

# **Nomura Individual Investor Survey**

October 2015

15 October 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 falls 1.2pt m-m to 48.8

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 48.8 in October, a decline of 1.2pt from September (50.0) (Figure 1). The Nikkei Average reference level at the time of the survey (5 October 2015 close) was 18,005.49, up 145.02 from the previous survey (7 September close of 17,860.47), and the number of survey respondents expecting share prices to rise declined.

### (2) Investor interest in international affairs dwindles

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs topped the list again, but its response rate fell 5.5ppt. Meanwhile, the response rates for domestic politics, domestic corporate earnings, forex trends, and domestic interest rates all rose from the previous month.

### (3) Pharmaceuticals remains the most appealing sector, automobiles increases in appeal

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". As in September, the pharmaceuticals sector was the most appealing sector this month, with its DI up 1.8pt at 13.5. The automobiles DI saw the largest increase, of 3.6pt. The DI for telecommunications came in at -3.5, marking a decline of 4.2pt. The DIs for the materials and the transportation and utilities sectors fell by 1.8pt apiece.

### (4) Rise in percentage of respondents expecting modest change in USD/JPY

On the outlook for USD/JPY over the next three months, the response rate for "fall of about ¥5 against the dollar" rose 1.6ppt to 44.1%, and the response rate for "rise of about ¥5 against the dollar" was 38.5%, up 4.5ppt. We think most respondents do not expect a drastic change in the USD/JPY. Moreover, the percentage of respondents expecting the yen to weaken against the dollar, for all ranges of change, was 50.3%, up 0.7ppt versus 49.6% in September. We think this could indicate that more people are expecting the yen to weaken against the US currency.

### (5) Investment appeal increases for US dollar, Australian dollar

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. 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 35.1, up 1.9pt m-m. The DI for the Australian dollar rose 2.4pt m-m. Meanwhile the currency that saw the steepest decline in its appeal was the Brazilian real, the DI for which fell 5.1pt m-m.

### (6) Among financial instruments, Japanese investment trusts attracted greater interest, cash & deposits became less appealing

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. Japanese investment trusts saw the largest rise, of 3.4pt m-m, to 16.0. Cash & deposits saw the largest decline, of 1.4pt m-m, to 30.8.

### (7) Higher proportion of respondents expect prices to fall by less than 2% one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 43.5% of respondents said they expected prices to rise, down 4.5ppt from the previous month. Meanwhile, the response rate for "fall of less than 2%" was up 3.4ppt m-m, which was the highest increase for all the options. The percentage of respondents expecting "no change (0%)" increased by 1.0ppt.

### (8) Investment policy and investment action in response to share price falls

For this month's spot question we asked investors about their investment policy and investment action in the context of falls in share prices. Questioned about their equity investments over the most recent two-month period, the largest percentage of respondents, at 37.4%, said that returns had been "broadly in negative territory, but with losses less than the decline in the Nikkei Average" (around 14%). The second most popular response, at 29.1%, was that they were "broadly breaking even." Most respondents indicated that their returns on equity investments over the past two months had been higher than the Nikkei Average.

Next we asked respondents for their views with regard to losses (unrealized losses) on equity investments. The most popular response was "wait for a share price recovery rather than cut losses" at 41.0%, and the second most frequent response, at 35.0%, was "no particular strategy; decisions taken on a case-by-case basis." Questioned about their investment activity during the most recent two months, the most popular response was "no action taken," at 45.8%.

