

Nomura Individual Investor Survey

January 2017

20 January 2017

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 for first time in three months, to 37.4

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 37.4 in January 2017, rising m-m for the first time in three months. The Nikkei 225 reference level (10 January 2016 close) was 19,301.44, up 1,026.45 from the previous survey (5 December 2016 close of 18,274.99).

(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 m-m for the fifth straight month, by 3.5ppt to 63.9%, while that for "forex trends" fell 5.0ppt to 20.5%.

(3) Appeal of telecommunications sector rises, of materials and automobile sectors 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 telecommunications sector rose 2.9pt m-m to 2.3. The DI for capital goods/other rose for the first time in three months, by 2.3pt to 4.6. The DI for the materials sector, meanwhile, declined for the first time in five months, by 3.7pt m-m to 0.5, while that for the automobile sector fell 2.7pt, to 0.4.

(4) Rise in number of investors expecting slight yen depreciation against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 47.0%, up 1.9ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" rose 5.1ppt m-m to 37.7%. The response rate for "fall of about ¥10 against the dollar" fell 2.5ppt m-m to 7.7%, while that for "fall of more than ¥10 against the dollar" fell 0.7ppt m-m to 1.6%.

The response rate for "rise of about ¥5 against the dollar" fell 2.8ppt m-m to 29.1%, while that for "rise of more than ¥10 against the dollar" fell 0.8ppt to 4.9%. The response rate for "rise of about ¥10 against the dollar" rose 1.7ppt m-m to 19.0%.

(5) Investment appeal of euro and Brazilian real 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 month the DI for the euro rose 3.9pt m-m to -7.7, narrowing its negative margin, while that for the Brazilian real rose for the fourth straight month, by 3.8pt to -11.6. Meanwhile, the DI for the Chinese yuan fell for the sixth consecutive month, by 6.7pt m-m to -49.8.

(6) Among financial instruments, appeal of cash & deposits falls, of Japanese equities rises

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 fell 2.9pt m-m to 29.4. In contrast, the DI for Japanese equities rose 1.8pt m-m to 38.9 and that for foreign equities rose 1.6pt to 8.6.

(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, 38.4% of respondents selected one of the "rise" responses, up 3.7ppt from the previous month, while the percentage of those selecting one of the "fall" responses declined 2.8ppt m-m to 16.6%. The proportion of respondents selecting the "no change" response declined 0.9ppt m-m to 45.0%.

(8) About NISA (tax-exempt scheme for small investments)

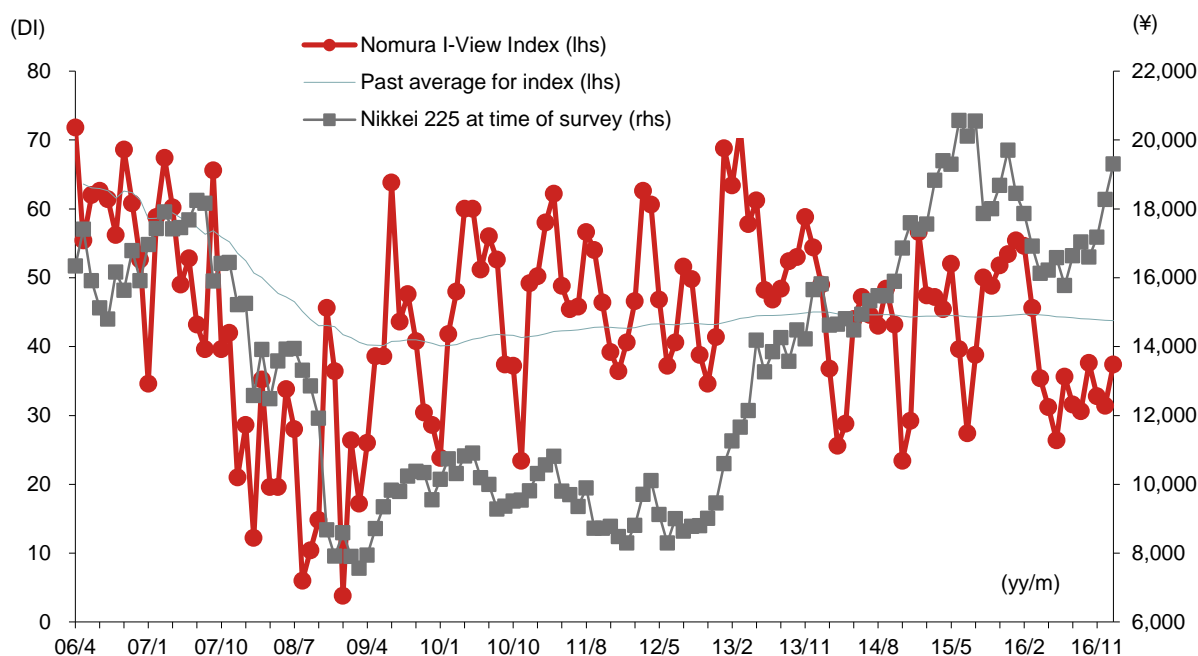
For our spot question this month we asked investors about Nippon Individual Savings Accounts (NISAs). Of all respondents, 60.7% said they had set up a NISA. We asked respondents who had already opened accounts how much they had invested in their NISAs over the past year (Jan-Dec 2016). The highest response rate was for "between zero and ¥200,000," at 30.6%, followed by "between ¥1,000,000 and ¥1,200,000," at 26.9%. When we asked how much investors planned to invest by the end of the year (end-December 2017), the highest response rate, at 27.7%, was for "¥1,000,000–¥1,200,000". Regarding funding sources for NISA investments, the largest number said equities, followed by cash & deposits. The largest number of respondents said they intended to buy Japanese equities.

