

# **Nomura Individual Investor Survey**

June 2018

21 June 2018

Global Research Division  
Nomura Securities Co., Ltd.

The Nomura Individual Investor Survey is a periodic 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 up from previous survey at 38.0

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 38.0 in June 2018, up 17.8pt versus the previous survey. The Nikkei 225 reference level (11 June 2018 close) was 22,804.04, up 1,761.95 from the previous survey (5 March close of 21,042.09).

## (2) Investor focus ranking of "international affairs" rises, that of "forex trends" falls

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 3.7ppt versus the previous survey to 68.6%, while that for "forex trends" fell 5.0ppt to 12.6%.

## (3) Appeal of materials sector increases, appeal of automobiles sector falls

On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the materials sector rose 8.7pt versus the previous survey to 7.9, the highest reading since December 2012. Conversely, the DI for the automobiles sector fell 7.4pt to -6.9, its lowest level since February 2017.

## (4) Rise in percentage of investors expecting yen appreciation against US dollar

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 55.5%, up 3.4ppt from the previous survey. The response rate for "rise of about ¥5 against the dollar" rose 0.9ppt to 45.4%. The response rate for "rise of about ¥10 against the dollar" rose 2.3ppt to 9.0% and the response rate for "rise of more than ¥10 against the dollar" rose 0.9ppt to 1.1%.

The response rate for "fall of about ¥5 against the dollar" fell 0.4ppt from the previous survey to 39.5%, while the response rate for "fall of about ¥10 against the dollar" fell 2.1ppt to 4.0%. The response rate for "fall of more than ¥10 against the dollar" fell 0.9ppt to 1.0%.

## (5) Investment appeal of US dollar rises

On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This time, the DI for the US dollar rose 15.5pt versus the previous survey to 31.8. However, other than those for the US dollar and the Chinese yuan, the DIs for all currencies fell. The largest decline was for the Brazilian real, the DI for which fell 7.2pt to -25.8. The DI for the euro fell 4.9pt to -3.9.

## (6) Japanese equities attract further interest

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 2.6pt versus the previous survey to 44.5. The DI for foreign investment trusts also rose 2.6pt to 6.5.

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

When asked for their outlook for prices of regularly purchased goods and services one year out, 48.3% of respondents selected a "rise" response, up 3.6ppt from last time. The proportion of respondents selecting the "no change" response fell 3.6ppt to 40.1%. The proportion of respondents selecting a "fall" response was unchanged at 11.6%.

## (8) Intentions regarding exercising voting rights at general shareholders' meetings and views on the consumption tax hike

The latest survey included two spot questions. First, 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" (36.0%) than "I plan not to exercise my voting rights for any of the companies in which I hold shares" (27.6%). Of the respondents saying they planned to exercise their voting rights, 43.3% said they intend to vote in favor of all resolutions, up from 37.8% in the May 2017 survey. Of resolutions respondents said they might oppose (multiple responses allowed), response rates were highest for retirement bonuses for board members (23.7%), board member compensation (21.8%), and dividends (use of surplus funds) (21.1%).

