

Nomura Individual Investor Survey

September 2018

21 September 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 down from previous survey at 27.6

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 27.6 in September 2018, down 10.4pt versus the previous survey. The Nikkei 225 reference level (10 September 2018 close) was 22,373.09, down 430.95 versus the previous survey (11 June 2018 close of 22,804.04).

(2) Increased focus on weather and natural disasters, domestic politics

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "weather and natural disasters" rose 4.3ppt versus the previous survey to 5.0%. The response rate for domestic politics rose 2.3ppt to 10.2%. However, the response rate for international affairs fell 7.5ppt to 61.1%.

(3) Rise in appeal of capital goods/other sector, pharmaceuticals sector

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 capital goods/other sector rose 5.1pt versus the previous survey to 11.1, the highest reading since January 2015. The DI for the pharmaceuticals sector rose 3.8pt to 9.3. On the other hand, the DI for the transportation and utilities sector fell 3.0pt to -5.0.

(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 60.8%, up 5.3ppt from the previous survey. The response rate for "rise of about ¥5 against the dollar" rose 3.7ppt to 49.1%. The response rate for "rise of about ¥10 against the dollar" rose 0.1ppt to 9.1% and the response rate for "rise of more than ¥10 against the dollar" rose 1.5ppt to 2.6%.

The response rate for "fall of about ¥5 against the dollar" fell 4.2ppt from the previous survey to 35.3%, while the response rate for "fall of about ¥10 against the dollar" fell 1.1ppt to 2.9%. The response rate for "fall of more than ¥10 against the dollar" remained unchanged at 1.0%.

(5) Investment appeal of pound sterling recovers

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." On this occasion, the DI for pound sterling recovered 3.9pt versus the previous survey to -1.4, its highest reading since May 2016. In contrast, the DI for the Brazilian real declined 4.3pt to -30.1, its lowest reading since January 2010.

(6) Cash & deposits attract greater attention

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 cash & deposits rose 1.5pt versus the previous survey to 30.3. The DI for hybrid securities also rose 1.4pt to 3.5.

(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, 44.6% of respondents selected a "rise" response, down 3.7ppt from last time. The proportion of respondents selecting the "no change" response rose 3.2ppt to 43.3%. The proportion of respondents selecting a "fall" response rose 0.5ppt to 12.1%.

(8) Exercise of voting rights at general shareholders' meetings

For this month's spot questions, we first asked investors about the exercise of voting rights at general shareholders' meetings in June 2018. Some 54.1% of respondents said that they had exercised voting rights at general shareholders' meetings in June 2018, down 1.0ppt on the figure in the survey a year ago. The proportion of respondents who exercised voting rights with regard to all companies in which they owned shares was 36.1%, down 3.0ppt from last year's survey. The proportion that said they had exercised voting rights for some stocks they owned was 18.0%, up 2.0ppt compared with the year-earlier survey.

