

Nomura Individual Investor Survey

September 2015

17 September 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 11.2pt m-m to 50.0

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 50.0 in September, a rise of 11.2pt from August (38.8). The Nikkei Average reference level at the time of the survey (7 September 2015 close) was 17,860.47, down 2,687.64 from the previous survey (3 August close of 20,548.11), and the September survey saw an increase in the number of survey respondents expecting share prices to rally.

(2) Investor interest in international affairs rose to highest level since January 2010

Respondents were asked to select the factor most likely to affect the stock market in the next three months. The most-watched factor was again international affairs with a response rate of 75.6%, the highest since we adopted the current survey format in January 2010. Meanwhile, the response rates for domestic politics, domestic corporate earnings, forex trends, and domestic interest rates all declined from the previous month.

(3) Pharmaceuticals most appealing sector, while appeal of consumer goods and materials weakened

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". The pharmaceuticals sector was the most appealing sector this month, as in August, and its DI was also up 3.5pt m-m, to 11.7. Meanwhile, the DI for telecommunications turned positive for the first time since the February 2015 survey, rising 2.7pt m-m to 0.7. In contrast, the DI for materials declined 3.5pt m-m, and the DI for consumer goods fell 3.3pt m-m, while that for automobiles turned negative for the first time since the December 2012 survey, falling 1.2pt m-m to -0.1.

(4) Proportion of respondents expecting yen to appreciate and depreciate against US dollar roughly the same

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 49.6%, up 11.6ppt from the previous month (38.0%). The response rates for "fall of about ¥5 against the dollar" and "fall of about ¥10 against the dollar" rose 8.9ppt m-m and 2.6ppt respectively. In contrast, the proportion choosing "rise of about ¥5 against the dollar" fell 14.4ppt from the previous month.

(5) Japanese yen more appealing currency, appeal of Chinese yuan declined again as in August

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 33.2, although its DI fell 2.6pt m-m. The DI for the Japanese yen saw the largest m-m rise, of 7.2ppt, while the DI for the Chinese yuan fell 12.2ppt, the second straight month with a more than 10ppt decline.

(6) Cash & deposits 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 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 their DI fell 0.6pt m-m. Cash & deposits saw the largest rise, of 2.7pt m-m, to 32.2, while foreign equities declined 1.3pt.

(7) Higher proportion of respondents expect prices to rise

When asked for their outlook for prices of regularly purchased goods and services one year out, 48.0% of respondents said they expected prices to rise, down 8.2ppt from the previous month. The largest decline was for "rise of 2% up to 5%," which fell 7.4ppt m-m. The response rate for "no change" was up 7.4ppt, while the proportion of respondents expecting prices to fall was up 0.8ppt.

(8) Impressions of JPX-Nikkei Index 400

For this month's spot question, we asked investors about their impressions of the new JPX-Nikkei Index 400, which was launched in January 2014. Index constituents are selected based on factors such as earnings performance and capital efficiency. We asked investors whether they would use the index to help them make investment decisions. The most popular response was "don't know," with a response rate of 33.3% (this was also the most popular response the last time we asked this question, in September 2014). We also asked investors about how they thought the JPX-Nikkei Index 400 would be viewed in the future compared with existing indices. The most popular response again was "don't know," selected by 44.7% of respondents. With no significant differences in responses between September 2014 and September 2015, it looks as though there has yet to be any major increase in investor awareness of the JPX-Nikkei Index 400 even though it was launched twenty months ago.