2. Survey results

(1) Nomura I-View Index rises for first time in three months, to 37.4

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 37.4 in January 2017, rising m-m for the first time in three months. The Nikkei 225 reference level (10 January 2016 close) was 19,301.44, up 1,026.45 from the previous survey (5 December 2016 close of 18,274.99) (Figure 1).

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

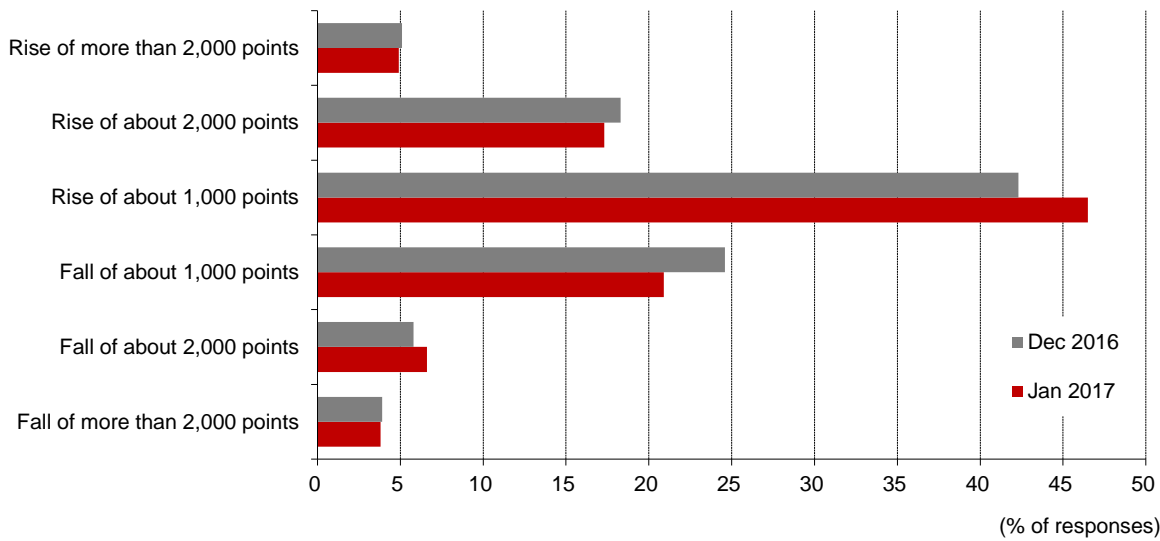


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: $\frac{(\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})}{\text{number of respondents}} \times 100$. The figure for January 2010 used here excludes those respondents who projected that the Nikkei 225 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 68.7%, up 3.0ppt from the previous month (65.7%). The proportion of respondents expecting a "rise of about 1,000 points" rose 4.2ppt m-m to 46.5%, the proportion expecting a "rise of more than 2,000 points" fell 1.0ppt to 17.3%, and the proportion expecting a "rise of more than 2,000 points" declined 0.2ppt to 4.9%.

The proportion selecting a "fall of about 1,000 points" declined 3.7ppt to 20.9% while the proportion selecting a "fall of more than 2,000 points" fell 0.1ppt to 3.8%. The proportion selecting a "fall of about 2,000 points" rose 0.8ppt to 6.6% (Figure 2).