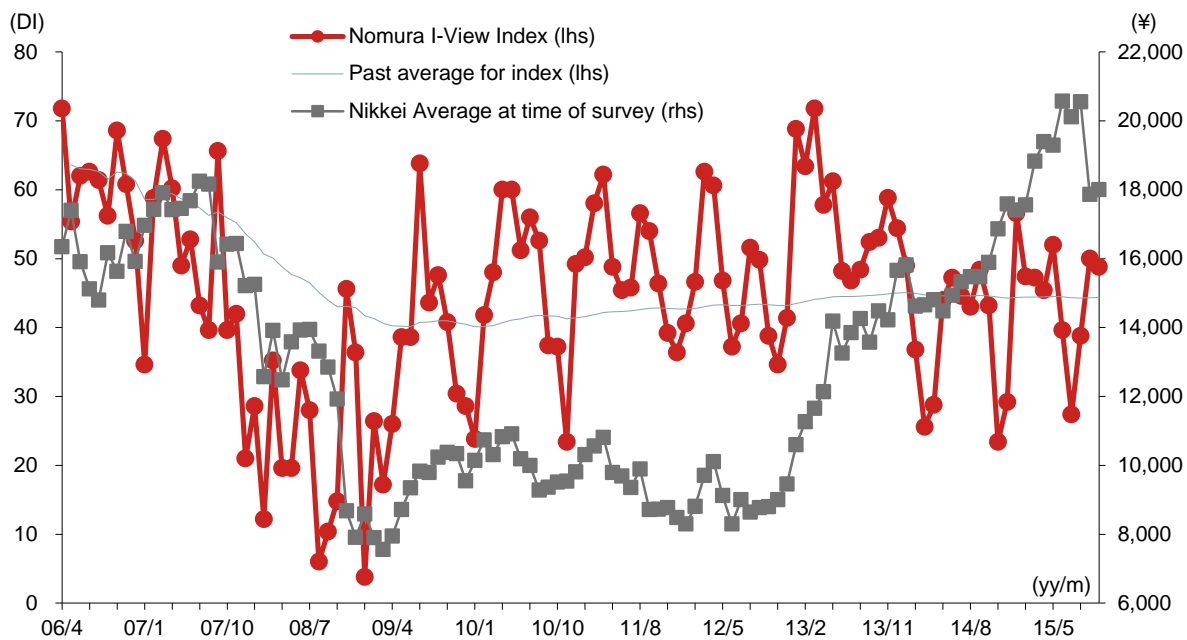
## 2. Survey results

### (1) Nomura I-View Index falls 1.2pt m-m to 48.8

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 48.8 in October, a decline of 1.2pt from September (50.0) (Figure 1).

The Nikkei Average reference level at the time of the survey (5 October 2015 close) was 18,005.49, up 145.02 from the previous survey (7 September close of 17,860.47), and the number of survey respondents expecting share prices to rise declined.

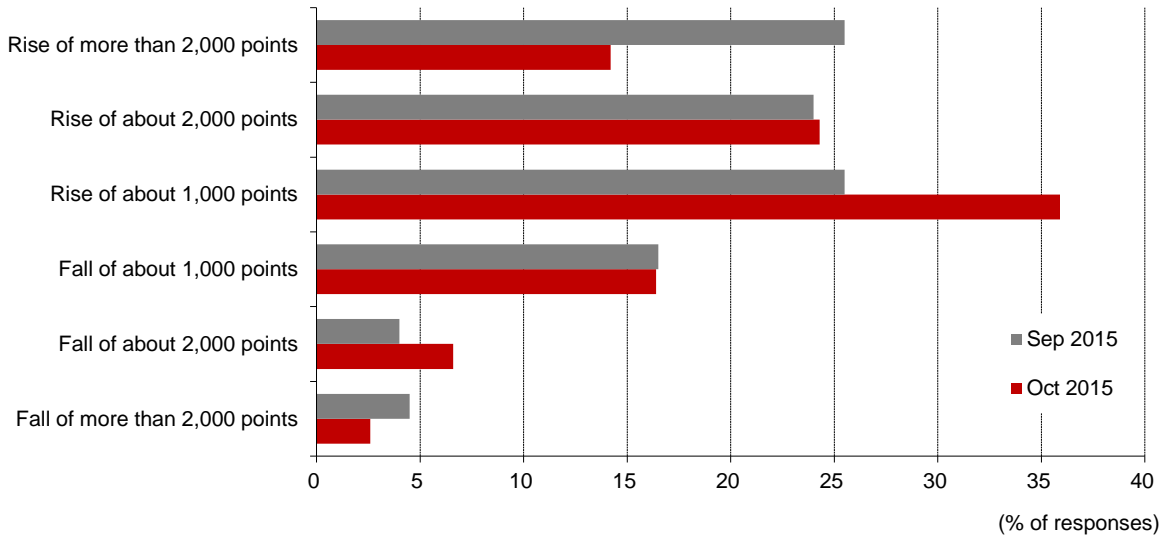
**Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey**



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:  $((\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})) / (\text{number of respondents}) \times 100$ . 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 74.4%, down 0.6ppt from the last survey (75.0%). The proportion of respondents expecting a "rise of more than 2,000 points" was 14.2%, down 11.3ppt from the last survey, while that for respondents expecting a "rise of about 1,000 points" rose 10.4ppt to 35.9%. The proportion of respondents expecting a "fall of more than 2,000 points" declined 1.9ppt m-m, and that for respondents expecting a "fall of about 2,000 points" rose 2.6ppt (Figure 2).

