 1.8ppt to 14.5%.

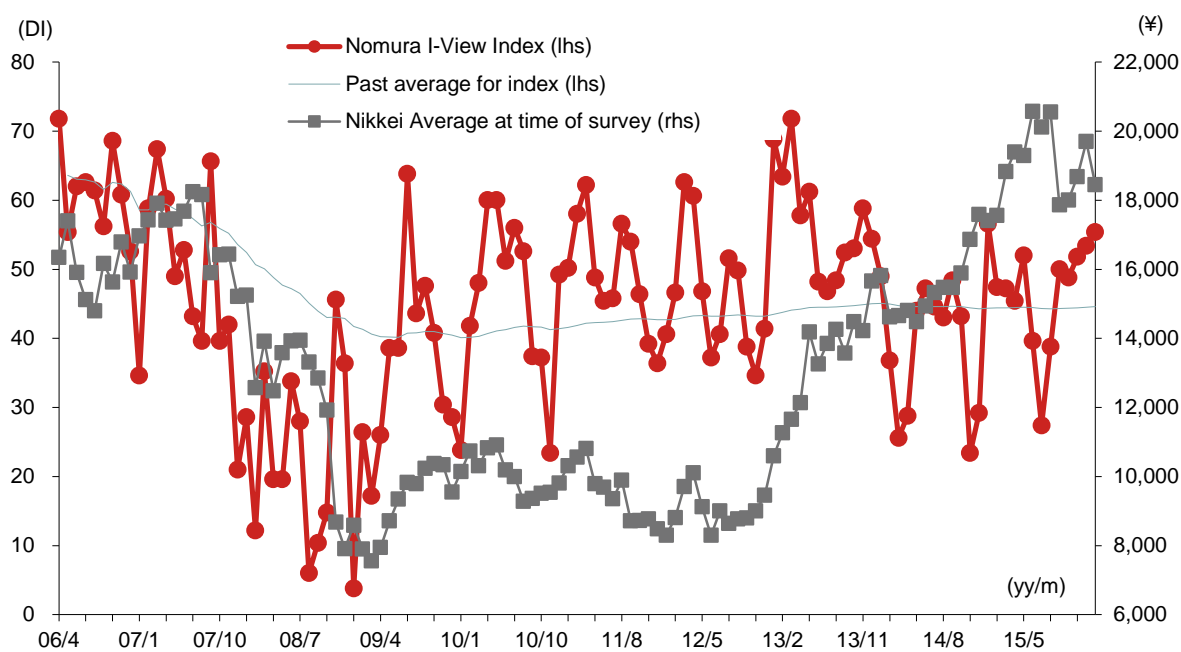
2. Survey results

(1) Nomura I-View Index rises to 55.4, highest level since January 2015

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 55.4 in January 2016, rising for the third consecutive month and at the highest level since January 2015 (56.6) (Figure 1).