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

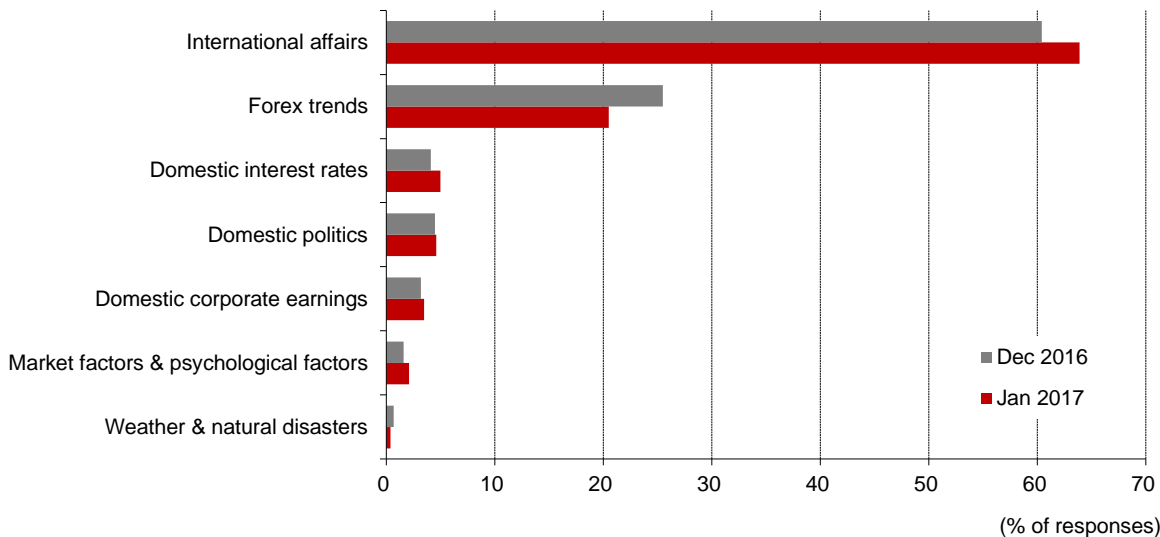


Note: Respondents were asked to share their outlook for the Nikkei 225 over the next three months based on the 10 January 2017 close of 19,301. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) 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 m-m for the fifth straight month, by 3.5ppt to 63.9%, while that for "forex trends" declined 5.0ppt m-m to 20.5% (Figure 3).

Fig. 3: Impact of factors on the stock market



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

(3) Appeal of telecommunications sector rises, of materials and automobile sectors falls