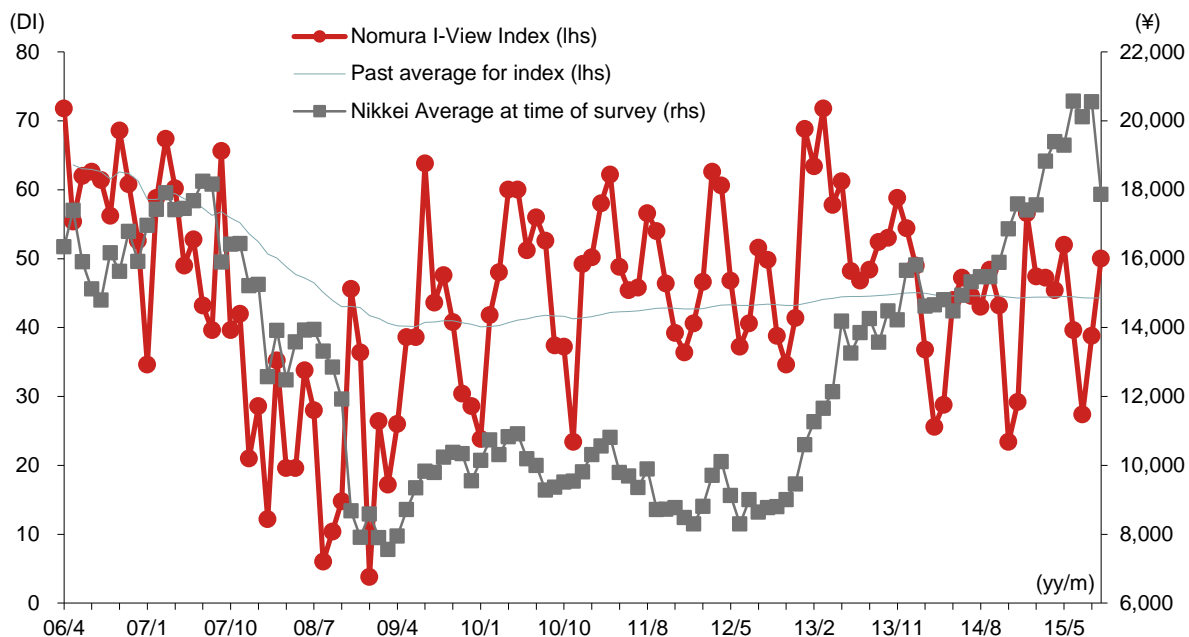
2. Survey results

(1) Nomura I-View Index rises 11.2pt m-m to 50.0

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 50.0 in September, a rise of 11.2pt from August (38.8) (Figure 1).

The Nikkei Average reference level at the time of the survey (7 September 2015 close) was 17,860.47, down 2,687.64 from the previous survey (3 August close of 20,548.11), and the September survey saw an increase in the number of survey respondents expecting share prices to rally.

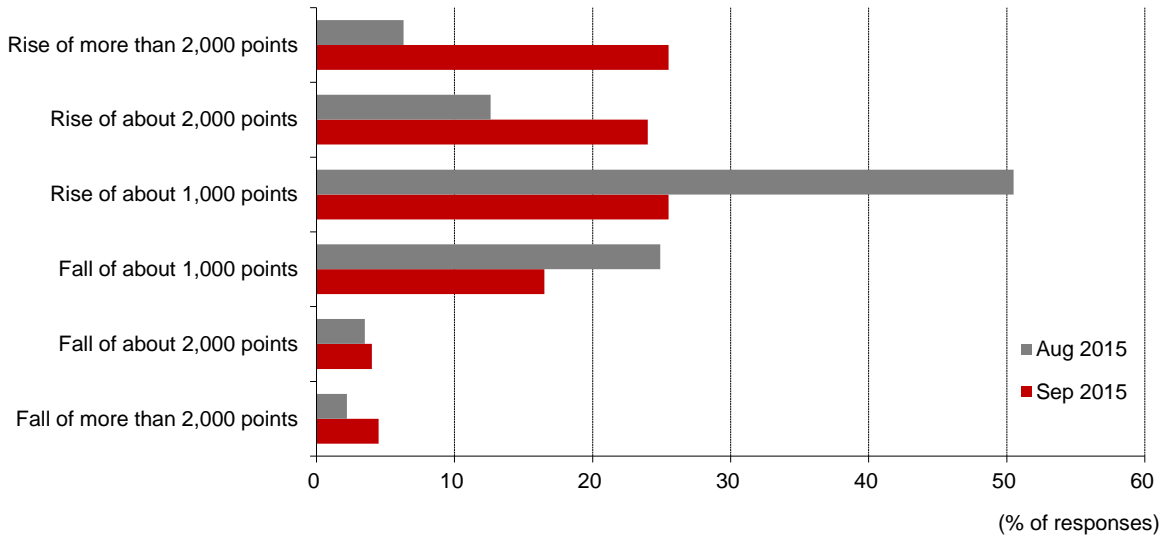
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 75.0%, up 5.6ppt from the last survey (69.4%). The proportion of respondents expecting a "rise of more than 2,000 points" was 25.5%, the highest percentage recorded since we adopted the current survey format in February 2010. Meanwhile, the proportion of respondents expecting a "rise of about 2,000 points" rose 11.4ppt m-m, to 24.0%, while that for respondents expecting a "rise of about 1,000 points" fell 25.0ppt, and that for a "fall of about 1,000" fell 8.4ppt (Figure 2).