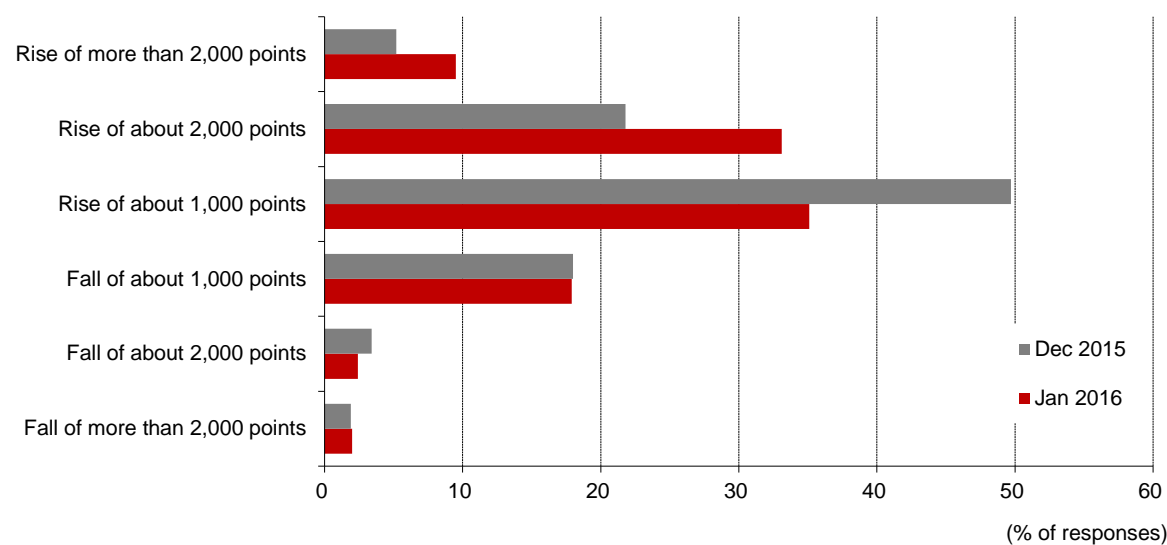
The Nikkei Average reference level (4 January 2016 close) was 18,450.98, down 1,247.17 from the previous survey (7 December 2015 close of 19,698.15), and more survey respondents expected share prices to rally.

Fig. 1: 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 January 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.

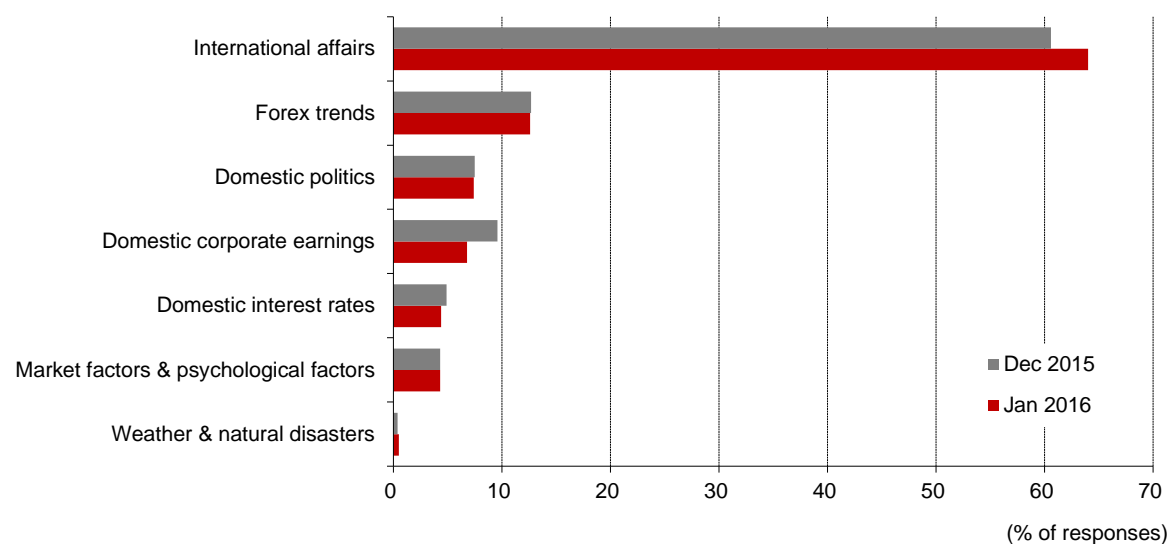
The percentage of respondents expecting the Nikkei Average to rise over the next three months was 77.7%, up 1.0ppt from the previous survey (76.7%). There was an increase in the percentage of respondents expecting a rise of about 2,000 points or greater. The proportion responding "rise of about 2,000 points" rose 11.3ppt m-m to 33.1%, while the proportion opting for "rise of more than 2,000 points" increased 4.3ppt to 9.5%. In contrast, the proportion selecting "rise of about 1,000 points" declined 14.6ppt to 35.1% (Figure 2).