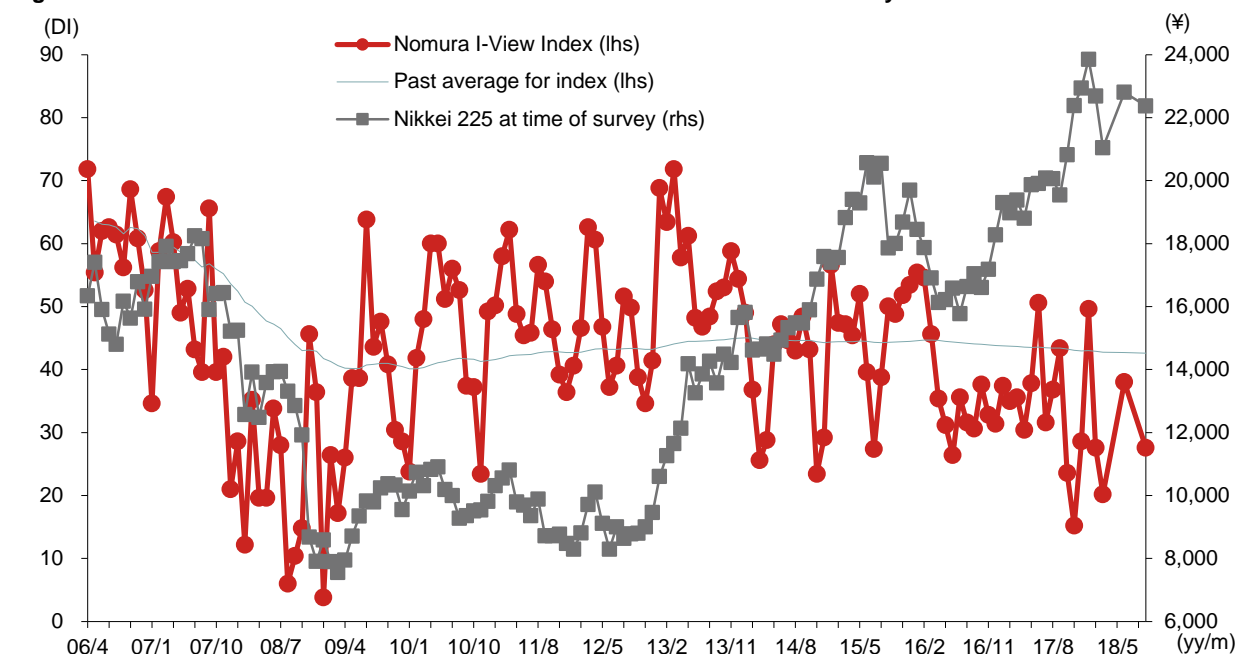
We also asked investors who said they had exercised voting rights whether they had voted in favor of or against the resolutions (multiple responses allowed). The proportion of investors who said they voted in favor of all resolutions was 50.1%, up 2.2ppt from the survey a year earlier. Among those resolutions they had voted against, the response rate was highest for "dividends (use of surplus funds)," at 12.5%, followed by "director compensation/bonuses," at 9.1%. We also asked respondents who had not exercised their voting rights to indicate why (multiple responses allowed). The most common reasons given were "because it is a hassle" and "because the impact of my vote is small", both with 32.9%.

2. Survey results

(1) Nomura I-View Index down from previous survey at 27.6

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 27.6 in September 2018, down 10.4pt versus the previous survey. The Nikkei 225 reference level (10 September 2018 close) was 22,373.09, down 430.95 versus the previous survey (11 June 2018 close of 22,804.04) (Figure 1).

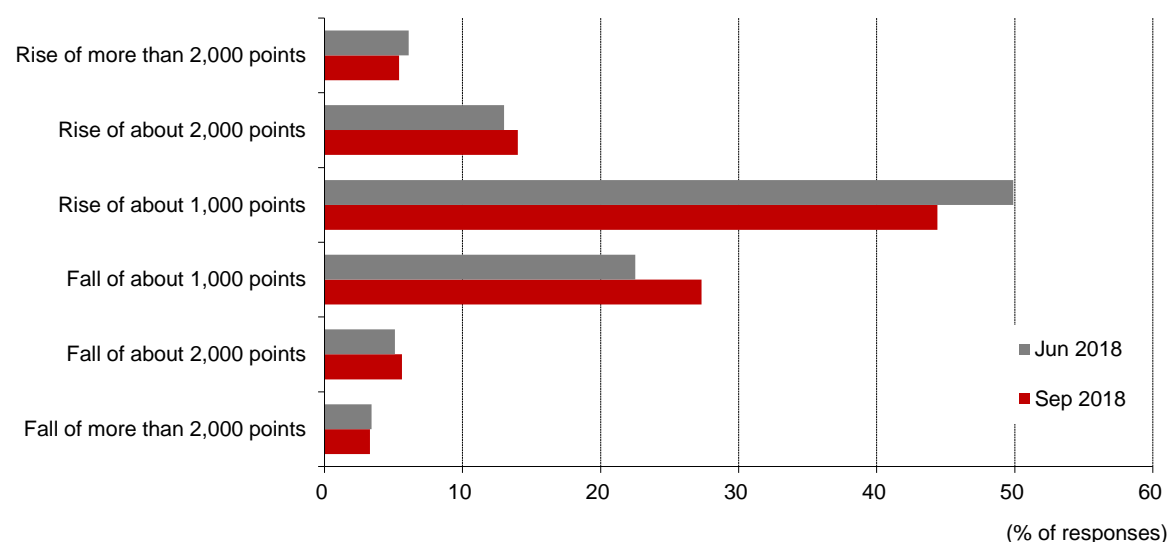
Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey