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

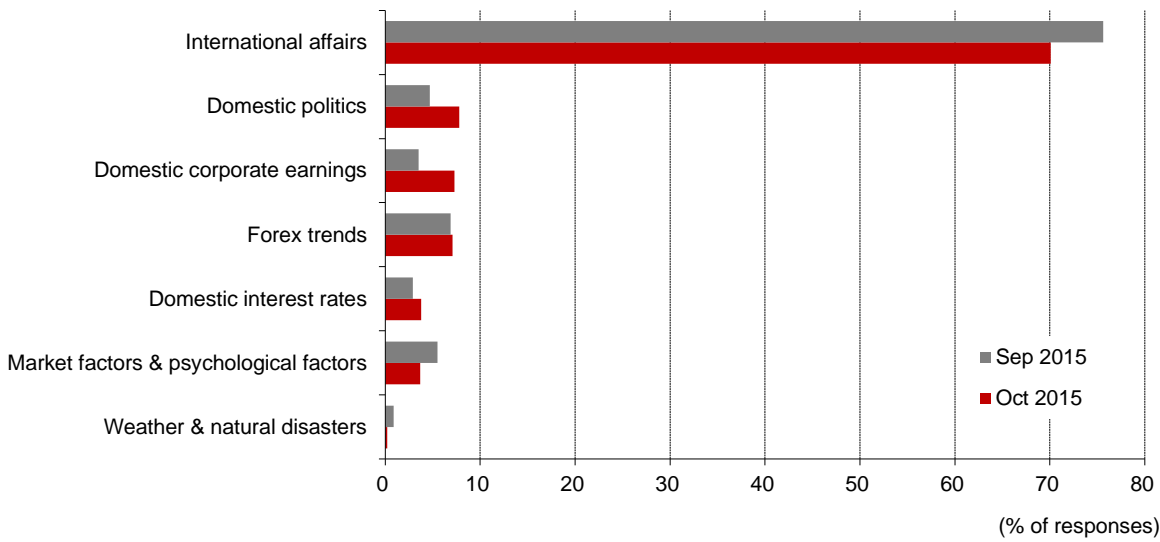


Note: Respondents were asked to share their outlook for the Nikkei Average over the next three months based on the 5 October close of 18,005. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

**(2) Investor interest in international affairs dwindles**

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs topped the list again, but its response rate fell 5.5ppt. Meanwhile, the response rates for domestic politics, domestic corporate earnings, forex trends, and domestic interest rates all rose from the previous month (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) Pharmaceuticals remains the most appealing sector, automobiles increases in appeal**