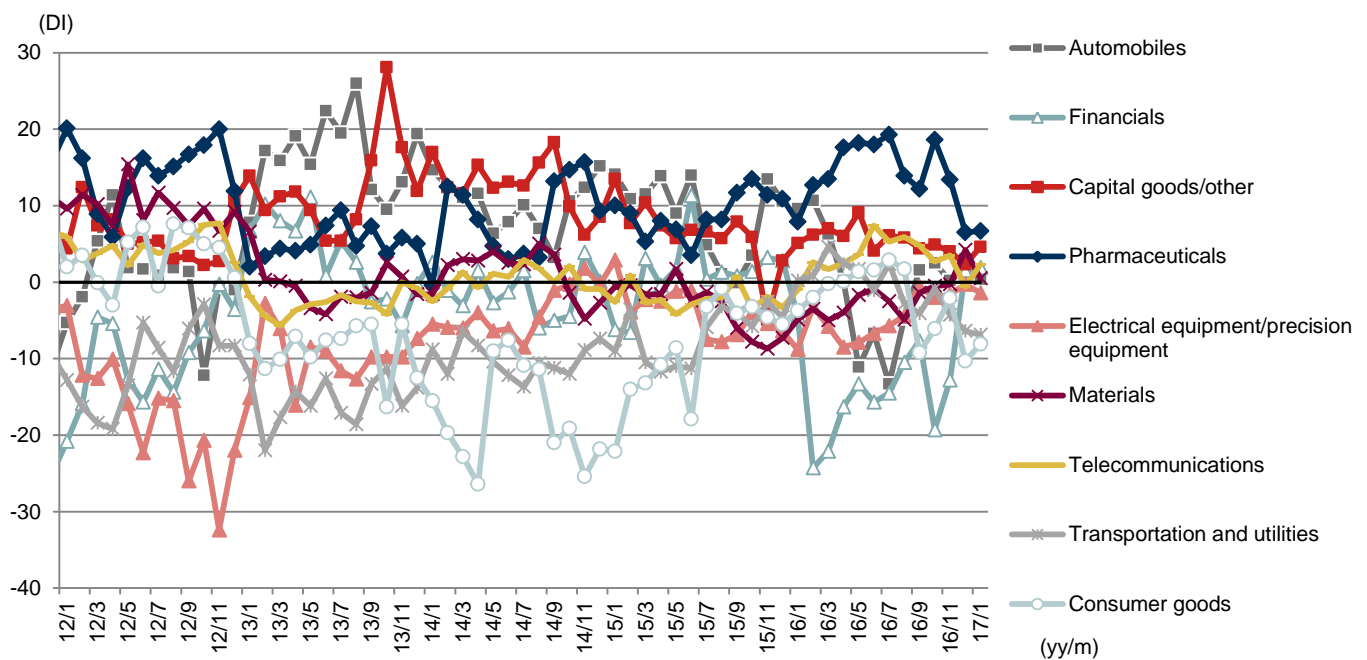
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the telecommunications sector rose 2.9ppt m-m to 2.3. The DI for capital goods/other rose for the first time in three months, by 2.3pt to 4.6. The DI for the materials sector, meanwhile, fell for the first time in five months, by 3.7pt m-m to 0.5, while that for the automobile sector declined 2.7pt to 0.4 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	6.7	12.7	6.0	6.5
Capital goods/other	4.6	10.8	6.2	2.3
Telecommunications	2.3	7.0	4.7	-0.6
Financials	1.9	15.9	14.0	1.5
Materials	0.5	11.7	11.2	4.2
Automobiles	0.4	17.6	17.2	3.1
Electrical equipment/precision equipment	-1.4	8.9	10.3	-0.3
Transportation and utilities	-6.9	5.4	12.3	-6.4
Consumer goods	-8.1	10.0	18.1	-10.3

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 responses	Code	Company	No. of responses
7203	Toyota Motor	118	4901	Fujifilm Holdings	9
9984	Softbank Group	41	6753	Sharp	9
8411	Mizuho Financial Group	25	8058	Mitsubishi Corp	9
4502	Takeda Pharmaceutical	24	4661	Oriental Land	8
8306	Mitsubishi UFJ Financial Group	21	6502	Toshiba	8
6752	Panasonic	17	9432	Nippon Telegraph and Telephone	8
9202	ANA Holdings	17	2327	NS Solutions	7
7201	Nissan Motor	14	3407	Asahi Kasei	7
8604	Nomura Holdings	14	4503	Astellas Pharma	7
8267	Aeon	13	4528	Ono Pharmaceutical	7
7751	Canon	12	5401	Nippon Steel & Sumitomo Metal	7
2811	Kagome	11	6594	Nidec	7
6301	Komatsu	10	7270	Fuji Heavy Industries	7
3402	Toray Industries	9	8750	Dai-ichi Life Holdings	7

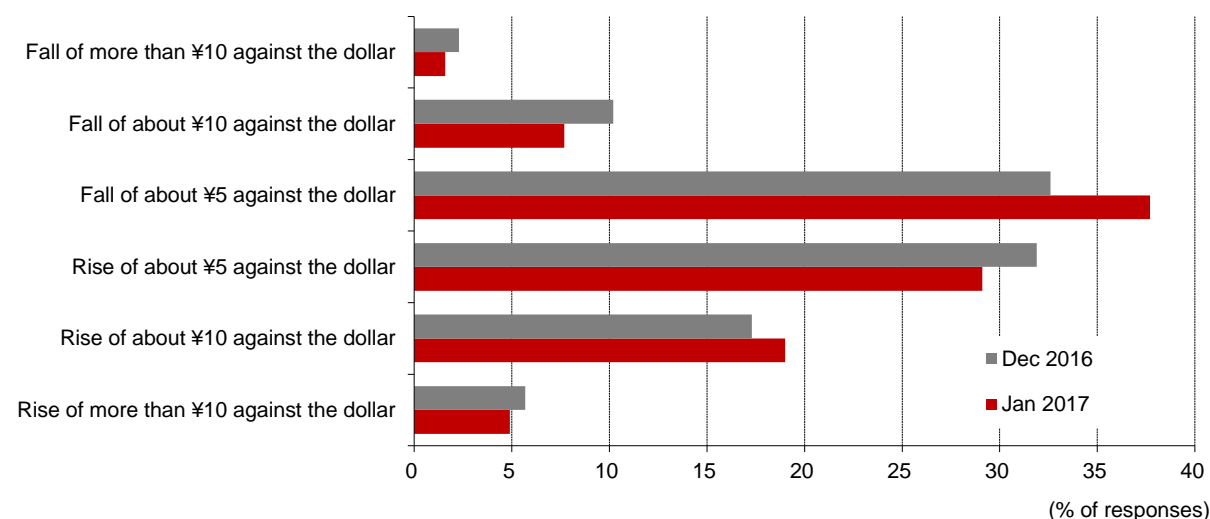
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