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: $\frac{[(\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})]}{(\text{number of responses})} \times 100$. 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 percentage of respondents expecting the Nikkei 225 to rise over the next three months was 63.8%, down 5.2ppt from 69.0% in the previous survey. The proportion of respondents expecting a "rise of about 1,000 points" was down 5.5ppt versus the previous survey at 44.4%. The proportion of respondents expecting a "rise of about 2,000 points" was up 1.0ppt at 14.0%, while the proportion responding "rise of more than 2,000 points" fell 0.7ppt to 5.4%.

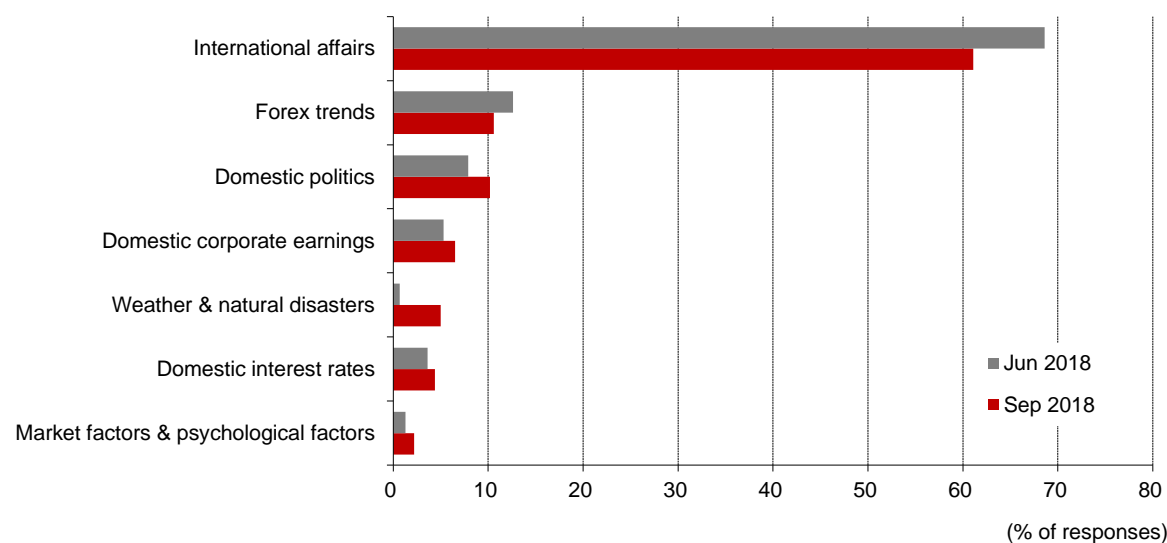
The proportion selecting a "fall of about 1,000 points" rose 4.8ppt versus the previous survey to 27.3%, while the proportion selecting a "fall of about 2,000 points" rose 0.5ppt to 5.6%. The proportion expecting a "fall of more than 2,000 points" fell 0.1ppt to 3.3% (Figure 2).

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 10 September close of 22,373. 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 focus on weather and natural disasters, domestic politics

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "weather and natural disasters" rose 4.3ppt versus the previous survey to 5.0%. The response rate for domestic politics rose 2.3ppt to 10.2%. However, the response rate for international affairs fell 7.5ppt to 61.1% (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.