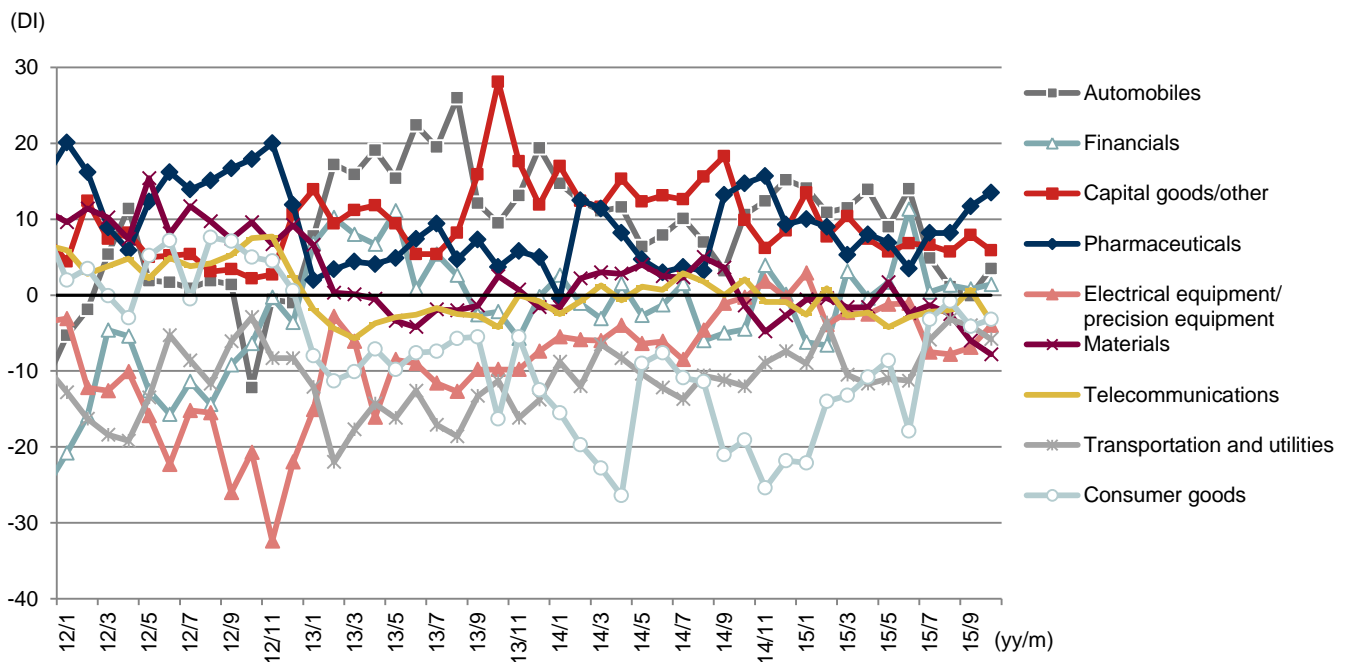
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing". As in September, the pharmaceuticals sector was the most appealing sector this month, with its DI up 1.8pt at 13.5. The automobiles DI saw the largest increase, of 3.6pt. The DI for telecommunications came in at -3.5, marking a decline of 4.2pt. The DIs for the materials and the transportation and utilities sectors fell by 1.8pt apiece. (Figures 4 and 5).

**Fig. 4: Investment appeal by sector**

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	13.5	18.9	5.4	11.7
Capital goods/other	5.9	11.2	5.3	7.9
Automobiles	3.5	16.4	12.9	-0.1
Financials	1.4	11.5	10.1	0.8
Consumer goods	-3.2	14.4	17.6	-4.1
Telecommunications	-3.5	4.2	7.7	0.7
Electrical equipment/precision equipment	-4.0	6.8	10.8	-6.9
Transportation and utilities	-5.8	5.5	11.3	-4.0
Materials	-7.8	11.1	18.9	-6.0

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: Trend in DIs for selected sectors**