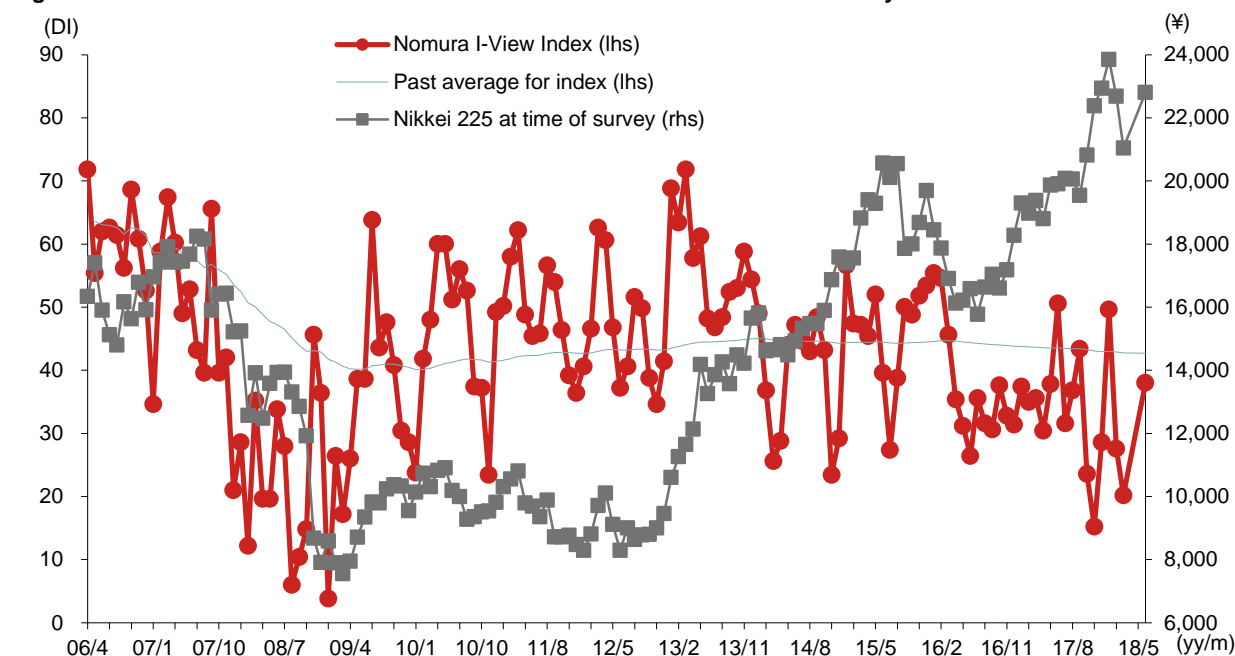
In the latest survey we also asked investors a second spot question about the planned consumption tax hike. Asked whether they were aware of the government's planned hike in the consumption tax rate to 10% in October 2019, 94.2% of respondents said that they were. Next, those who replied in the affirmative were asked whether they thought that the government would go ahead with the planned increase in the consumption tax rate to 10%, to which 61.3% of respondents indicated that they thought it would go ahead.

## 2. Survey results

### (1) Nomura I-View Index up from previous survey at 38.0

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 38.0 in June 2018, up 17.8pt versus the previous survey. The Nikkei 225 reference level (11 June 2018 close) was 22,804.04, up 1,761.95 from the previous survey (5 March close of 21,042.09) (Figure 1).

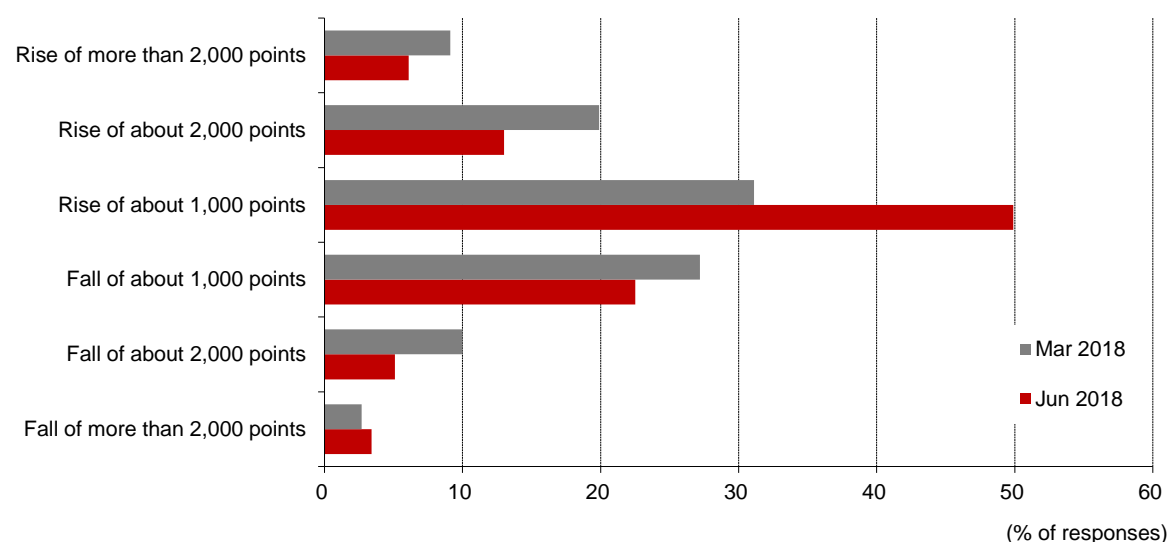
**Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey**



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows:  $\frac{[(\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})]}{(\text{number of respondents})} \times 100$ . The figure for 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 225 to rise over the next three months was 69.0%, up 8.9ppt from 60.1% in the previous survey. The proportion of respondents expecting a "rise of about 1,000 points" was up 18.8ppt versus the previous survey at 49.9%. Meanwhile, the proportion expecting a "rise of around 2,000 points" fell 6.9ppt to 13.0% and the proportion responding "rise of more than 2,000 points" also fell, down 3.0ppt to 6.1%.