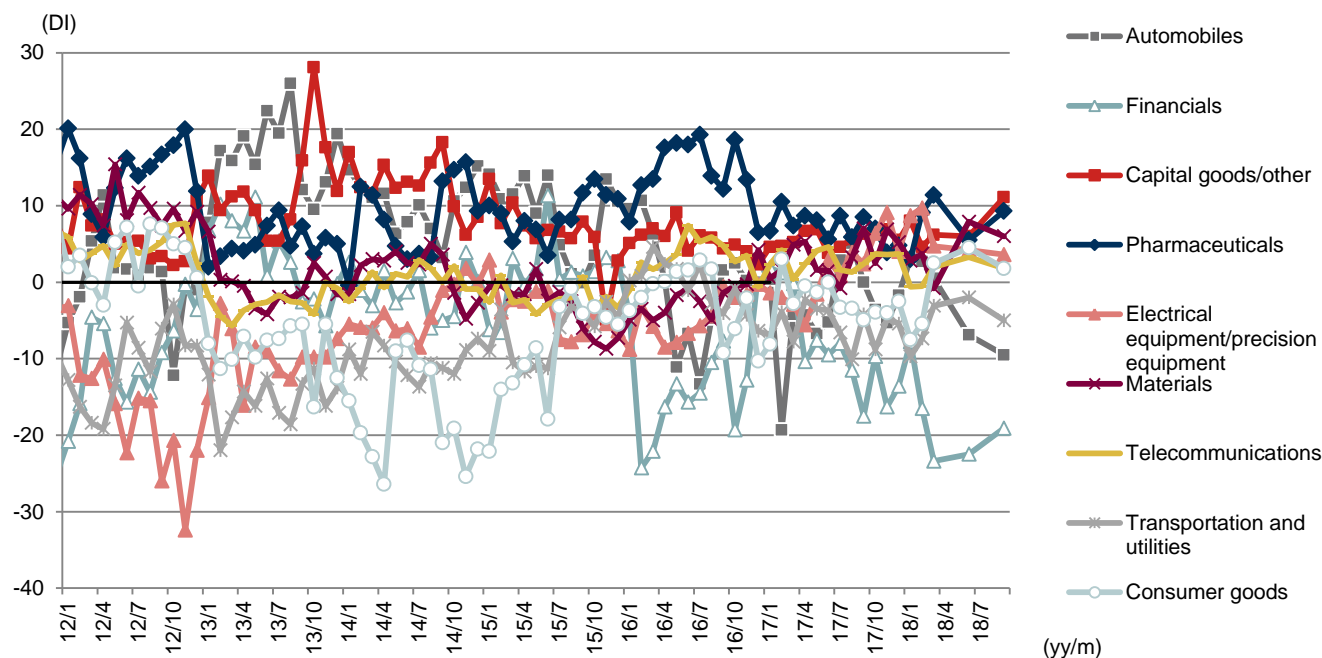
(3) Rise in appeal of capital goods/other sector, pharmaceuticals sector

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 capital goods/other sector rose 5.1pt versus the previous survey to 11.1, the highest reading since January 2015. The DI for the pharmaceuticals sector rose 3.8pt to 9.3. On the other hand, the DI for the transportation and utilities sector fell 3.0pt to -5.0 (Figures 4 & 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Capital goods/other	11.1	15.5	4.4	6.0
Pharmaceuticals	9.3	13.4	4.1	5.5
Materials	6.0	14.7	8.7	7.9
Electrical equipment/precision equipment	3.6	10.6	7.0	4.2
Consumer goods	1.8	15.3	13.5	4.5
Telecommunications	1.8	6.7	4.9	3.3
Transportation and utilities	-5.0	6.6	11.6	-2.0
Automobiles	-9.5	9.0	18.5	-6.9
Financials	-19.1	8.2	27.3	-22.5

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 find appealing. We show the most popular responses in Figure 6.

