

Nomura Individual Investor Survey

November 2017

24 November 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 falls to 15.2, lowest level since January 2009

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 15.2 in November 2017, falling 8.4pt m-m to its lowest level since January 2009. The Nikkei 225 reference level (13 November 2017 close) was 22,380.99, up 1,557.48 from the previous survey (10 October 2017 close of 20,823.51).

(2) Sharp decline in investor interest in domestic politics, rise in interest in international affairs

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 7.0ppt m-m to 56.3%. By contrast, the response rate for "domestic politics" declined 18.7ppt m-m to 7.8%. Domestic politics was the only factor to see a decline in interest. All the other factors rose.

(3) Appeal of materials sector increases, appeal of financial sector falls

On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the materials sector rose 4.4pt m-m to 6.9 and the DI for the transportation and utilities sector rose 4.0pt to -4.8. The DI for the electrical equipment/precision equipment sector rose 2.7pt to 9.1, the highest level since March 2011. In contrast, the DI for the financial sector declined 6.6pt to -16.3.

(4) Rise in proportion 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 59.4%, up 2.0ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 0.4ppt m-m to 43.5% and the response rate for "rise of about ¥10 against the dollar" rose 0.2ppt to 11.5%. The response rate for "rise of more than ¥10 against the dollar" rose 1.4ppt to 4.4%.

The response rate for "fall of about ¥5 against the dollar" fell 1.3ppt m-m to 34.6%, while the response rate for "fall of about ¥10 against the dollar" fell 1.0ppt to 4.3%. The response rate for "fall of more than ¥10 against the dollar" rose 0.3ppt to 1.7%.

(5) Investment appeal of Chinese yuan and US dollar rises sharply

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 yuan rose 9.4pt m-m to -32.9, its highest level since August 2016. The DI for the US dollar also rose, 8.7pt to 30.5. By contrast, the DI for the yen fell 5.1pt to 22.6, while the DI for the euro fell 4.9pt to -4.1, marking its first move into negative territory in five months.

(6) Rise in interest in equities, fall in interest in investment trusts

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 foreign equities rose 1.1pt m-m to 9.6, marking the first rise in three months. The DI for Japanese equities also rose, 0.7pt to 42.3. By contrast, the DI for Japanese investment trusts fell 1.3pt to 11.7 and the DI for foreign investment trusts fell 0.9pt to 4.3. The DI for cash & deposits fell 1.1pt m-m to 28.7.

(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, 45.1% of respondents selected a "rise" response, up 5.4ppt from the previous month. The proportion of respondents selecting the "no change" response fell 3.9ppt to 43.6%. The proportion of respondents selecting a "fall" response fell 1.5ppt m-m to 11.3%.

(8) Equity investment over the past month

For this month's spot questions, we asked about equity investment. First, we asked about performance over the past month. Altogether 42.0% of respondents said that returns had been "broadly in positive territory, but with returns lower than the rise in the Nikkei 225," while 27.1% said that they had "broadly broken even."

We then asked investors about their basic stance concerning gains (unrealized gains) when investing in equities. The most common response, with 49.3%, was "no particular strategy; decisions taken on a case-by-case basis." The next most popular response, at 19.1%, was to "lock in profits at gains of around 11-20%."