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

Note: Respondents were asked to share their outlook for the Nikkei Average over the next three months based on the 4 January 2016 close of 18,450. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Increased investor interest in international affairs

Respondents were also asked to select the factor they considered the most likely to affect the stock market over the next three months. "International affairs" topped the list again, as it has done continuously since September 2013, and its response rate rose 3.4ppt m-m to 64.0%. The response rate for domestic corporate earnings fell 2.8ppt to 6.8%, while that for domestic interest rates declined 0.5ppt to 4.4% (Figure 3).

Fig. 3: Impact of factors on the stock market

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

(3) Increased investment appeal of transportation and utilities sectors

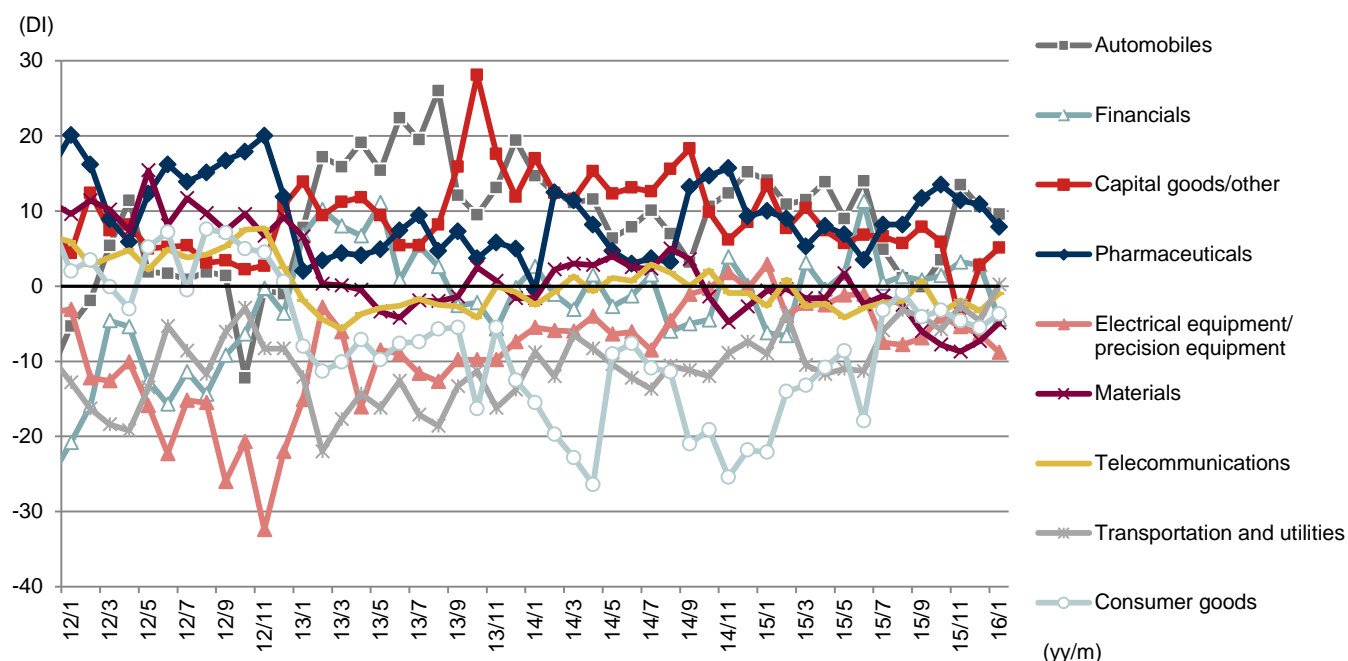
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The automobile sector was the most appealing, although its DI fell 1.0pt m-m to 9.6. The DI for pharmaceuticals, the top-ranked sector the previous month, fell 3.0pt m-m to 7.9. The transportation and utilities sector saw the largest rise in its DI among all the nine sectors, of 4.8pt to 0.2. The financial sector's DI fell 7.2pt m-m to -4.4 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Automobiles	9.6	15.2	5.6	10.6
Pharmaceuticals	7.9	14.8	6.9	10.9
Capital goods/other	5.1	12.4	7.3	2.8
Transportation and utilities	0.2	9.3	9.1	-4.6
Telecommunications	-1.0	5.9	6.9	-3.3
Consumer goods	-3.7	13.6	17.3	-5.5
Financials	-4.4	8.5	12.9	2.8
Materials	-4.9	12.7	17.6	-7.3
Electrical equipment/precision equipment	-8.8	7.6	16.4	-6.4