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

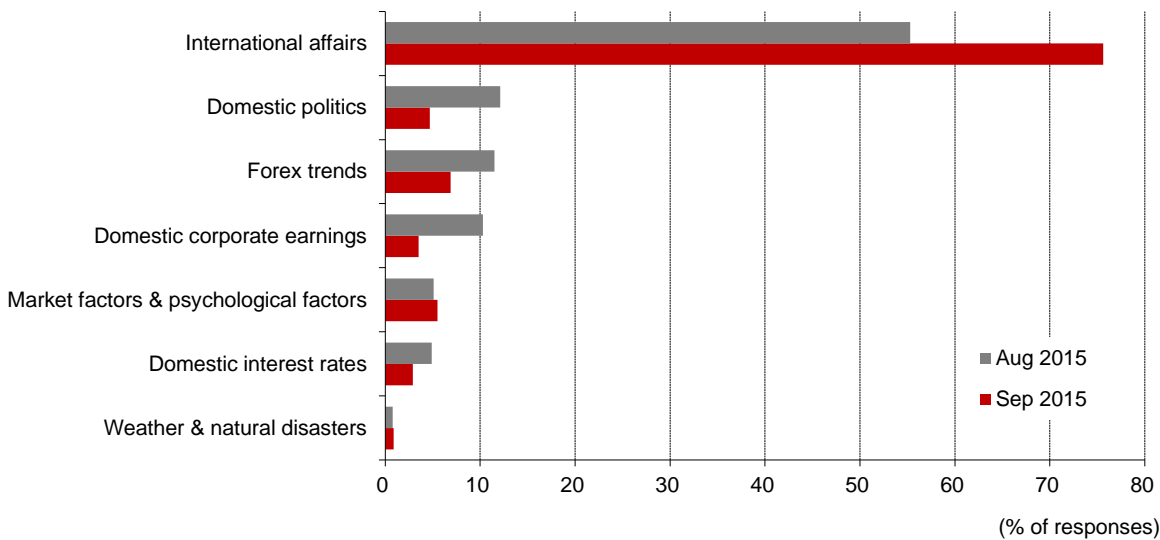


Note: Respondents were asked to share their outlook for the Nikkei Average over the next three months based on the 7 September close of 17,860. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Investor interest in international affairs rose to highest level since February 2010

Respondents were asked to select the factor most likely to affect the stock market in the next three months. The most-watched factor was again international affairs with a response rate of 75.6%, the highest since we adopted the current survey format in January 2010. Meanwhile, the response rates for domestic politics, domestic corporate earnings, forex trends, and domestic interest rates all declined from the previous month (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 affect the stock market over the next three months or so.

(3) Pharmaceuticals again most appealing sector, while appeal of consumer goods and materials weakened