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

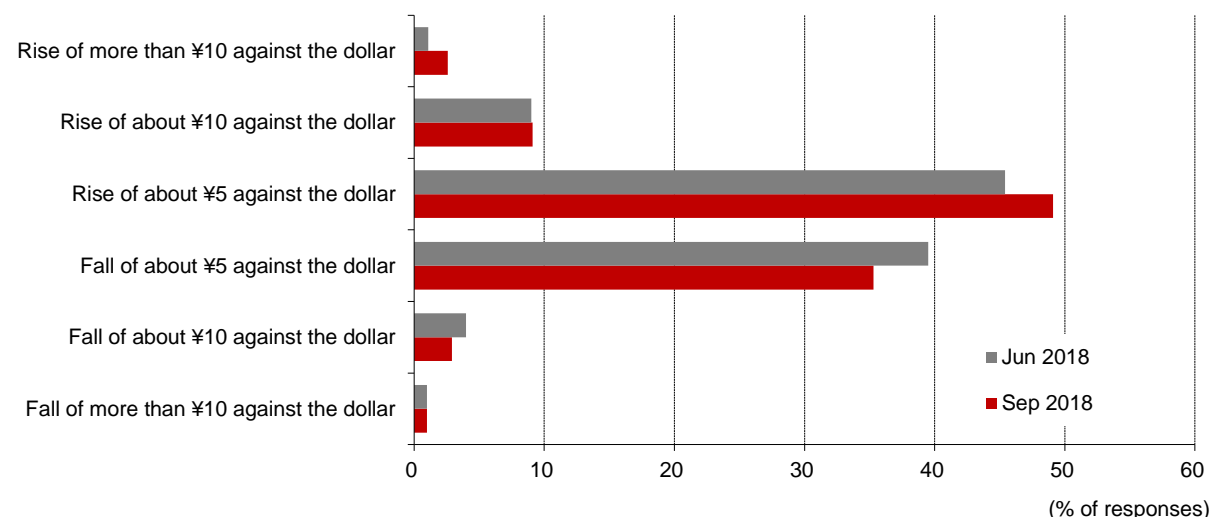
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	81	3402	Toray Industries	8
9984	Softbank Group	29	3407	Asahi Kasei	8
4502	Takeda Pharmaceutical	21	4755	Rakuten	8
8267	Aeon	21	6594	Nidec	8
6758	Sony	20	6981	Murata Manufacturing	8
7201	Nissan Motor	20	8591	Orix	8
4661	Oriental Land	17	3197	Skylark	7
6501	Hitachi	17	7751	Canon	7
8411	Mizuho Financial Group	16	8058	Mitsubishi Corp	7
2914	Japan Tobacco	14	9432	Nippon Telegraph and Telephone	7
9202	ANA Holdings	13	4503	Astellas Pharma	6
8306	Mitsubishi UFJ Financial Group	12	6178	Japan Post Holdings	6
9437	NTT Docomo	11	6301	Komatsu	6
4452	Kao	10	6503	Mitsubishi Electric	6
6752	Panasonic	10	6701	NEC	6
7974	Nintendo	9	7267	Honda Motor	6
2702	McDonald's Holdings (Japan)	8	9201	Japan Airlines	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 60.8%, up 5.3ppt from the previous survey. The response rate for "rise of about ¥5 against the dollar" rose 3.7ppt to 49.1%. The response rate for "rise of about ¥10 against the dollar" rose 0.1ppt to 9.1% and the response rate for "rise of more than ¥10 against the dollar" rose 1.5ppt to 2.6%.

The response rate for "fall of about ¥5 against the dollar" fell 4.2ppt from the previous survey to 35.3%, while the response rate for "fall of about ¥10 against the dollar" fell 1.1ppt to 2.9%. The response rate for "fall of more than ¥10 against the dollar" remained unchanged at 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 10 September 2018 indicative rate of 111.00. 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 pound sterling recovers

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." On this occasion, the DI for pound sterling recovered 3.9pt