(5) Rise in number of investors expecting slight yen depreciation against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 47.0%, up 1.9ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" rose 5.1ppt m-m to 37.7%. The response rate for "fall of about ¥10 against the dollar" fell 2.5ppt m-m to 7.7%, while that for "fall of more than ¥10 against the dollar" fell 0.7ppt m-m to 1.6%.

The response rate for "rise of about ¥5 against the dollar" fell 2.8ppt m-m to 29.1%, while that for "rise of more than ¥10 against the dollar" fell 0.8ppt to 4.9%. The response rate for "rise of about ¥10 against the dollar" rose 1.7ppt m-m to 19.0% (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 a 10 January 2017 indicative rate of 115.60. 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 euro and Brazilian real rises

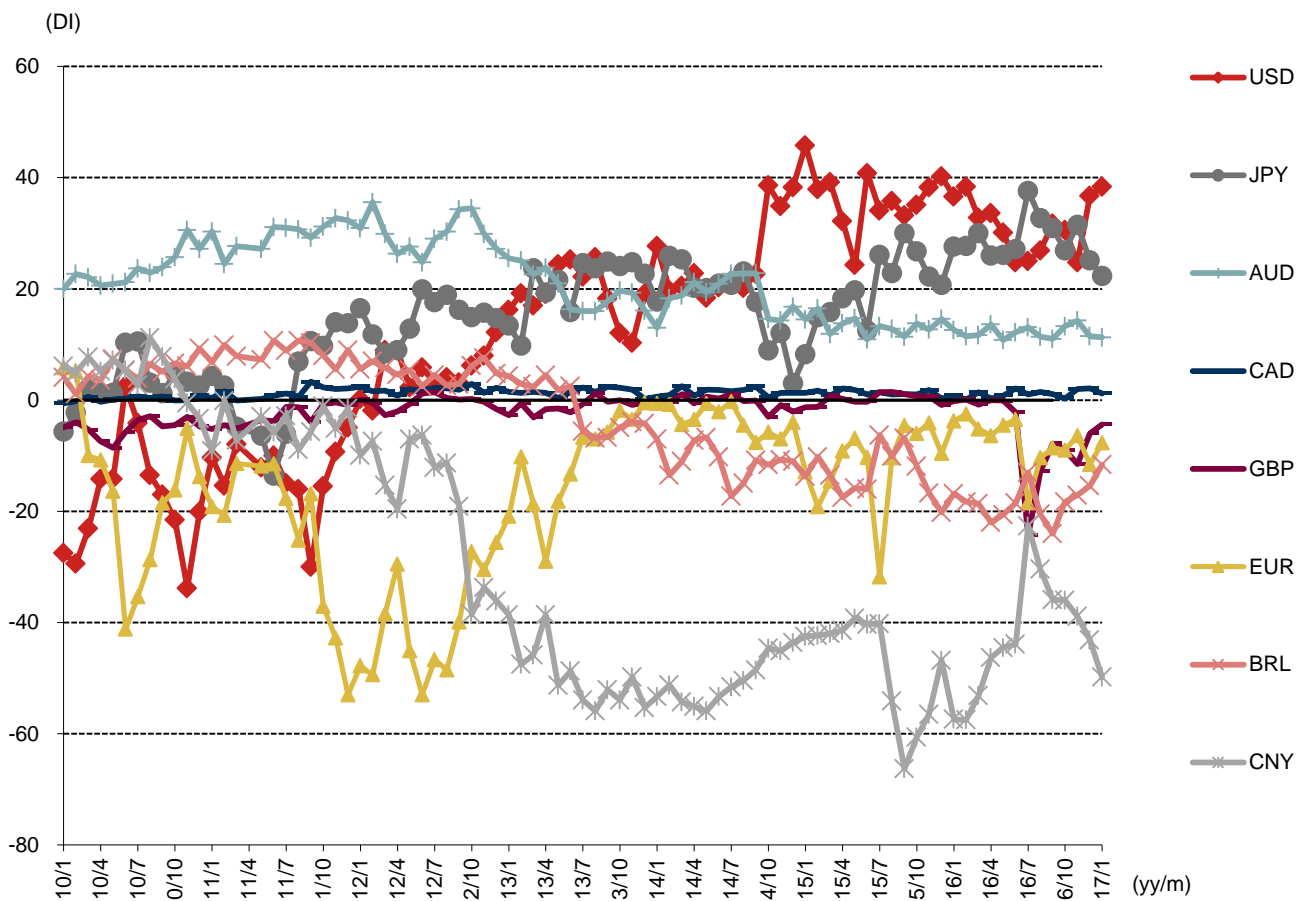
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the euro rose 3.9pt m-m to -7.7, narrowing its negative margin, while that for the Brazilian real rose for the fourth straight month, by 3.8pt to -11.6. The DI for the Chinese yuan fell for the sixth consecutive month, by 6.7pt m-m to -49.8 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	38.4	46.2	7.8	36.7
Japanese yen	22.3	30.1	7.8	25.1
Australian dollar	11.3	13.3	2.0	11.5
Canadian dollar	1.2	1.7	0.5	2.1
Pound sterling	-4.4	2.1	6.5	-6.0
Euro	-7.7	2.1	9.8	-11.6
Brazilian real	-11.6	2.9	14.5	-15.4
Chinese yuan	-49.8	1.0	50.8	-43.1