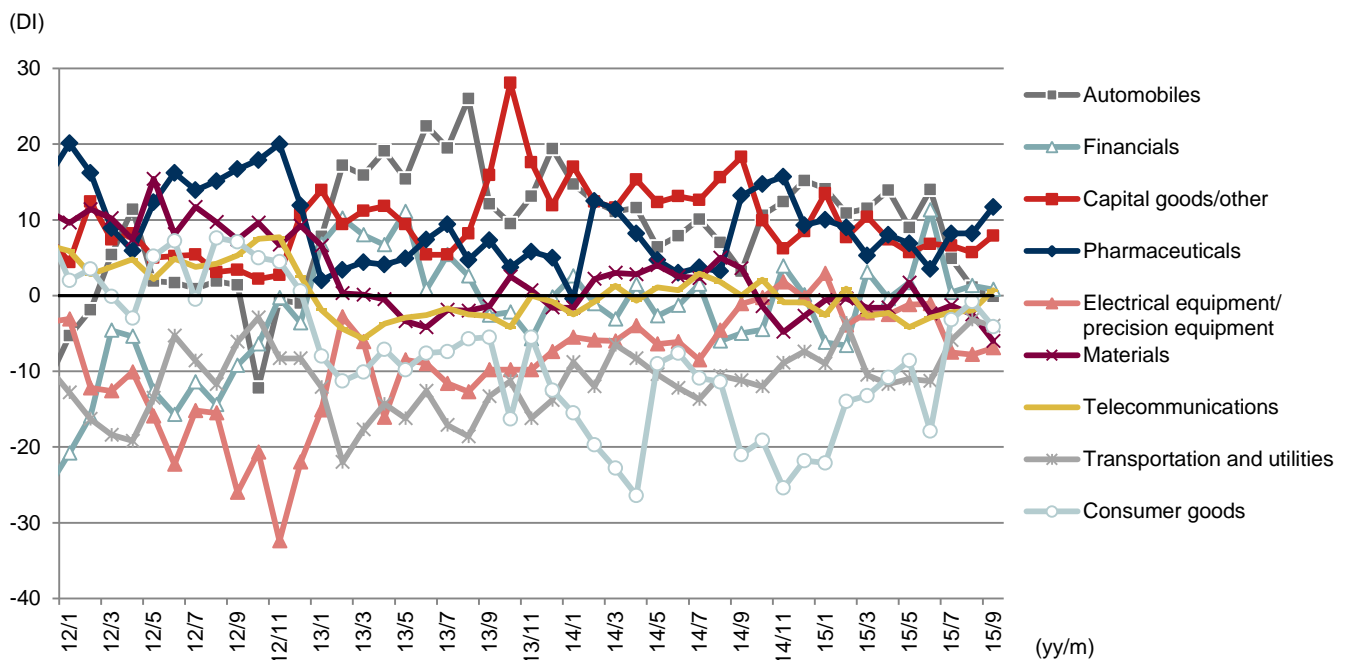
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing". The pharmaceuticals sector was the most appealing sector this month, as in August, and its DI was up 3.5pt m-m, to 11.7. Meanwhile, the DI for telecommunications turned positive for the first time since the February 2015 survey, rising 2.7pt m-m to 0.7. In contrast, the DI for materials declined 3.5pt m-m, and that for consumer goods fell 3.3pt m-m, while that for automobiles turned negative for the first time since the December 2012 survey, falling 1.2pt m-m to -0.1 (Figures 4, 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	11.7	16.3	4.6	8.2
Capital goods/other	7.9	13.3	5.4	5.7
Financials	0.8	13.7	12.9	1.3
Telecommunications	0.7	5.6	4.9	-2.0
Automobiles	-0.1	12.2	12.3	1.1
Transportation and utilities	-4.0	7.0	11.0	-3.2
Consumer goods	-4.1	14.4	18.5	-0.8
Materials	-6.0	9.8	15.8	-2.5
Electrical equipment/precision equipment	-6.9	7.7	14.6	-7.8

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 financials 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. Figure 6 shows the most popular responses.