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

Fig. 5: DIs for selected sectors



(4) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, or that they found appealing, whether for the short or the long term (including stocks actually held). Figure 6 shows the most popular responses.

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

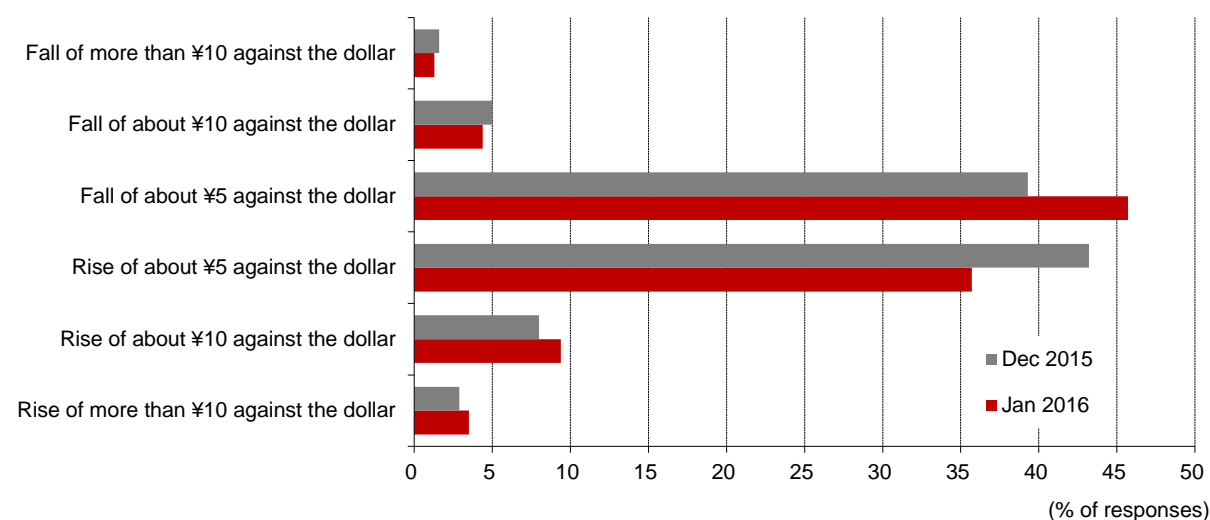
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	109	7261	Mazda Motor	10
4502	Takeda Pharmaceutical	20	8001	Itochu	10
8267	Aeon	19	9437	NTT Docomo	10
8306	Mitsubishi UFJ Financial Group	18	2811	Kagome	9
6501	Hitachi	16	4661	Oriental Land	9
8411	Mizuho Financial Group	16	8031	Mitsui & Co	9
6502	Toshiba	15	9501	Tokyo Electric Power	9
9984	Softbank Group	14	2702	McDonald's Holdings Japan	8
9202	ANA Holdings	13	4901	Fujifilm Holdings	8
7751	Canon	11	6178	Japan Post Holdings	8
8058	Mitsubishi Corp	11	7270	Fuji Heavy Industries	7
3402	Toray Industries	10	8316	Sumitomo Mitsui Financial Group	7
5401	Nippon Steel & Sumitomo Metal	10	8604	Nomura Holdings	7
6758	Sony	10	9432	Nippon Telegraph & Telephone	7
7201	Nissan Motor	10			