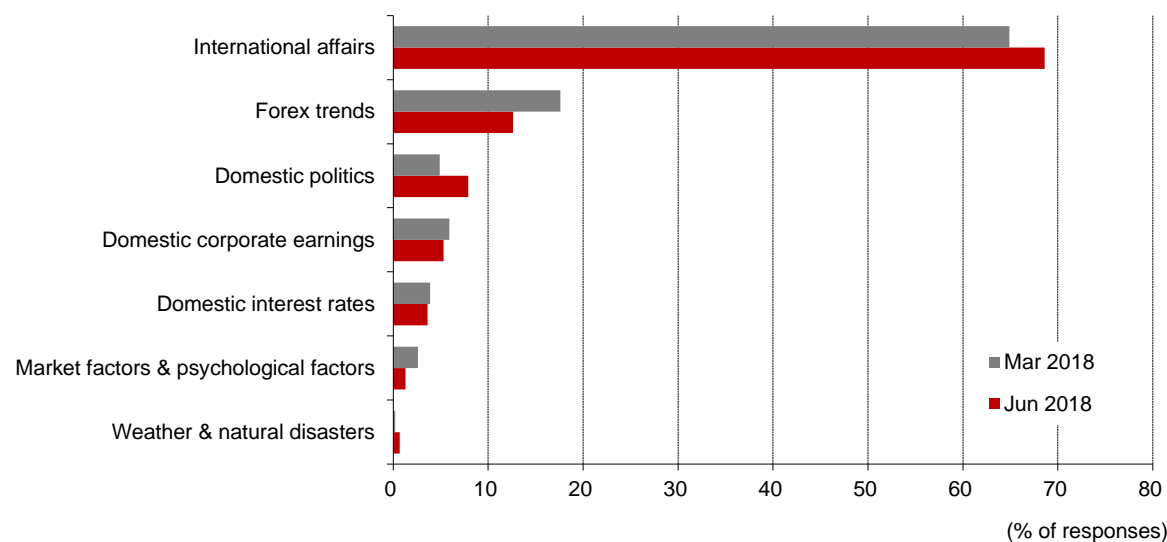
The proportion selecting a "fall of about 1,000 points" declined 4.7ppt to 22.5%, while the proportion selecting a "fall of about 2,000 points" fell 4.9ppt to 5.1%. The proportion expecting a "fall of more than 2,000 points" rose 0.7ppt to 3.4% (Figure 2).

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

Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 11 June close of 22,804. 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 focus ranking of "international affairs" rises, that of "forex trends" falls

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 3.7ppt versus the previous survey to 68.6%, while that for "forex trends" fell 5.0ppt to 12.6% (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 materials sector increases, appeal of automobiles sector falls