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

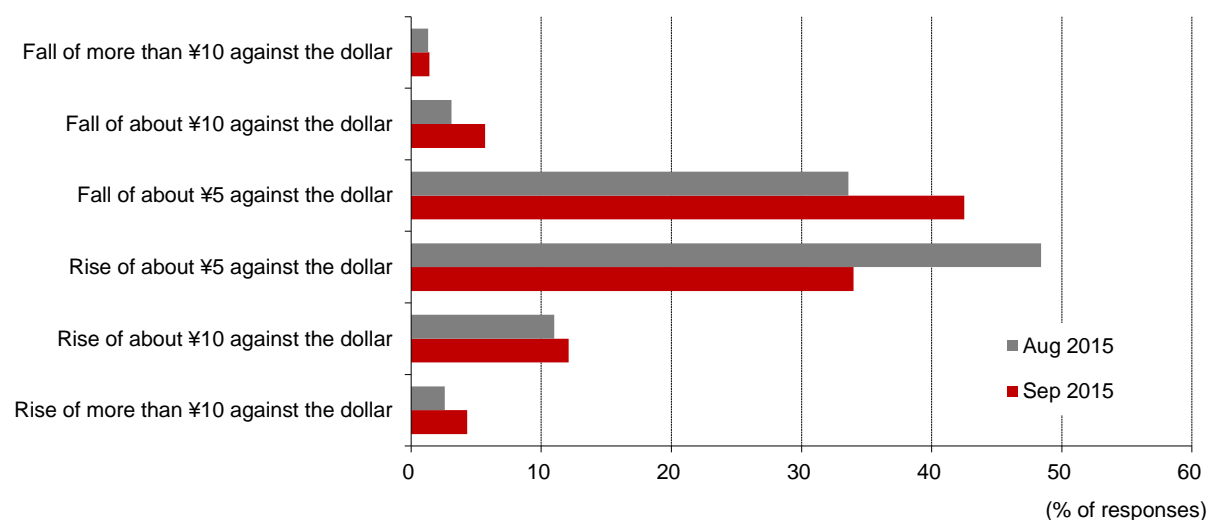
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	114	4503	Astellas Pharma	8
8411	Mizuho Financial Group	31	8031	Mitsui & Co	8
9984	Softbank Group	30	9020	East Japan Railway	8
8306	Mitsubishi UFJ Financial Group	26	7201	Nissan Motor	8
8267	Aeon	22	9501	Tokyo Electric Power	8
4661	Oriental Land	19	8316	Sumitomo Mitsui Financial Group	7
4502	Takeda Pharmaceutical	18	8604	Nomura Holdings	7
5401	Nippon Steel & Sumitomo Metal	14	3402	Toray Industries	7
8058	Mitsubishi Corp	14	6752	Panasonic	7
6758	Sony	13	2931	Euglena	7
6501	Hitachi	13	6954	Fanuc	7
6502	Toshiba	13	4755	Rakuten	7
9202	ANA Holdings	12	8473	SBI Holdings	7
2811	Kagome	11	7270	Fuji Heavy Industries	6
7751	Canon	10	9432	Nippon Telegraph and Telephone	6
1801	Taisei	10	9201	Japan Airlines	6
4901	Fujifilm Holdings	9			

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

(5) Proportion of respondents expecting yen to appreciate and depreciate against US dollar roughly the same

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 49.6%, up 11.6ppt from the previous month (38.0%). The response rates for "fall of about ¥5 against the dollar" and "fall of about ¥10 against the dollar" rose 8.9ppt m-m and 2.6ppt respectively. In contrast, the proportion choosing "rise of about ¥5 against the dollar" fell 14.4ppt from the previous month (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 September 2015 indicative rate of 119.36. 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) Japanese yen more appealing currency, appeal of Chinese yuan declined again as in August