#### (4) Most-watched stocks

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

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

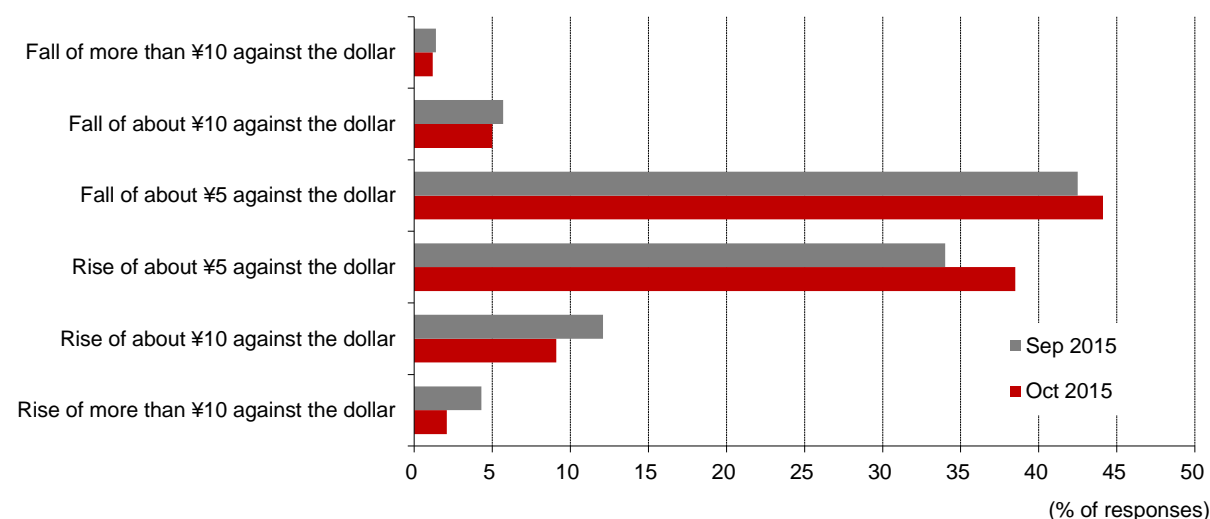
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	138	6178	Japan Post Holdings	8
8267	Aeon	32	5401	Nippon Steel & Sumitomo Metal	7
4502	Takeda Pharmaceutical	27	3402	Toray Industries	7
8411	Mizuho Financial	18	2811	Kagome	7
9202	Ana Holdings	18	7011	Mitsubishi Heavy Industries	7
9984	Softbank Group	18	7182	Japan Post Bank	7
4661	Oriental Land	17	8604	Nomura Holdings	7
8306	Mitsubishi UFJ Financial Group	17	4901	Fujifilm Holdings	6
6758	Sony	15	7261	Mazda Motor	6
4503	Astellas Pharma	13	8031	Mitsui & Co	6
6501	Hitachi	12	9020	East Japan Railway	6
6502	Toshiba	11	9983	Fast Retailing	6
2327	NS Solutions	10	4568	Daiichi Sankyo	5
7201	Nissan Motor	9	4755	Rakuten	5
7751	Canon	9	6752	Panasonic	5
8058	Mitsubishi Corp	9	8316	Sumitomo Mitsui Financial Group	5
9437	NTT Docomo	9	9432	Nippon Telegraph and Telephone	5

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

#### (5) Rise in percentage of respondents expecting modest change in USD/JPY

On the outlook for USD/JPY over the next three months, the response rate for "fall of about ¥5 against the dollar" rose 1.6ppt to 44.1%, and the response rate for "rise of about ¥5 against the dollar" was 38.5%, up 4.5ppt. We think most respondents do not expect a drastic change in the USD/JPY. Moreover, the percentage of respondents expecting the yen to weaken against the dollar, for all ranges of change, was 50.3%, up 0.7ppt versus 49.6% in September. We think this could indicate that more people are expecting the yen to weaken against the US currency (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 5 October 2015 indicative rate of 119.98. 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 increases for US dollar, Australian dollar**