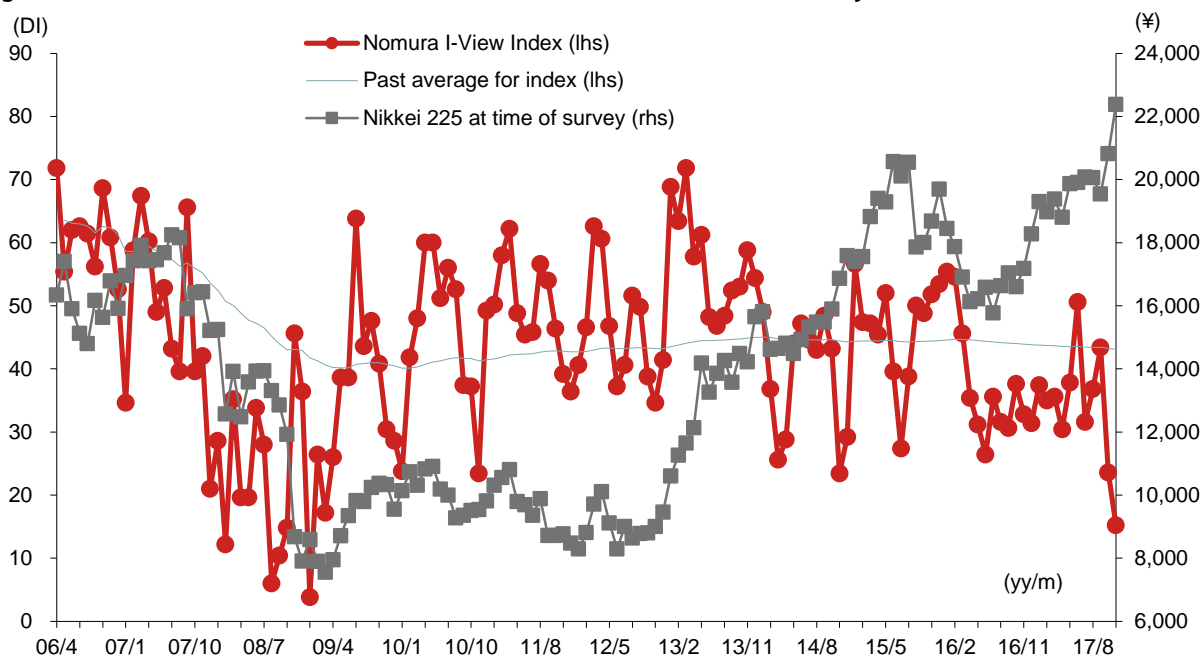
Finally, we asked investors about what actions they had taken over the past month. "No action taken" was the top response, with 42.7%, followed by "sold shares to secure gains," with 22.4%.

2. Survey results

(1) Nomura I-View Index falls to 15.2, lowest level since January 2009

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 15.2 in November 2017, falling 8.4pt m-m to its lowest level since January 2009. The Nikkei 225 reference level (13 November 2017 close) was 22,380.99, up 1,557.48 from the previous survey (10 October 2017 close of 20,823.51) (Figure 1).