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

(5) Rise in percentage of respondents expecting modest weakening of yen versus US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 51.4%, up 5.5ppt from the previous month (45.9%). The response rate for "fall of about ¥5 against the dollar" rose 6.4ppt m-m to 45.7%, its highest level since February 2015. The response rate for "fall of about ¥10 against the dollar" declined 0.6ppt m-m and that for "fall of more than ¥10 against the dollar" declined 0.3ppt. Looking at response rates for expectations of yen appreciation, that for "rise of about ¥5 against the dollar" fell 7.5ppt m-m to 35.7%, while there were increases for "rise of about ¥10 against the dollar" (of 1.4ppt) and "rise of more than ¥10 against the dollar" (0.6ppt) (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 4 January 2016 indicative rate of 119.77. They could choose one answer from six possible responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

(6) Investment appeal of Chinese yuan falls

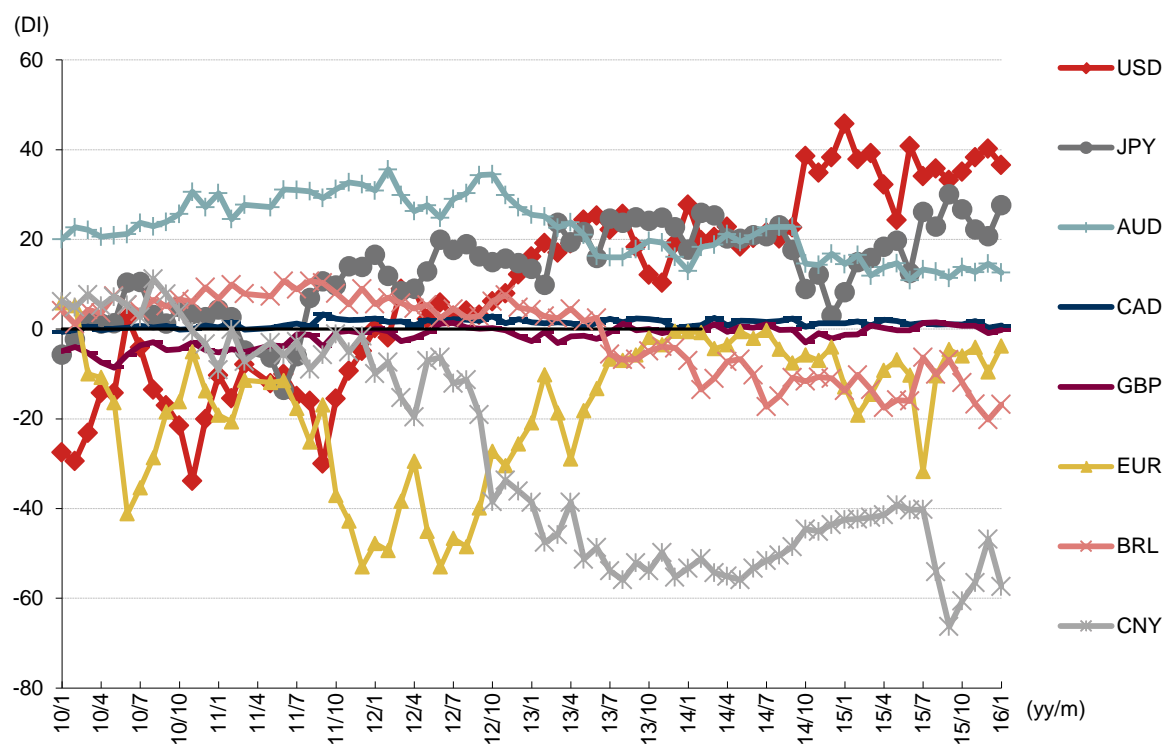
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over a timeframe of approximately three months. We then calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar fell 3.6pt m-m to 36.6, but the US dollar still topped the list again, as it has done continuously since October 2014. The DI for the yuan, at -57.4, marked the largest m-m fall of all the currencies listed, of 10.6pt. The DI for the yen rose 6.9pt m-m to 27.6 and the DI for the euro also rose, by 5.8pt to -3.8 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	36.6	41.5	4.9	40.2
Japanese yen	27.6	33.3	5.7	20.7
Australian dollar	12.6	14.1	1.5	14.6
Canadian dollar	0.8	1.7	0.9	0.3
Pound sterling	-0.2	1.3	1.5	-0.9
Euro	-3.8	3.5	7.3	-9.6
Brazilian real	-16.8	2.6	19.4	-20.2
Chinese yuan	-57.4	1.0	58.4	-46.8