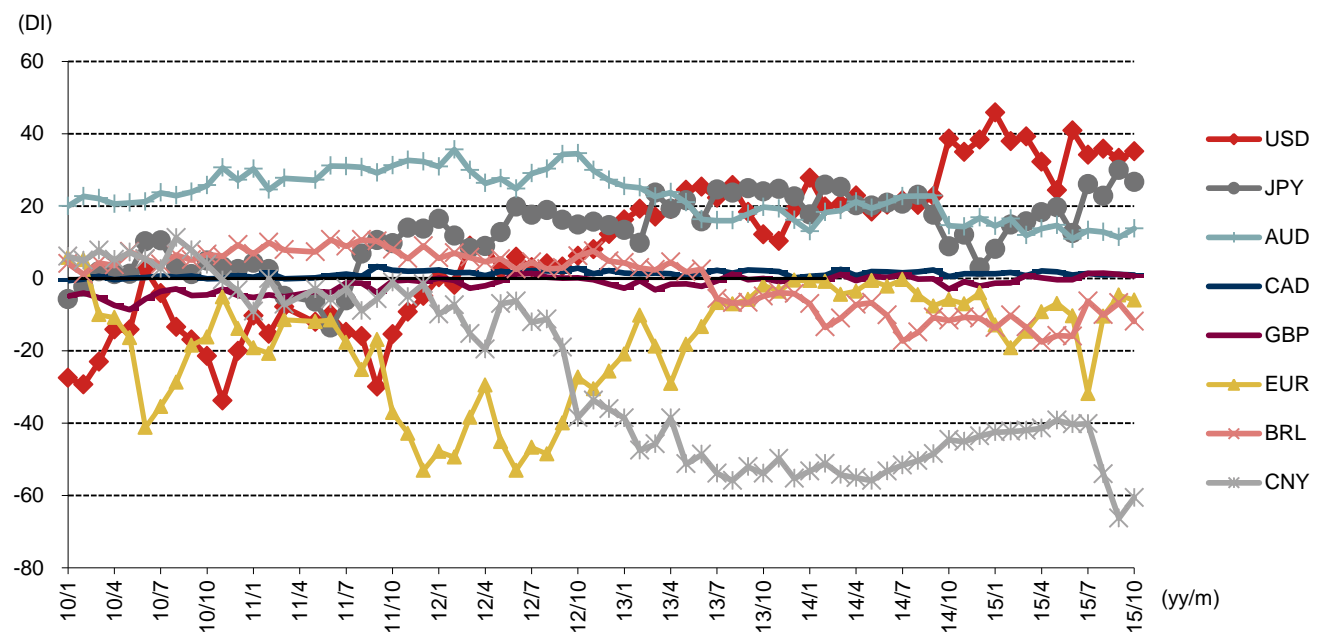
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The US dollar remained the most appealing, with a DI of 35.1, up 1.9pt m-m. The DI for the Australian dollar also rose 2.4pt m-m. Meanwhile the currency that saw the steepest decline in its appeal was the Brazilian real, the DI for which fell 5.1pt m-m (Figures 8 and 9).

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

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	35.1	40.0	4.9	33.2
Japanese yen	26.7	32.6	5.9	30.0
Australian dollar	13.8	15.8	2.0	11.4
Canadian dollar	1.0	1.6	0.6	1.1
Pound sterling	0.7	1.6	0.9	1.1
Euro	-6.0	3.7	9.7	-4.6
Brazilian real	-11.9	2.4	14.3	-6.8
Chinese yuan	-60.6	0.8	61.4	-66.3

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) Among financial instruments, Japanese investment trusts attracted greater interest, cash & deposits became less appealing**

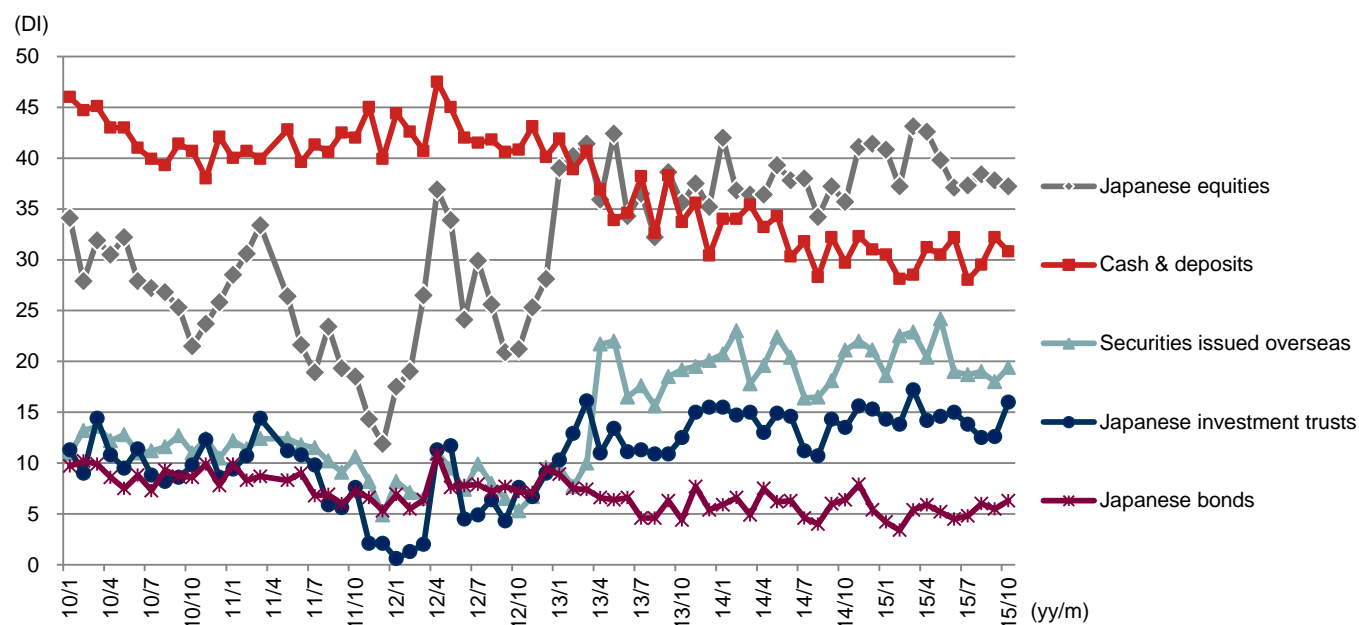
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, but their DI fell 0.6pt m-m. Japanese investment trusts saw the largest rise, of 3.4pt m-m, to 16.0. Cash & deposits saw the largest decline, of 1.4pt m-m, to 30.8 (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	37.2	50.8	13.6	37.8
Cash & deposits	30.8	35.1	4.3	32.2
Japanese investment trusts	16.0	21.1	5.1	12.6
Gold	10.1	10.7	0.6	9.2
Foreign equities	9.1	10.5	1.4	7.8
Japanese bonds	6.3	7.8	1.5	5.5
Foreign investment trusts	5.7	7.5	1.8	5.4
Foreign bonds	4.6	5.5	0.9	4.8
Hybrid securities	1.8	1.9	0.1	1.4
Other	0.1	0.4	0.3	0.7
None	-46.6	29.1	75.7	-48.7