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

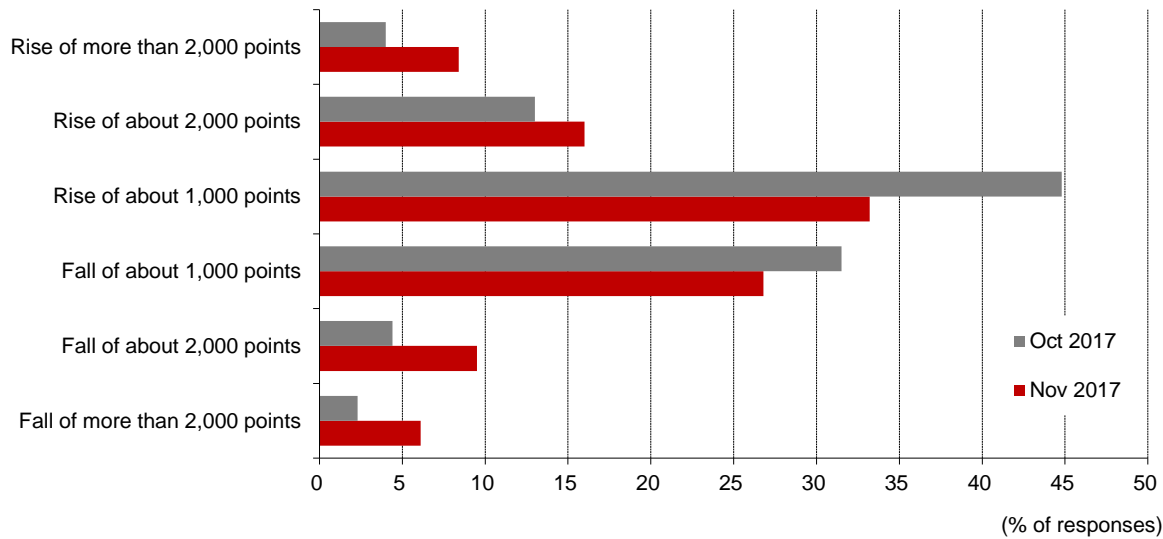


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: $\frac{(\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})}{\text{number of respondents}} \times 100$. 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 57.6%, down 4.2ppt from 61.8% the previous month. The proportion of respondents expecting a "rise of about 1,000 points" was down 11.6ppt m-m at 33.2%, while the proportion expecting a "rise of about 2,000 points" was up 3.0ppt at 16.0% and the proportion expecting a "rise of more than 2,000 points" was up 4.4ppt at 8.4%.

The proportion expecting a "fall of about 1,000 points" declined 4.7ppt m-m to 26.8%. The proportion expecting a "fall of about 2,000 points" was up 5.1ppt at 9.5%, while the proportion expecting a "fall of more than 2,000 points" was up 3.8ppt at 6.1% (Figure 2).

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

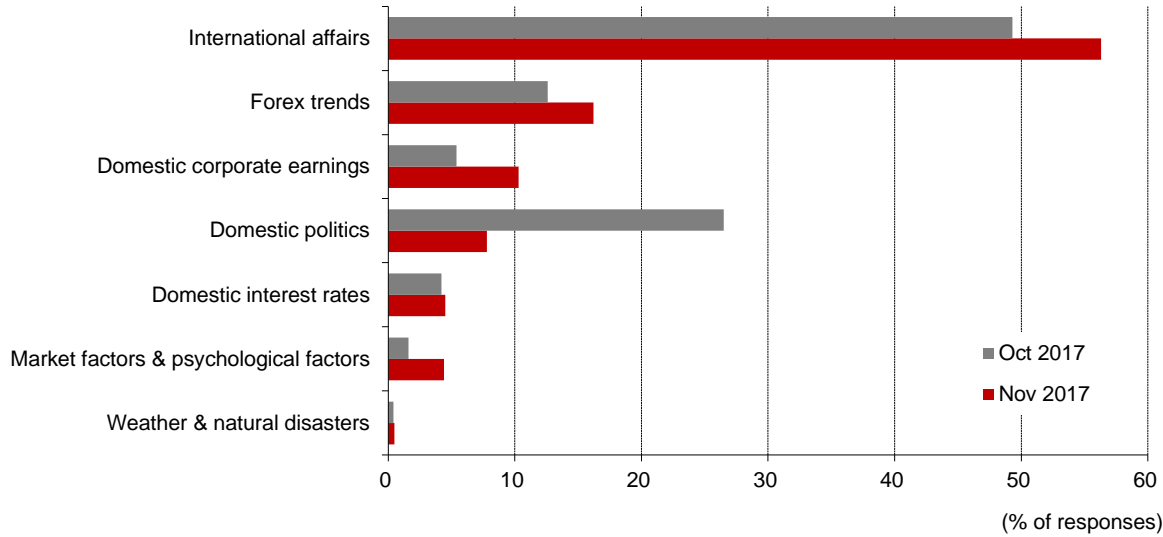


Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 13 November 2017 close of 22,380. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Sharp decline in investor interest in domestic politics, rise in interest in international affairs

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 7.0ppt m-m to 56.3%. By contrast, the response rate for "domestic politics" declined 18.7ppt m-m to 7.8%. Domestic politics was the only factor to see a decline in interest. All the other factors rose (Figure 3).