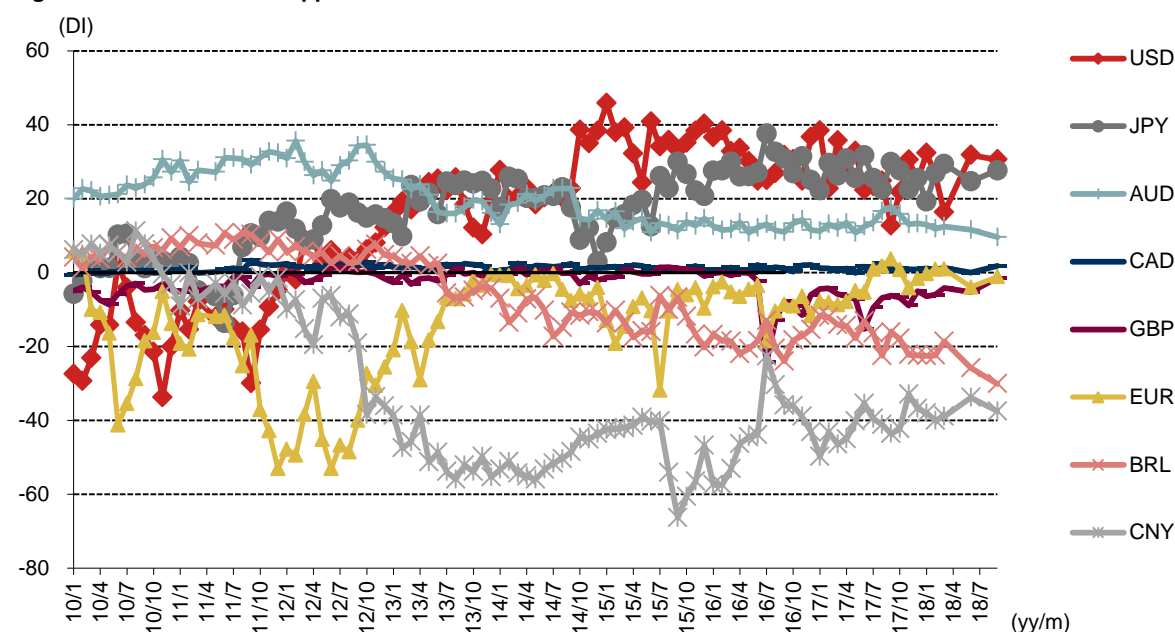
versus the previous survey to -1.4, its highest reading since May 2016. In contrast, the DI for the Brazilian real declined 4.3pt to -30.1, its lowest reading since January 2010 (Figures 8 & 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	30.6	38.5	7.9	31.8
Japanese yen	27.7	34.3	6.6	24.7
Australian dollar	9.6	12.3	2.7	11.6
Canadian dollar	1.8	2.0	0.2	0.0
Euro	-1.1	5.0	6.1	-3.9
Pound sterling	-1.4	2.1	3.5	-5.3
Brazilian real	-30.1	1.6	31.7	-25.8
Chinese yuan	-37.5	2.7	40.2	-33.8

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



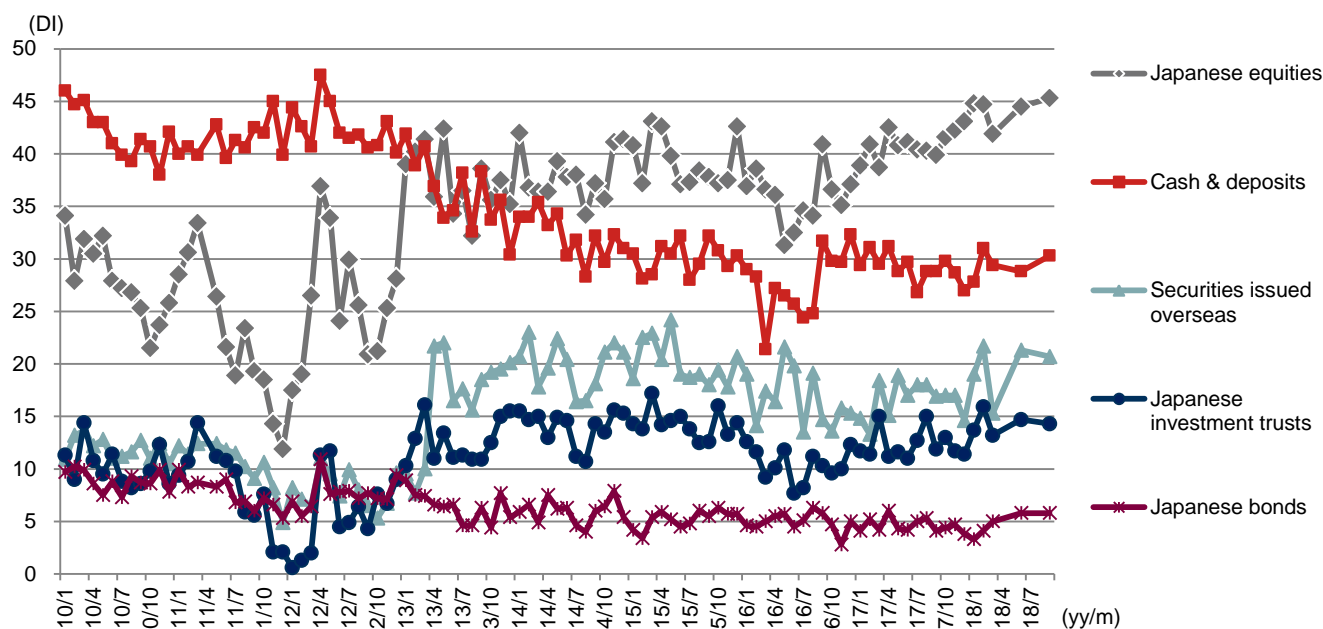
(7) Cash & deposits attract greater attention

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 cash & deposits rose 1.5pt versus the previous survey to 30.3. The DI for hybrid securities also rose 1.4pt to 3.5.