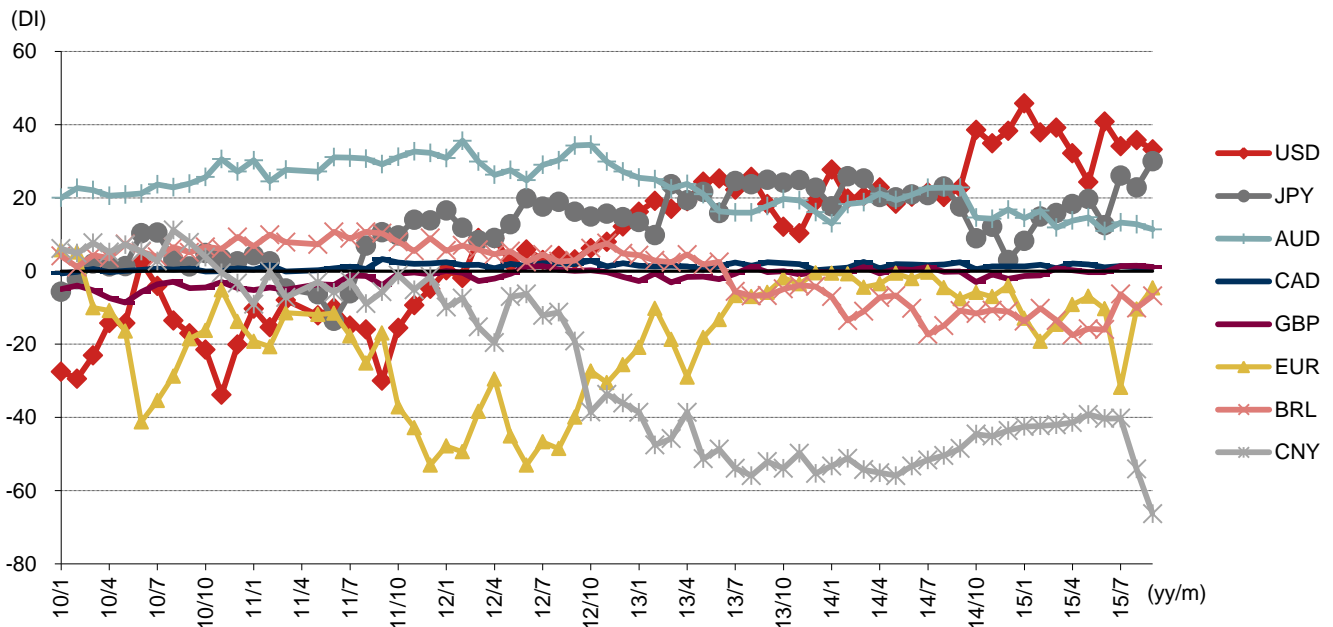
We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The US dollar remained the most appealing, with a DI of 33.2, although its DI fell 2.6pt m-m. The DI for the Japanese yen saw the largest m-m rise, of 7.2ppt, while that for the Chinese yuan fell 12.2ppt, the second straight month with a decline of more than 10ppt (Figures 8, 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	33.2	37.8	4.6	35.8
Japanese yen	30.0	34.4	4.4	22.8
Australian dollar	11.4	14.4	3.0	12.8
Pound sterling	1.1	2.0	0.9	1.5
Canadian dollar	1.1	1.9	0.8	1.0
Euro	-4.6	4.1	8.7	-10.4
Brazilian real	-6.8	3.1	9.9	-10.1
Chinese yuan	-66.3	0.9	67.2	-54.1

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 further interest

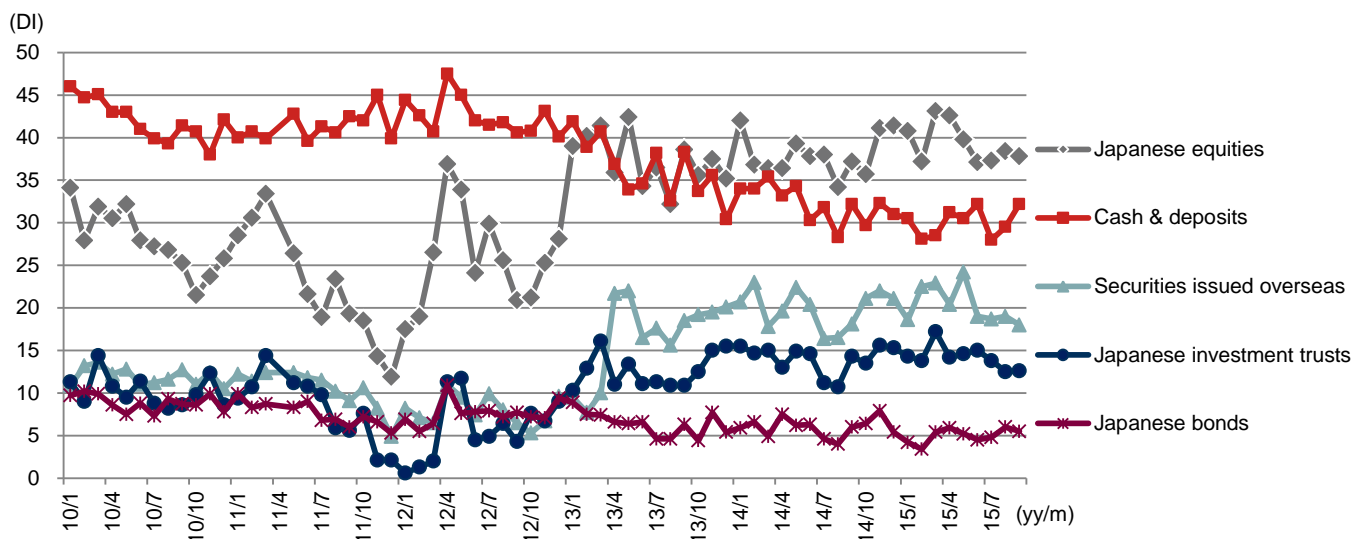
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, but their DI fell 0.6pt m-m. Cash & deposits saw the largest rise, of 2.7pt m-m, to 32.2, while foreign equities fell 1.3pt (Figures 10, 11).