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) Among financial instruments, appeal of cash & deposits falls, of Japanese equities rises

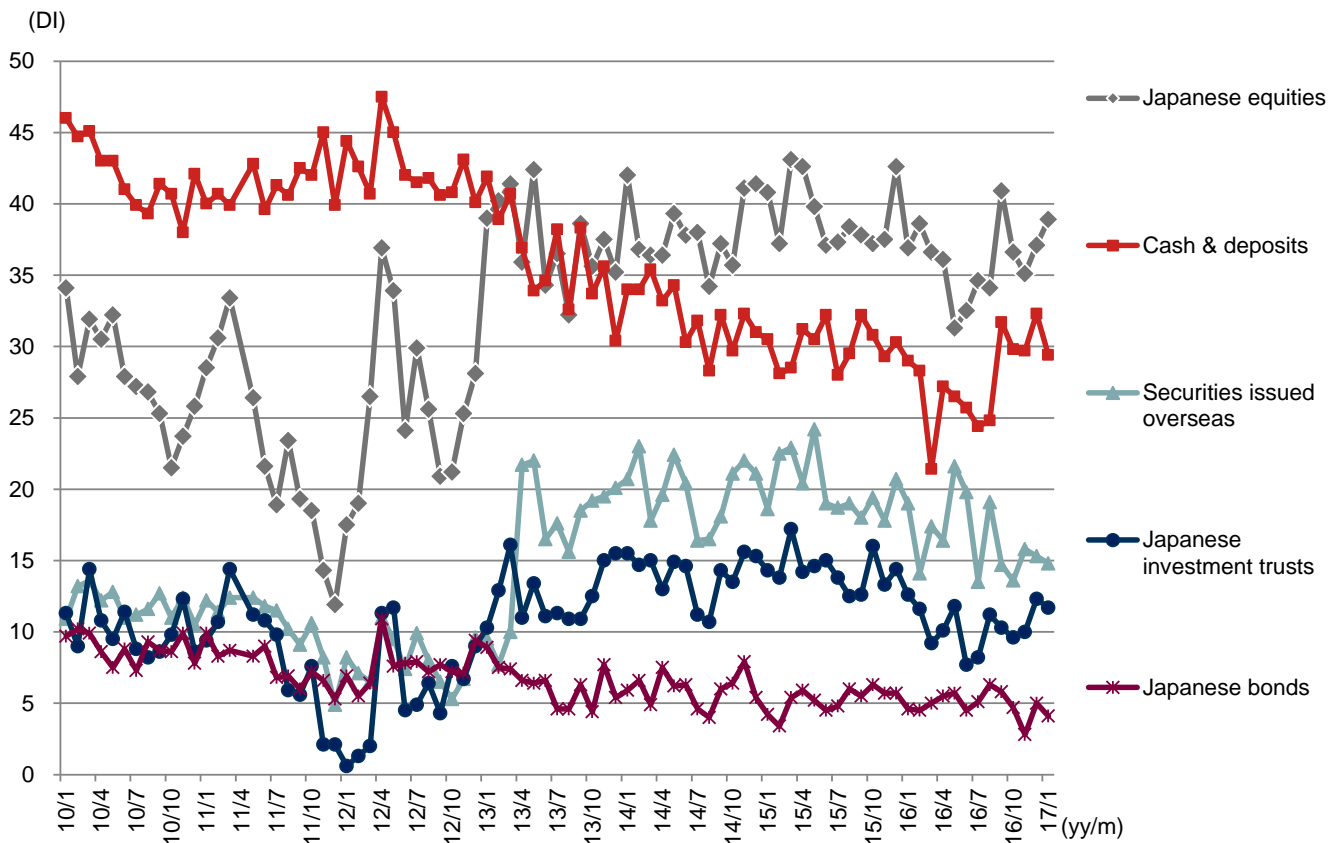
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for cash & deposits fell 2.9pt m-m to 29.4. In contrast, the DI for Japanese equities rose 1.8pt m-m to 38.9 and that for foreign equities rose 1.6pt to 8.6.