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**





**(8) Higher proportion of respondents expect prices to fall by less than 2% one year out**

When asked for their outlook for prices of regularly purchased goods and services one year out, 43.5% of respondents said they expected prices to rise, down 4.5ppt from the previous month. Meanwhile, the response rate for "fall of less than 2%" was up 3.4ppt m-m, which was the highest increase for all the options. The percentage of respondents expecting "no change (0%)" increased by 1.0ppt (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	3.0
2	Fall of 2% up to 5%	4.7	4.2
3	Fall of less than 2%	11.3	7.9
4	No change (0%)	37.9	36.9
5	Rise of less than 2%	30.7	30.4
6	Rise of 2% up to 5%	11.2	14.4
7	Rise of 5% or more	1.6	3.2
	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) Investment policy and investment action in response to share price falls**

For this month's spot question we asked investors about their investment policy and investment action taken in the context of falls in share prices. Questioned about their equity investments over the most recent two-month period, the largest percentage of respondents, at 37.4%, said that returns had been "broadly in negative territory, but with losses less than the decline in the Nikkei Average" (around 14%). The second most popular response, at 29.1%, was that they were "broadly breaking even." Most respondents indicated that their returns on equity investments over the past two months had been higher than the Nikkei Average (Figure 13).

**Fig. 13: Equity investments over the past two months**

	Choices	Numbers of responses	% of responses
1	Broadly in positive territory	93	9.3
2	Broadly breaking even	291	29.1
3	Broadly in negative territory, but with losses less than the decline in the Nikkei Average	374	37.4
4	Broadly in negative territory, with losses greater than the decline in the Nikkei Average	242	24.2
	Total	1,000	100.0

Note: Respondents were asked to select one response to the question: "The Nikkei Average fell by around 14% over the two-month period from 31 July through 2 October. Select from the following the response that most accurately reflects the situation regarding gains or losses on your equity investments over the past two months." This can include both realized and unrealized profits and losses."

Next we asked respondents for their views with regard to losses (unrealized losses) on equity investments. The most popular response was "wait for a share price recovery rather than cut losses" at 41.0%. The second most frequent response, at 35.0%, was "no particular strategy; decisions taken on a case-by-case basis." Only 24.0% of respondents said that they would cut their losses at a certain level (total of responses 1–5) (Figure 14).