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	45.3	55.4	10.1	44.5
Cash & deposits	30.3	35.6	5.3	28.8
Japanese investment trusts	14.3	21.2	6.9	14.7
Foreign equities	10.5	11.7	1.2	10.7
Gold	6.5	7.6	1.1	5.3
Foreign investment trusts	6.2	7.4	1.2	6.5
Japanese bonds	5.8	7.4	1.6	5.8
Foreign bonds	4.0	4.6	0.6	4.1
Hybrid securities	3.5	4.1	0.6	2.1
Other	0.3	0.4	0.1	0.5
None	-48.9	29.0	77.9	-49.5

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 unchanged one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 44.6% of respondents selected a "rise" response, down 3.7ppt from last time. The proportion of respondents selecting the "no change" response rose 3.2ppt to 43.3%. The proportion of respondents selecting a "fall" response rose 0.5ppt to 12.1% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.4	2.6
2	Fall of 2% up to 5%	3.4	3.1
3	Fall of less than 2%	6.3	5.9
4	No change (0%)	43.3	40.1
5	Rise of less than 2%	33.9	37.1
6	Rise of 2% up to 5%	8.7	9.3
7	Rise of 5% or more	2.0	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?"

(9) Exercise of voting rights at general shareholders' meetings

For this month's spot questions, we first asked investors about the exercise of voting rights at general shareholders' meetings in June 2018. Some 54.1% of respondents said that they had exercised voting rights at general shareholders' meetings in June 2018, down 1.0ppt on the figure in the survey a year ago. The proportion of respondents who exercised voting rights with regard to all companies in which they owned shares was 36.1%, down 3.0ppt from last year's survey. The proportion that said they had exercised voting rights for some stocks they owned was 18.0%, up 2.0ppt compared with the year-earlier survey (Figure 13).

Fig. 13: Exercise of voting rights at general shareholders' meetings

	Choices	% of responses	2017 survey % of responses
Exercised voting rights for all stocks owned			
1	Attended general meeting and exercised rights for all stocks owned	2.6	2.5
2	Exercised rights for all stocks owned in writing (by post)	21.6	23.3
3	Exercised rights for all stocks owned electronically (by internet, mobile phone, smartphone)	9.6	10.2
4	Exercised rights for all stocks owned via a combination of methods listed in choices 1–3 above	2.3	3.1
Exercised voting rights for some stocks owned			
5	Attended general meeting and exercised rights for some stocks owned	4.5	4.8
6	Exercised rights for some stocks owned in writing (by post)	8.8	7.8
7	Exercised rights for some stocks owned electronically (by internet, mobile phone, smartphone)	3.9	1.8
8	Exercised rights for some stocks owned via a combination of methods listed in choices 5–7 above	0.8	1.6
9	Did not exercise rights for any stocks owned	38.6	36.9
10	Held no stocks in subject companies	7.3	8.0
	Total	100.0	100.0

Note: We asked investors to select one of the above 10 options with regard to the exercise of voting rights at general shareholders' meetings for March year-end companies held in June 2018.

We also asked investors who said they had exercised voting rights whether they had voted in favor of or against the resolutions (multiple responses allowed). The proportion of investors who said they voted in favor of all resolutions was 50.1%, up 2.2ppt from the survey a year earlier. Among those resolutions they had voted against, the response rate was highest for "dividends (use of surplus funds)," at 12.5%, followed by "director compensation/bonuses," at 9.1% (Figure 14).