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	38.9	50.2	11.3	37.1
Cash & deposits	29.4	34.6	5.2	32.3
Japanese investment trusts	11.7	18.1	6.4	12.3
Gold	9.0	9.4	0.4	7.4
Foreign equities	8.6	10.0	1.4	7.0
Foreign investment trusts	4.1	6.1	2.0	5.0
Japanese bonds	3.8	5.3	1.5	5.5
Foreign bonds	2.4	4.0	1.6	2.8
Hybrid securities	1.8	2.0	0.2	1.7
Other	0.6	1.1	0.5	0.7
None	-46.2	29.8	76.0	-46.3

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, 38.4% of respondents selected one of the "rise" responses, up 3.7ppt from the previous month, while the percentage of those selecting one of the "fall" responses declined 2.8ppt m-m to 16.6%. The proportion of respondents selecting the "no change" response fell 0.9ppt m-m to 45.0% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.3	2.1
2	Fall of 2% up to 5%	4.4	5.0
3	Fall of less than 2%	9.9	12.3
4	No change (0%)	45.0	45.9
5	Rise of less than 2%	29.6	26.9
6	Rise of 2% up to 5%	7.5	6.4
7	Rise of 5% or more	1.3	1.4
	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) About NISA (tax-exempt scheme for small investments)

For our spot question this month we asked investors about Nippon Individual Savings Accounts (NISAs). On the position regarding the opening of NISAs, 60.7% of respondents said they had already opened an account (Figure 13).

Fig. 13: Have you opened a NISA?

	Choices	No. of responses	% of responses
1	I have already opened an account	607	60.7
2	I have applied to open an account	9	0.9
3	I plan to apply to open an account	86	8.6
4	I have no plans to open an account	298	29.8
	Total	1,000	100.0

Note: Respondents were asked to select one of the four responses given to the question: "Please tell us whether you have opened a NISA account (only one answer)."

Next, we asked respondents who replied that they had already opened accounts how much they had invested in their NISAs over the past year (Jan-Dec 2016). The highest response rate was for "¥0–less than ¥200,000," at 30.6%, followed by "¥1,000,000–¥1,200,000," at 26.9% (Figure 14).

Fig. 14: Amounts invested in NISAs over the past year (607 responses)

	Choices	No. of responses	% of responses
1	¥0–less than ¥200,000	186	30.6
2	¥200,000–less than ¥400,000	57	9.4
3	¥400,000–less than ¥600,000	55	9.1
4	¥600,000–less than ¥800,000	46	7.6
5	¥800,000–¥1,000,000	100	16.5
6	¥1,000,000–¥1,200,000	163	26.9
	Total	607	100.0

Note: Respondents were asked to select one of the responses given to the question: "How much did you invest in your NISA account over the past year (Jan-Dec 2016)?"

We asked the respondents who had already opened accounts how much they planned to invest by the end of the year (end-December 2017). The greatest proportion (27.7%) chose the response ¥1,000,000–¥1,200,000 (Figure 15).