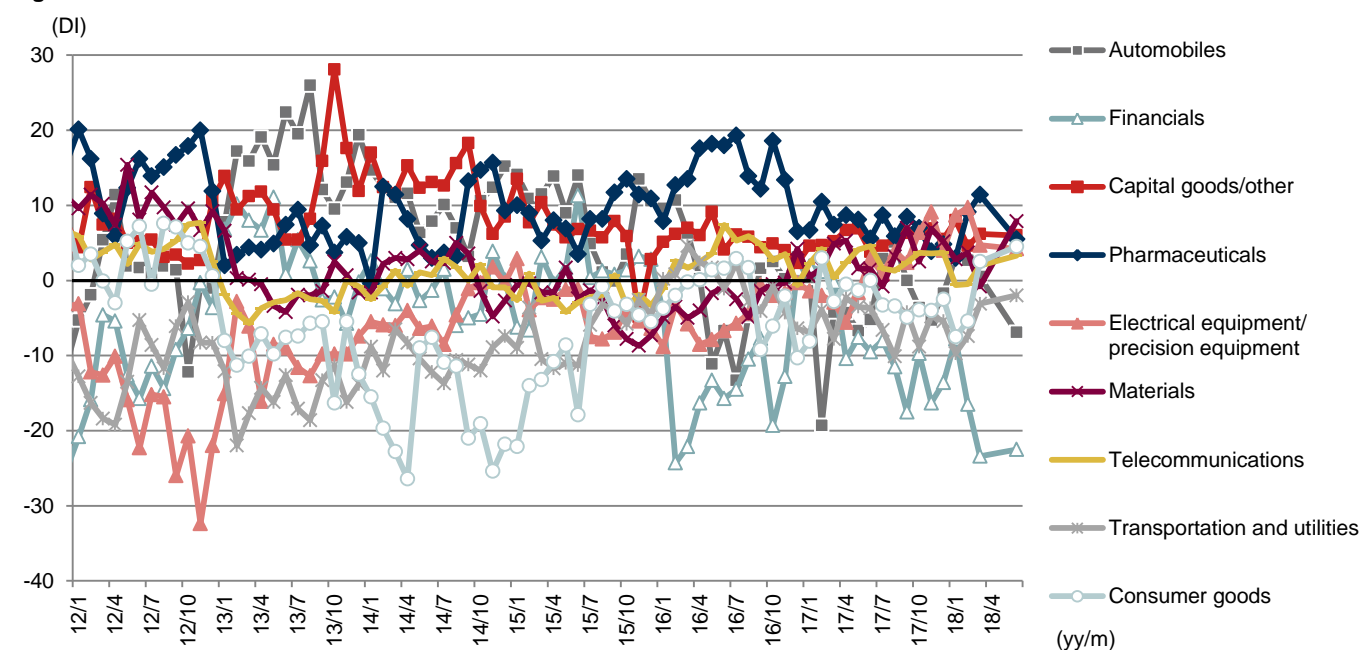
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the materials sector rose 8.7pt versus the previous survey to 7.9, the highest reading since December 2012. Conversely, the DI for the automobiles sector fell 7.4pt to -6.9, its lowest level since February 2017 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Materials	7.9	17.0	9.1	-0.8
Capital goods/other	6.0	10.7	4.7	6.2
Pharmaceuticals	5.5	10.8	5.3	11.4
Consumer goods	4.5	17.3	12.8	2.5
Electrical equipment/precision equipment	4.2	10.3	6.1	4.7
Telecommunications	3.3	6.8	3.5	2.0
Transportation and utilities	-2.0	7.3	9.3	-3.1
Automobiles	-6.9	12.0	18.9	0.5
Financials	-22.5	7.8	30.3	-23.4

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 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, irrespective of short- or long-term investment horizon (including stocks actually held) or that they found appealing. We show the most popular responses in Figure 6.

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

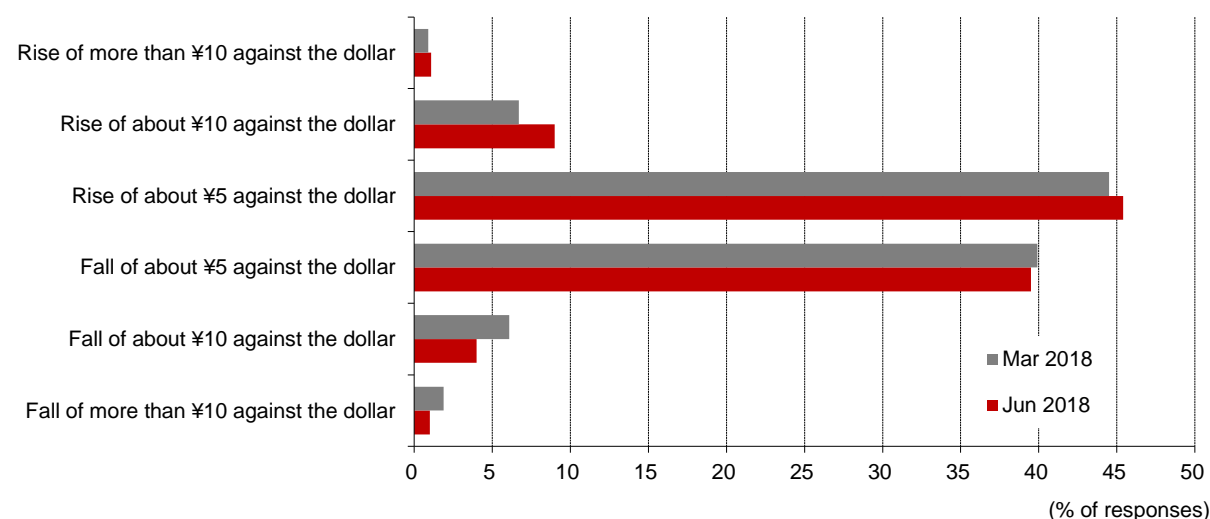
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	105	4661	Oriental Land	9
8267	Aeon	28	6503	Mitsubishi Electric	8
4502	Takeda Pharmaceutical	18	8058	Mitsubishi Corp	8
9984	Softbank Group	18	9432	Nippon Telegraph and Telephone	8
9202	ANA Holdings	17	2327	NS Solutions	7
6758	Sony	15	2702	McDonald's Holdings (Japan)	7
3197	Skylark	13	2914	Japan Tobacco	7
5401	Nippon Steel & Sumitomo Metal	13	4503	Astellas Pharma	7
6501	Hitachi	13	4911	Shiseido	7
7974	Nintendo	13	6594	Nidec	7
6752	Panasonic	12	7751	Canon	7
8306	Mitsubishi UFJ Financial Group	12	8031	Mitsui & Co	7
7201	Nissan Motor	10	4063	Shin-Etsu Chemical	6
8411	Mizuho Financial Group	10	4755	Rakuten	6
9437	NTT Docomo	10	6753	Sharp	6
2811	Kagome	9	9020	East Japan Railway	6