**Fig. 14: Investors' basic stances on losses (unrealized losses) on their equity investments**

	Choices	Numbers of responses	% of responses
1	Cut losses at -1% to -10%	63	6.3
2	Cut losses at -11% to -20%	107	10.7
3	Cut losses at -21% to -30%	43	4.3
4	Cut losses at -31% to -50%	21	2.1
5	Cut losses at more than -50%	6	0.6
6	Wait for a share price recovery rather than cut losses	410	41.0
7	No particular strategy; decisions taken on a case-by-case basis	350	35.0
	Total	1,000	100.0

Note: We asked investors to choose one item from the list shown in the table regarding their basic stance concerning gains (unrealized gains) when investing in equities.

Questioned about their investment activity during the most recent two months, the most popular response was "no action taken," at 45.8%. This was followed by "Acquired shares not in my portfolio" (19.2%), and "increased holdings of shares already in my portfolio," (14.6%) (Figure 15).

**Fig. 15: Investment activity over most recent two months**

	Choices	Numbers of responses	% of responses
1	Acquired shares not in my portfolio	234	19.2
2	Increased holdings of shares already in my portfolio	178	14.6
3	Sold shares to secure gains	165	13.5
4	Sold shares to cut losses	84	6.9
5	No action taken	558	45.8
	Total	1,219	100.0

Note: We asked respondents to indicate which of the actions listed in the table they had undertaken relating to Japanese cash equities in the past two months (multiple response possible).

### 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 5 October, with deadline for responses on 6 October.

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 (October 2015) respondents

Gender: Male (83.4%), female (16.6%)

Age: Under 30 (0.7%), 30–39 (8.3%), 40–49 (24.5%), 50–59 (29.8%), 60 and above (36.7%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.4%), professional (physician/medical professional, lawyer, etc) (3.0%), company management/corporate officer (3.0%), company employee/public servant (49.0%), student (0.1%), full-time homemaker (9.4%), part-time worker/casual worker/job-hopper (3.3%), unemployed/pensioner (21.8%), other (2.0%)

Region: Kanto (50.4%), Kinki (18.7%), Tokai/Koshinetsu/Hokuriku (16.5%), Hokkaido/Tohoku (4.2%), Chugoku/Shikoku/Kyushu (10.2%)

Financial assets held: Less than ¥1,000,000 (4.8%), ¥1,000,000–¥2,999,999 (8.7%), ¥3,000,000–¥4,999,999 (11.2%), ¥5,000,000–¥9,999,999 (18.0%), ¥10,000,000–¥29,999,999 (30.4%), ¥30,000,000–¥49,999,999 (13.4%), ¥50,000,000 or more (13.5%)

Value of domestic stocks held: Less than ¥500,000 (9.5%), ¥500,000–¥999,999 (10.3%), ¥1,000,000–¥2,999,999 (21.7%), ¥3,000,000–¥4,999,999 (15.4%), ¥5,000,000–¥9,999,999 (18.3%), ¥10,000,000–¥29,999,999 (17.5%), ¥30,000,000 or more (7.3%)

Investment experience: Less than three years (2.5%), three years to less than five years (6.6%), five years to less than 10 years (23.3%), 10 years to less than 20 years (33.6%), 20 years or more (34.0%)

Investment plan for domestic stocks: Mainly for long-term holding (44.8%), pursuit of gains from short-term appreciation (12.1%), pursuit of dividends and shareholder perks (25.5%), no particular plan (17.6%)

#### Notice

The next Nomura Individual Investor Survey (November 2015) is scheduled for release on Friday, 13 November 2015.

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

### Important Disclosures

The lists of issuers that are affiliates or subsidiaries of Nomura Holdings Inc., the parent company of Nomura Securities Co., Ltd., issuers that have officers who concurrently serve as officers of Nomura Securities Co., Ltd., issuers in which the Nomura Group holds 1% or more of any class of common equity securities and issuers for which Nomura Securities Co., Ltd. has lead managed a public offering of equity or equity linked securities in the past 12 months are available at <http://www.nomuraholdings.com/jp/report/>. Please contact the Research Product Management Dept. of Nomura Securities Co., Ltd. for additional information.

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41% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 53% of companies with this rating are investment banking clients of the Nomura Group\*.

9% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 19% of companies with this rating are investment banking clients of the Nomura Group\*.

As at 30 September 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

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under coverage is) a neutral absolute recommendation. A **'Bearish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

### Target Price

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

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