Fig. 15: Planned NISA investments through 2017 (607 responses)

	Choices	No. of responses	% of responses
1	¥0–less than ¥200,000	95	15.7
2	¥200,000–less than ¥400,000	38	6.3
3	¥400,000–less than ¥600,000	54	8.9
4	¥600,000–less than ¥800,000	25	4.1
5	¥800,000–¥1,000,000	69	11.4
6	¥1,000,000–¥1,200,000	168	27.7
7	Don't know	158	26.0
	Total	607	100.0

Note: Respondents were asked to select one of the responses given to the question: "How much do you plan to invest in your NISA account throughout 2017 (to end-December 2017)?"

We asked respondents who selected 1-6 in the previous question (that is, excluding those who selected "Don't know") how they would fund their NISA investments through the year. The highest response rate was for equities, followed by cash & deposits (Figure 16).

Fig. 16: Funding sources for NISA investments through 2017

	Choices	No. of responses	% of responses
1	Cash & deposits	127	28.3
2	Investment trusts	67	14.9
3	Equities	192	42.8
4	Salaries, bonuses	28	6.2
5	Pension fund	5	1.1
6	Other	1	0.2
7	Undecided	29	6.5
	Total	449	100.0

Note: Respondents were asked to select one response to the question: "What do you plan to use as the main source of funds if you make investments in NISAs during 2017 (through to end-December 2017)?"

We asked respondents who selected 1-6 to the question in Figure 15 (that is, excluding those who selected "Don't know") what instruments they intended to invest in if they invested via NISA through to the end of the year. The largest number, accounting for 74.2% of the total, said Japanese equities (Figure 17).

Fig. 17: Instruments investors intend to buy if they make NISA investments through 2017 (449 responses)

	Choices	No. of responses	% of responses
1	Japanese equities (including domestic REITs and ETFs)	333	74.2
2	Foreign equities	9	2.0
3	Equity investment trusts	79	17.6
4	Other	1	0.2
5	Undecided	27	6.0
	Total	449	100.0

Note: Respondents were asked to select one response to the question: "What financial instrument to you plan to invest in if you make investments in NISAs during 2017 (through to end-December 2017)?"

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 10 January, with deadline for responses on 11 January.

Survey content: Questions included each month are (1) share price outlook, (2) factors expected to impact the stock market, (3) attractive sectors and stocks, (4) USD/JPY outlook and attractive currencies, (5) financial instruments for which investors plan to change their holdings, and (6) inflation outlook (since July 2013). Respondents are also asked spot questions each month and queried about their personal profiles.

4. Nomura Individual Investor Survey (January 2017) respondents

Gender: Male (82.1%), female (17.9%)

Age: Under 30 (1.4%), 30–39 (7.9%), 40–49 (23.0%), 50–59 (29.1%), 60 and above (38.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.3%), professional (physician/medical professional, lawyer, etc) (2.4%), company management/corporate officer (4.0%), company employee/public servant (46.0%), student (0.1%), full-time homemaker (10.0%), part-time worker/casual worker/job-hopper (5.9%), unemployed/pensioner (22.4%), other (1.9%)

Region: Kanto (49.1%), Kinki (17.0%), Tokai/Koshinetsu/Hokuriku (16.8%), Hokkaido/Tohoku (5.3%), Chugoku/Shikoku/Kyushu (11.8%)

Financial assets held: Less than ¥1,000,000 (5.4%), ¥1,000,000–¥2,999,999 (9.8%), ¥3,000,000–¥4,999,999 (11.0%), ¥5,000,000–¥9,999,999 (18.5%), ¥10,000,000–¥29,999,999 (28.9%), ¥30,000,000–¥49,999,999 (13.4%), ¥50,000,000 or more (13.0%)

Value of domestic stocks held: Less than ¥500,000 (10.5%), ¥500,000–¥999,999 (13.8%), ¥1,000,000–¥2,999,999 (22.3%), ¥3,000,000–¥4,999,999 (15.1%), ¥5,000,000–¥9,999,999 (17.0%), ¥10,000,000–¥29,999,999 (15.1%), ¥30,000,000 or more (6.2%)

Investment experience: Less than three years (4.3%), three years to less than five years (8.4%), five years to less than 10 years (20.8%), 10 years to less than 20 years (31.2%), 20 years or more (35.3%)

Investment plan for domestic stocks: Mainly for long-term holding (47.4%), pursuit of gains from short-term appreciation (12.8%), pursuit of dividends and shareholder perks (25.5%), no particular plan (14.3%)

Notice

The next Nomura Individual Investor Survey (February 2017) is scheduled for release on Thursday, 16 February 2017.

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

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As at 31 December 2016.

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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 J17 and subsequent issues, the maturity value shall not undercut the face amount. Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.4% of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.4% (annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

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