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

### (5) Rise in percentage of investors expecting yen appreciation against US dollar

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 55.5%, up 3.4ppt from the previous survey. The response rate for "rise of about ¥5 against the dollar" rose 0.9ppt to 45.4%. The response rate for "rise of about ¥10 against the dollar" rose 2.3ppt to 9.0% and the response rate for "rise of more than ¥10 against the dollar" rose 0.9ppt to 1.1%.

The response rate for "fall of about ¥5 against the dollar" fell 0.4ppt from the previous survey to 39.5%, while the response rate for "fall of about ¥10 against the dollar" fell 2.1ppt to 4.0%. The response rate for "fall of more than ¥10 against the dollar" fell 0.9ppt to 1.0% (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 an 11 June 2018 indicative rate of 109.71. They could choose one answer from six possible responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

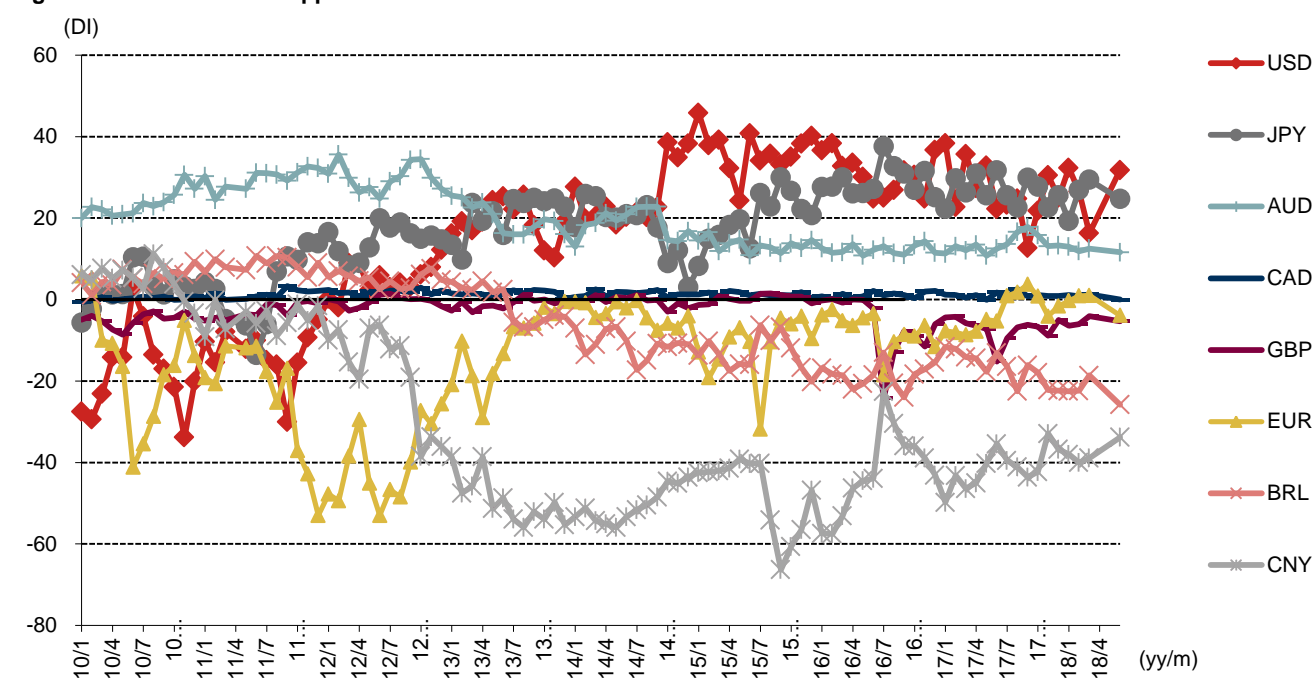
### (6) Investment appeal of US dollar rises