Fig. 3: Impact of factors on the stock market



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

(3) Appeal of materials sector increases, appeal of financial sector falls

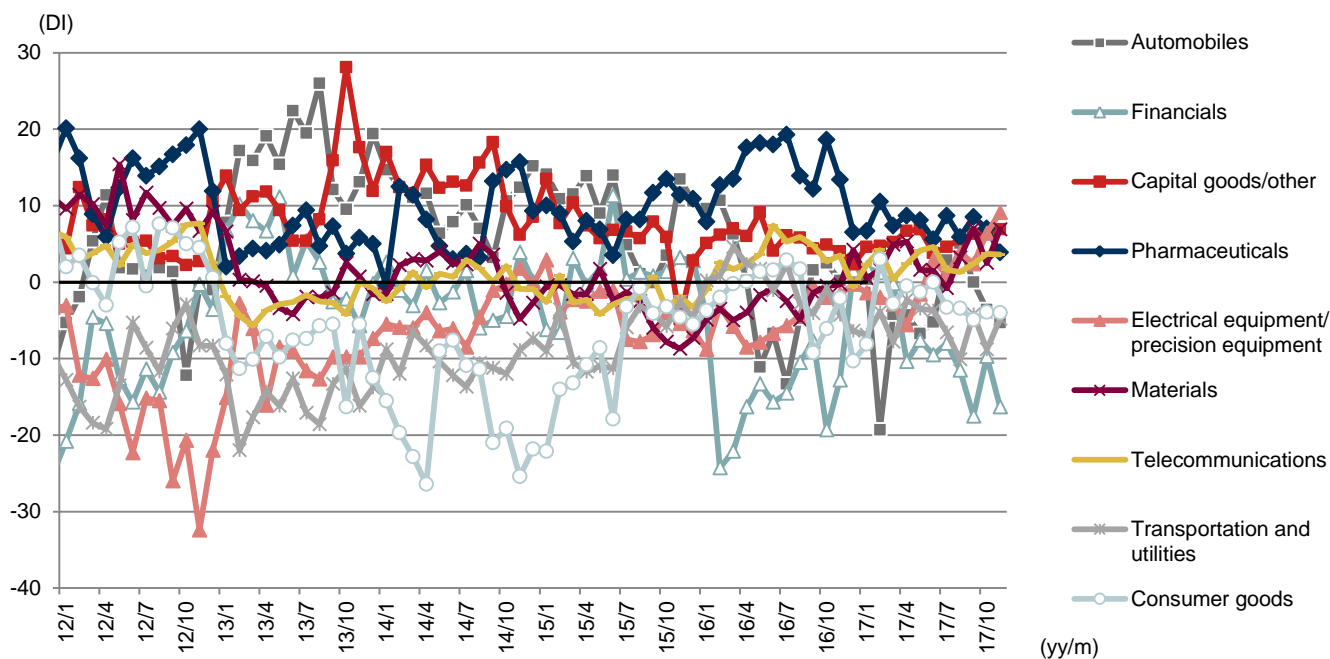
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the materials sector rose 4.4pt m-m to 6.9 and the DI for the transportation and utilities sector rose 4.0pt to -4.8. The DI for the electrical equipment/precision equipment sector rose 2.7pt to 9.1, the highest level since March 2011. By contrast, the DI for the financial sector declined 6.6pt to -16.3 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Electrical equipment/precision equipment	9.1	16.5	7.4	6.4
Materials	6.9	17.1	10.2	2.5
Capital goods/other	6.9	12.1	5.2	6.4
Pharmaceuticals	3.9	9.6	5.7	7.0
Telecommunications	3.6	6.8	3.2	3.7
Consumer goods	-4.0	11.9	15.9	-3.9
Transportation and utilities	-4.8	5.5	10.3	-8.8
Automobiles	-5.3	10.3	15.6	-3.6
Financials	-16.3	10.2	26.5	-9.7

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: Trends 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 found appealing. We show the most popular responses in Figure 6.