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

Fig. 9: DIs for investment appeal of selected currencies



(7) Appeal of Japanese equities among financial instruments declines

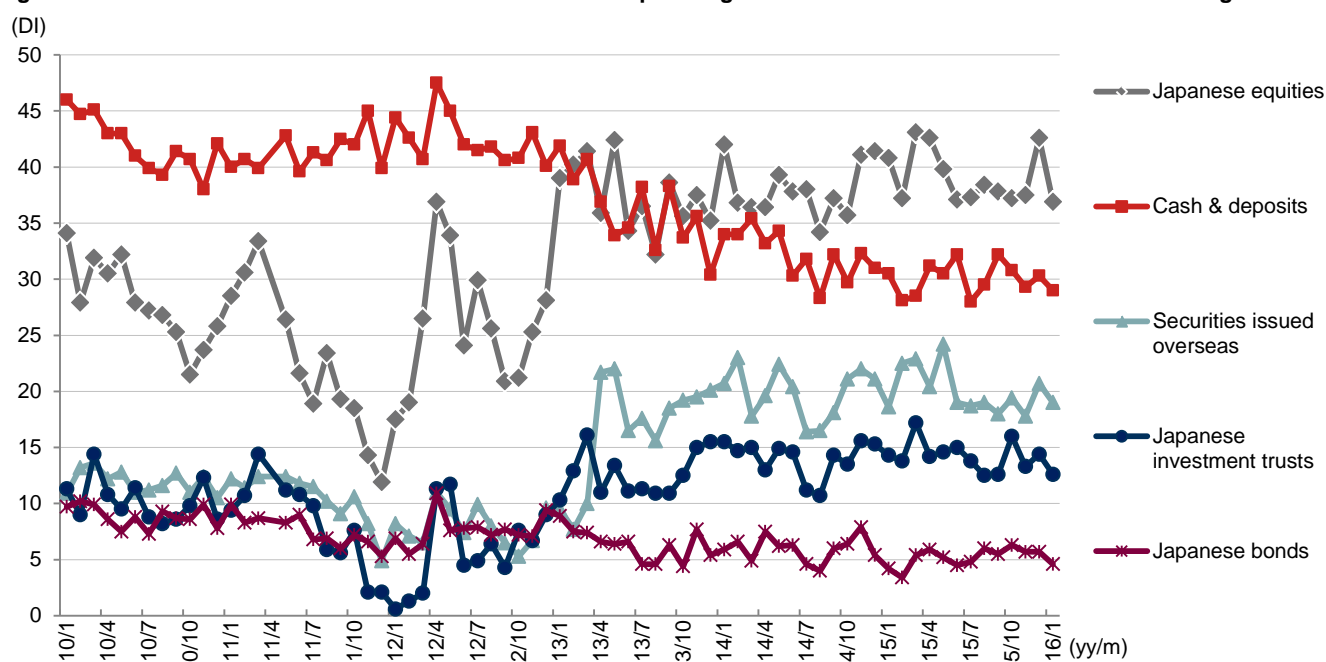
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. Japanese equities topped the list again, as they have done continuously since September 2013, but the DI for Japanese equities fell 5.7pt m-m to 36.9. There were declines in the DIs for Japanese investment trusts, of 1.8pt m-m to 12.6, and cash & deposits, of 1.3pt to 29.0. The DI for the response "none" rose 8.3pt m-m to -45.1 (Figures 10 and 11).