On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This time, the DI for the US dollar rose 15.5pt versus the previous survey to 31.8. However, other than those for the US dollar and the Chinese yuan, the DIs for all currencies fell. The largest decline was for the Brazilian real, the DI for which fell 7.2pt to -25.8. The DI for the euro fell 4.9pt to -3.9 (Figures 8 and 9).

**Fig. 8: Investment appeal by currency**

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	31.8	40.6	8.8	16.3
Japanese yen	24.7	32.4	7.7	29.4
Australian dollar	11.6	12.8	1.2	12.5
Canadian dollar	0.0	1.7	1.7	1.3
Euro	-3.9	4.8	8.7	1.0
Pound sterling	-5.3	2.0	7.3	-4.1
Brazilian real	-25.8	2.0	27.8	-18.6
Chinese yuan	-33.8	2.3	36.1	-38.9

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**

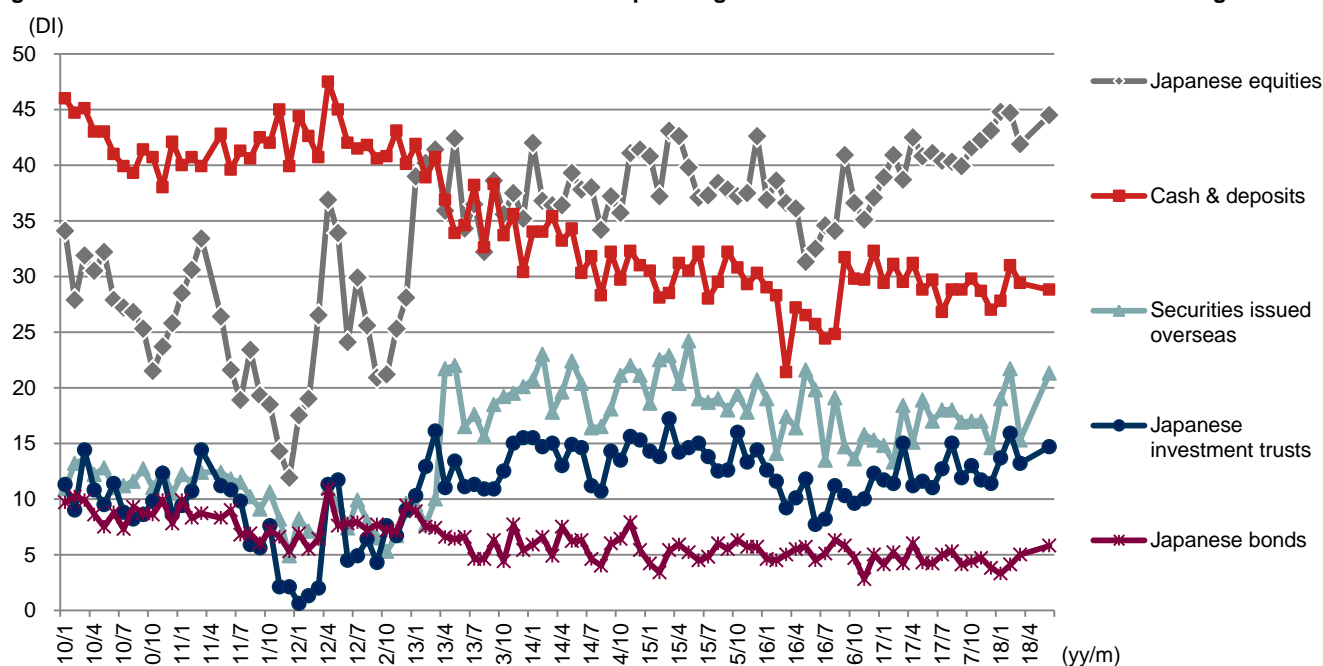
### (7) Japanese equities attract further interest