Fig. 10: Types of 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	37.8	50.2	12.4	38.4
Cash & deposits	32.2	35.2	3.0	29.5
Japanese investment trusts	12.6	17.6	5.0	12.5
Gold	9.2	9.7	0.5	8.2
Foreign equities	7.8	8.9	1.1	9.1
Japanese bonds	5.5	6.8	1.3	6.0
Foreign investment trusts	5.4	6.4	1.0	5.6
Foreign bonds	4.8	5.8	1.0	4.3
Hybrid securities	1.4	1.8	0.4	1.7
Other	0.7	0.9	0.2	0.5
None	-48.7	29.7	78.4	-49.3

Note: Respondents were given a selection 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 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: 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 proportion of respondents expect prices to rise one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 48.0% of respondents said they expected prices to rise, down 8.2ppt from the previous month. The largest decline was for "rise of 2% up to 5%," which fell 7.4ppt m-m. The response rate for "no change" was up 7.4ppt, and the proportion of respondents expecting prices to fall was up 0.8ppt (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.0	3.2
2	Fall of 2% up to 5%	4.2	5.1
3	Fall of less than 2%	7.9	6.0
4	No change (0%)	36.9	29.5
5	Rise of less than 2%	30.4	37.8
6	Rise of 2% up to 5%	14.4	15.1
7	Rise of 5% or more	3.2	3.3
	Total	100	100

Note: Respondents were asked to select one response to the question: "How do you expect prices of regularly purchased goods and services to differ from current levels one year out?"

(9) Impressions of JPX-Nikkei Index 400

For this month's spot question, we asked investors about their impressions of the new JPX-Nikkei Index 400, which was launched in January 2014. Constituents of the index are selected based on factors such as earnings performance and capital efficiency. We asked investors whether they would use the index to help them make investment decisions. The most popular response was "don't know," with a response rate of 33.3% (this was also the most popular response the last time we asked this question in September 2014). The next most popular response was "more than likely" with a response rate of 28.3% (Figure 13). We also asked investors about how they thought the JPX-Nikkei Index 400 would be viewed in the future compared with existing indices. The most popular response again was "don't know," selected by 44.7% of respondents, followed by "it will likely be used in conjunction with the TOPIX and Nikkei Average," with a response rate of 26.4% (Figure 14). It looks as though there has yet to be any major rise in investor awareness of the JPX-Nikkei Index 400 even though it was launched twenty months ago.

Fig. 13: Do you intend to use the JPX-Nikkei 400 Index to aid investment decisions?

	Choices	This month		Previous (Sep 2014)	
		Numbers of responses	% of responses	Numbers of responses	% of responses
1	Yes	53	5.3	58	5.8
2	More than likely	283	28.3	317	31.7
3	Not that likely	205	20.5	186	18.6
4	No	126	12.6	112	11.2
5	Don't know	333	33.3	327	32.7
	Total	1,000	100.0	1000	100.0

Note: Investors were asked to select one of the above five responses to the following question. "Twenty months have now passed since the launch of the JPX-Nikkei 400 Index. Do you intend to use the index, given it also takes into account earnings and capital efficiency, to help you make investment decisions?"