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

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	36.9	50.9	14.0	42.6
Cash & deposits	29.0	33.9	4.9	30.3
Japanese investment trusts	12.6	19.1	6.5	14.4
Gold	9.6	10.2	0.6	9.5
Foreign equities	8.9	10.1	1.2	9.8
Foreign investment trusts	6.3	7.8	1.5	6.9
Japanese bonds	4.6	7.5	2.9	5.7
Foreign bonds	3.8	4.9	1.1	4.0
Hybrid securities	2.3	2.8	0.5	2.1
Other	0.7	0.7	0.0	1.4
None	-45.1	29.0	74.1	-53.4

Note: Respondents were given a list of nine types of 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 holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

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



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

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

When asked for their outlook for prices of regularly purchased goods and services one year out, 41.9% of respondents selected the response "no change," up 3.5ppt from the previous month. The response rate for the "rise" options declined 1.7ppt m-m to 43.6% and that for the "fall" options also fell, by 1.8ppt to 14.5%.

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.5	2.6
2	Fall of 2% up to 5%	3.7	5.4
3	Fall of less than 2%	8.3	8.3
4	No change (0%)	41.9	38.4
5	Rise of less than 2%	31.9	34.3
6	Rise of 2% up to 5%	10.3	9.1
7	Rise of 5% or more	1.4	1.9
	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?"

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 4 January, with deadline for responses on 5 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 2016) respondents

Gender: Male (82.8%), Female (17.2%)

Age: Under 30 (0.7%), 30–39 (7.6%), 40–49 (23.6%), 50–59 (31.1%), 60 and above (37.0%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.5%), professional (physician/medical professional, lawyer, etc) (2.0%), company management/corporate officer (3.6%), company employee/public servant (48.4%), student (0.2%), full-time homemaker (8.8%), part-time worker/casual worker/job-hopper (4.6%), unemployed/pensioner (22.9%), other (1.0%)

Region: Kanto (47.3%), Kinki (20.0%), Tokai/Koshinetsu/Hokuriku (16.6%), Hokkaido/Tohoku (4.6%), Chugoku/Shikoku/Kyushu (11.5%)

Financial assets held: Less than ¥1,000,000 (6.4%), ¥1,000,000–¥2,999,999 (8.6%), ¥3,000,000–¥4,999,999 (9.4%), ¥5,000,000–¥9,999,999 (16.6%), ¥10,000,000–¥29,999,999 (30.7%), ¥30,000,000–¥49,999,999 (12.8%), ¥50,000,000 or more (15.5%)

Value of domestic stocks held: Less than ¥500,000 (10.0%), ¥500,000–¥999,999 (10.4%), ¥1,000,000–¥2,999,999 (24.4%), ¥3,000,000–¥4,999,999 (15.0%), ¥5,000,000–¥9,999,999 (17.7%), ¥10,000,000–¥29,999,999 (16.6%), ¥30,000,000 or more (7.9%)

Investment experience: Less than three years (2.4%), three years to less than five years (5.0%), five years to less than 10 years (25.9%), 10 years to less than 20 years (32.3%), 20 years or more (35.4%)

Investment plan for domestic stocks: Mainly for long-term holding (46.9%), pursuit of gains from short-term appreciation (11.9%), pursuit of dividends and shareholder perks (28.5%), no particular plan (12.7%)

Notice

The next Nomura Individual Investor Survey (February 2016) is scheduled for release on Friday, 12 February 2016.

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

Important Disclosures

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

48% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 40% of companies with this rating are investment banking clients of the Nomura Group*.

43% 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*.

9% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 18% of companies with this rating are investment banking clients of the Nomura Group*.

As at 31 December 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

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.

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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 JI17 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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