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 2.6pt versus the previous survey to 44.5. The DI for foreign investment trusts also rose 2.6pt to 6.5 (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	44.5	54.2	9.7	41.9
Cash & deposits	28.8	33.9	5.1	29.4
Japanese investment trusts	14.7	21.5	6.8	13.2
Foreign equities	10.7	12.1	1.4	9.2
Foreign investment trusts	6.5	7.2	0.7	3.9
Japanese bonds	5.8	7.4	1.6	5.0
Gold	5.3	5.5	0.2	6.7
Foreign bonds	4.1	5.7	1.6	2.2
Hybrid securities	2.1	2.3	0.2	2.2
Other	0.5	0.7	0.2	0.8
None	-49.5	29.0	78.5	-47.2

Note: Respondents were given a list of 11 responses and asked to choose those financial instruments for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). "Plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

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

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

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

When asked for their outlook for prices of regularly purchased goods and services one year out, 48.3% of respondents selected a "rise" response, up 3.6ppt from last time. The proportion of respondents selecting the "no change" response fell 3.6ppt to 40.1%. The proportion of respondents selecting a "fall" response was unchanged at 11.6% (Figure 12).

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

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.6	1.8
2	Fall of 2% up to 5%	3.1	4.0
3	Fall of less than 2%	5.9	5.8
4	No change (0%)	40.1	43.7
5	Rise of less than 2%	37.1	32.9
6	Rise of 2% up to 5%	9.3	10.2
7	Rise of 5% or more	1.9	1.6
	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 and views on the consumption tax hike**

The latest survey included two spot questions. First, we asked investors about their views on exercising their voting rights at upcoming general shareholders' meetings. A total of 53.6% said they planned to exercise their voting rights (sum of responses 1 and 2 in Figure 13), more than the 27.6% who said they planned not to. The proportion saying they planned to exercise their voting rights (53.6%) was higher than the response rate of 44.4% for the same question in our May 2017 survey. The proportion saying they planned not to exercise their voting rights was, at 27.6%, down slightly from 29.3% in the May 2017 survey. The proportion of "undecided" responses fell 7.5ppt (Figure 13).

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

Choices	No. of responses	% of responses
1. I plan to exercise my voting rights for all the companies in which I hold shares	360	36.0
2. I plan to exercise my voting rights for only some of the companies in which I hold shares	176	17.6
3. I plan not to exercise my voting rights for any of the companies in which I hold shares	276	27.6
4. Undecided	188	18.8
Total	1,000	100.0

Note: Respondents were asked to select one of the four listed responses to the question of whether they intended 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). In cases where voting had already taken place respondents were asked to give the response that best reflected their view prior to voting.

Of the respondents saying they planned to exercise their voting rights (those selecting response 1 or 2 in Figure 13; 536 this time, versus 444 in May 2017), 43.3% said they intended to vote in favor of all resolutions, up from last year's figure of 37.8%. Of resolutions respondents said they might oppose (multiple responses allowed), response rates were highest for retirement bonuses for board members (23.7%), board member compensation (21.8%), and dividends (use of surplus funds) (21.1%) (Figure 14).

**Fig. 14: Resolutions investors may vote against**

Choices	No. of responses	% of responses
1. Plan to vote in favor of all resolutions (none opposed)	232	43.3
2. Dividends (use of surplus funds)	113	21.1
3. Board member compensation	117	21.8
4. Retirement bonuses for board members	127	23.7
5. Stock options	64	11.9
6. Appointment of directors/auditors	68	12.7
7. Takeover defense measures	34	6.3
8. Change in the number of directors (increase, reduction, establishment of upper limit, etc)	51	9.5
9. Change in the maximum number of issuable shares	49	9.1
10. Share buybacks	25	4.7
11. Other	6	1.1
Total	536	-

Note: Investors who chose response 1 or 2 to the question in Figure 13 ("I plan to exercise my voting rights for all the companies in which I hold shares" and "I plan to exercise my voting rights for only some of the companies in which I hold shares") were asked to select all of the resolutions from among those given that they might vote against (multiple responses allowed).

Of respondents who said they did not plan to exercise their voting rights (those selecting response 3 in Figure 13; 276 this time), 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 63.4%. There were also high response rates for "because it is a hassle" (36.2%) and "I have no interest in exercising voting rights" (19.9%) (Figure 15).