Fig. 14: Voting in favor of/against company resolutions

	Choices	2018 survey		2017 survey	
		No. of responses	%	No. of responses	%
1	Voted in favor of all resolutions	352	50.1	354	47.9
2	Dividends (use of surplus funds)	88	12.5	78	10.6
3	Director compensation/bonuses	64	9.1	77	10.4
4	Retirement bonuses for directors	56	8.0	67	9.1
5	Grant of stock options	29	4.1	38	5.1
6	Selection of directors/auditors (including auditors at companies with an audit board)	51	7.3	60	8.1
7	Introduction of takeover defense measures	25	3.6	15	2.0
8	Change in the number of directors (reduction, establishment of upper limit)	14	2.0	26	3.5
9	Change in the maximum number of issuable shares	11	1.6	8	1.1
10	Share buybacks	12	1.7	16	2.2
	No. of responses	702	100.0	739	100.0

Note: We asked investors who selected responses 1–8 in Figure 13 which company resolutions they had voted against from the list of 10 shown in Figure 13 (multiple responses allowed).

We also asked respondents who had not exercised their voting rights to indicate why (multiple responses allowed). The most common reasons given were "because it is a hassle" and "because the impact of my vote is small", both with 32.9% (Figure 15).

Fig. 15: Reasons for not exercising voting rights

	Choices	2018 survey		2017 survey	
		No. of responses	%	No. of responses	%
1	Because it is a hassle	182	32.9	159	31.7
2	Because the impact of my vote is small	182	32.9	181	36.1
3	None of the resolutions required me to express an opinion	47	8.5	42	8.4
4	I did not have the time to study the resolutions	24	4.3	21	4.2
5	I could not attend the general meeting or I forgot to mail the voting card	17	3.1	14	2.8
6	My investment style is mainly short term or seeking capital gains, so I do not view exercising my voting rights as important	12	2.2	15	3.0
7	I have no interest in exercising voting rights	63	11.4	42	8.4
8	I did not understand the resolutions well	11	2.0	19	3.8
9	Other	15	2.7	9	1.8
	Total	553	100.0	502	100.0

Note: We asked investors who selected option 9 in Figure 13 to select one or more responses in Figure 15 indicating why they had not exercised their 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 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 10 September, with deadline for responses on 11 September 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 (September 2018) respondents

Gender: Male (84.5%), female (15.5%)

Age: Under 30 (0.5%), 30–39 (5.1%), 40–49 (22.0%), 50–59 (29.2%), 60 and above (43.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.0%), professional (physician/medical professional, lawyer, etc) (2.9%), company management/board member (4.1%), company employee/public servant (45.5%), student (0.0%), full-time homemaker (7.6%), part-time worker/casual worker/job-hopper (5.9%), unemployed/pensioner (25.6%), other (1.4%)

Region: Kanto (53.1%), Kinki (18.3%), Tokai/Koshinetsu/Hokuriku (15.1%), Hokkaido/Tohoku (3.2%), Chugoku/Shikoku/Kyushu (10.3%)

Financial assets held: Less than ¥1,000,000 (4.4%), ¥1,000,000–¥2,999,999 (8.0%), ¥3,000,000–¥4,999,999 (10.4%), ¥5,000,000–¥9,999,999 (18.0%), ¥10,000,000–¥29,999,999 (28.4%), ¥30,000,000–¥49,999,999 (14.3%), ¥50,000,000 or more (16.5%)

Value of Japanese stocks held: Less than ¥500,000 (8.0%), ¥500,000–¥999,999 (9.7%), ¥1,000,000–¥2,999,999 (21.4%), ¥3,000,000–¥4,999,999 (18.7%), ¥5,000,000–¥9,999,999 (16.7%), ¥10,000,000–¥29,999,999 (17.9%), ¥30,000,000 or more (7.6%)

Investment experience: Less than three years (2.0%), three years to less than five years (5.7%), five years to less than 10 years (19.3%), 10 years to less than 20 years (33.7%), 20 years or more (39.3%)

Investment plan for Japanese stocks: Mainly for long-term holding (48.8%), pursuit of gains from short-term appreciation (11.3%), pursuit of dividends and shareholder perks (30.2%), no particular plan (9.7%)

Notice

The next Nomura Individual Investor Survey (December 2018) is scheduled for release on Thursday, 20 December 2018.

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

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As at 30 June 2018.

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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.

Target Price

A Target Price, if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting 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 J117 and subsequent issues, the maturity value shall not undercut the face amount.

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