Fig. 14: How do you think the JPX-Nikkei Index 400 will be viewed in relation to the TOPIX and the Nikkei?

	Choices	This month		Previous (Sep 2014)	
		Numbers of responses	% of responses	Numbers of responses	% of responses
1	It will likely replace the TOPIX and the Nikkei Average as the representative index of the Japanese stock market	85	8.5	68	6.8
2	It will likely be used in conjunction with the TOPIX and Nikkei Average	264	26.4	303	30.3
3	The TOPIX and the Nikkei Average will likely remain the representative indices of the Japanese stock market, and the new index is unlikely to be used much	204	20.4	182	18.2
4	Don't know	447	44.7	447	44.7
	Total	1,000	100.0	1000	100.0

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

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, Nomura Securities conducts a monthly survey—the Nomura Individual Investor Survey. The results of the survey have been published monthly since April 2006.

Survey method: Questionnaire conducted electronically using the internet monitor questionnaire service administered by Nomura Investor Relations Co., Ltd.

Survey target: Survey sent to 3,000 individual investors randomly selected from the approximately 24,000 with equity investment experience participating in Nomura Investor Relations' internet monitor questionnaire service.

Number of responses: 1,000 (survey closed when 1,000 responses received).

Survey period: Survey distributed on 7 September, with deadline for responses on 8 September.

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 (September 2015) respondents

Gender: Male (82.4%), female (17.6%)

Age: Under 30 (0.6%), 30–39 (9.2%), 40–49 (24.6%), 50–59 (32.0%), 60 and above (33.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.3%), professional (physician/medical professional, lawyer, etc) (2.7%), company management/corporate officer (4.5%), company employee/public servant (49.9%), student (0.1%), full-time homemaker (8.9%), part-time worker/casual worker/job-hopper (4.4%), unemployed/pensioner (18.3%), other (2.9%)

Region: Kanto (46.8%), Kinki (22.1%), Tokai/Koshinetsu/Hokuriku (15.6%), Hokkaido/Tohoku (5.4%), Chugoku/Shikoku/Kyushu (10.1%)

Financial assets held: Less than ¥1,000,000 (5.5%), ¥1,000,000–¥2,999,999 (9.0%), ¥3,000,000–¥4,999,999 (11.6%), ¥5,000,000–¥9,999,999 (18.1%), ¥10,000,000–¥29,999,999 (30.6%), ¥30,000,000–¥49,999,999 (11.7%), ¥50,000,000 or more (13.5%)

Value of domestic stocks held: Less than ¥500,000 (9.8%), ¥500,000–¥999,999 (11.5%), ¥1,000,000–¥2,999,999 (23.1%), ¥3,000,000–¥4,999,999 (17.0%), ¥5,000,000–¥9,999,999 (16.1%), ¥10,000,000–¥29,999,999 (16.2%), ¥30,000,000 or more (6.3%)

Investment experience: Less than three years (1.5%), three years to less than five years (5.7%), five years to less than 10 years (26.2%), 10 years to less than 20 years (33.0%), 20 years or more (33.6%)

Investment plan for domestic stocks: Mainly for long-term holding (43.6%), pursuit of gains from short-term appreciation (15.1%), pursuit of dividends and shareholder perks (27.0%), no particular plan (14.3%)

Notice

The next Nomura Individual Investor Survey (October 2015) is scheduled for release on Thursday, 15 October 2015.

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

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42% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 55% of companies with this rating are investment banking clients of the Nomura Group*.

11% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 21% of companies with this rating are investment banking clients of the Nomura Group*.

As at 30 June 2015. *The Nomura Group as defined in the Disclaimer section at the end of this report.

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The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

STOCKS

A rating of '**Buy**', indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of '**Neutral**', indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of '**Reduce**', indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of '**Suspended**', indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as '**Not rated**' or shown as '**No rating**' are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at:

<http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx>; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan**: Russell/Nomura Large Cap.

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SECTORS

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Target Price

A Target Price, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

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When 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

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