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

Choices	No. of responses	% of responses
1. Because the impact of my vote is small	175	63.4
2. Because it is a hassle	100	36.2
3. I have no interest in exercising voting rights	55	19.9
4. None of the resolutions requires me to express an opinion	28	10.1
5. I cannot attend the general meeting or I have no time to complete the paperwork or internet forms	23	8.3
6. My investment style is mainly short term or seeking capital gains, so I do not view exercising my voting rights as important	12	4.3
7. I do not have the time to study the resolutions	9	3.3
8. I do not understand the resolutions well	15	5.4
9. Other	0	0.0
Total	276	-

Note: Investors who chose response 3 to the question in Figure 13 ("I plan not to exercise my voting rights for any of the companies in which I hold shares") were asked to select all of the answers from among those given that described their reasons for not planning to exercise voting rights.

In the latest survey we also asked investors a second spot question about the planned consumption tax hike. Asked whether they were aware of the government's planned hike in the consumption tax rate to 10% in October 2019, 94.2% of respondents said that they were (Figure 16).

**Fig. 16: Awareness of the consumption tax hike planned for October 2019**

Choices	No. of responses	% of responses
1. Yes, I am aware	942	94.2
2. No, I was not aware	58	5.8
Total	1,000	100.0

Note: Respondents were asked to select one response to the question: "Are you aware that the government is planning to increase the rate of consumption tax to 10% in October 2019?"

Next, those who replied in the affirmative were asked whether they thought that the government would go ahead with the planned increase in the consumption tax rate to 10%, to which 61.3% of respondents indicated that they thought it would go ahead (Figure 17).

**Fig. 17: Views on the likelihood of the consumption tax hike going ahead**

Choices	No. of responses	% of responses
1. Yes, I think the consumption tax hike will go ahead in October 2019	577	61.3
2. No, I do not think the consumption tax hike will go ahead in October 2019	220	23.4
3. I do not know	145	15.4
Total	942	-

Note: Investors who replied that they were aware of the planned consumption tax hike were asked to select one response to the following question: "The government has twice postponed increasing consumption tax to 10%; do you believe that the hike currently planned will go ahead?"

### 3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, Nomura Securities periodically conducts a survey—the Nomura Individual Investor Survey. The results of the survey have been published 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 11 June, with deadline for responses on 12 June 2018.

Survey content: Questions included each time 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 time and queried about their personal profiles.

### 4. Nomura Individual Investor Survey (June 2018) respondents

Gender: Male (84.8%), female (15.2%)

Age: Under 30 (0.5%), 30–39 (5.6%), 40–49 (19.8%), 50–59 (28.8%), 60 and above (45.3%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.3%), professional (physician/medical professional, lawyer, etc) (3.0%), company management/board member (4.3%), company employee/public servant (42.9%), student (0.1%), full-time homemaker (8.1%), part-time worker/casual worker/job-hopper (6.3%), unemployed/pensioner (25.7%), other (2.3%)

Region: Kanto (50.6%), Kinki (18.6%), Tokai/Koshinetsu/Hokuriku (16.3%), Hokkaido/Tohoku (4.0%), Chugoku/Shikoku/Kyushu (10.5%)

Financial assets held: Less than ¥1,000,000 (4.4%), ¥1,000,000–¥2,999,999 (7.5%), ¥3,000,000–¥4,999,999 (10.7%), ¥5,000,000–¥9,999,999 (16.8%), ¥10,000,000–¥29,999,999 (29.8%), ¥30,000,000–¥49,999,999 (15.6%), ¥50,000,000 or more (15.2%)

Value of Japanese stocks held: Less than ¥500,000 (7.7%), ¥500,000–¥999,999 (10.2%), ¥1,000,000–¥2,999,999 (21.4%), ¥3,000,000–¥4,999,999 (18.8%), ¥5,000,000–¥9,999,999 (18.1%), ¥10,000,000–¥29,999,999 (16.6%), ¥30,000,000 or more (7.2%)

Investment experience: Less than three years (1.3%), three years to less than five years (5.9%), five years to less than 10 years (20.4%), 10 years to less than 20 years (31.8%), 20 years or more (40.6%)

Investment plan for Japanese stocks: Mainly for long-term holding (48.5%), pursuit of gains from short-term appreciation (11.4%), pursuit of dividends and shareholder perks (29.5%), no particular plan (10.6%)

#### Notice

The next Nomura Individual Investor Survey (September 2018) is scheduled for release on Friday, 21 September 2018.

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

### Important Disclosures

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As at 31 December 2017.

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