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

Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	95	8306	Mitsubishi UFJ Financial Group	9
9984	Softbank Group	33	3436	Sumco	8
6758	Sony	30	6954	Fanuc	8
4502	Takeda Pharmaceutical	23	9022	Central Japan Railway	8
9202	ANA Holdings	22	1812	Kajima	7
8411	Mizuho Financial Group	21	3402	Toray Industries	7
8267	Aeon	19	6502	Toshiba	7
7751	Canon	15	7201	Nissan Motor	7
6501	Hitachi	14	9437	NTT Docomo	7
6752	Panasonic	13	3197	Skylark	6
7974	Nintendo	13	5401	Nippon Steel & Sumitomo Metal	6
8058	Mitsubishi Corp	13	6301	Komatsu	6
2811	Kagome	12	6503	Mitsubishi Electric	6
9432	Nippon Telegraph and Telephone	11	8001	Itochu	6
4661	Oriental Land	9	8591	Orix	6
6178	Japan Post Holdings	9	8750	Dai-ichi Life Holdings	6
6594	Nidec	9			

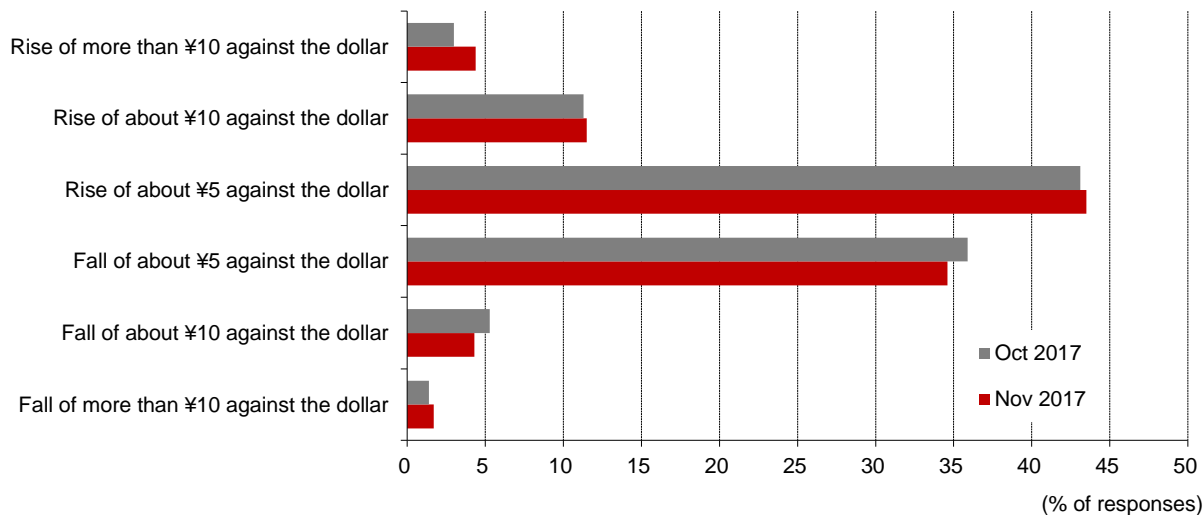
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

(5) Rise in proportion 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 59.4%, up 2.0ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 0.4ppt m-m to 43.5% and the response rate for "rise of about ¥10 against the dollar" rose 0.2ppt to 11.5%. The response rate for "rise of more than ¥10 against the dollar" rose 1.4ppt to 4.4%.

The response rate for "fall of about ¥5 against the dollar" fell 1.3ppt m-m to 34.6%, while the response rate for "fall of about ¥10 against the dollar" fell 1.0ppt to 4.3%. The response rate for "fall of more than ¥10 against the dollar" rose 0.3ppt to 1.7% (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 13 November 2017 indicative rate of 113.67. 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 Chinese yuan and US dollar rises sharply

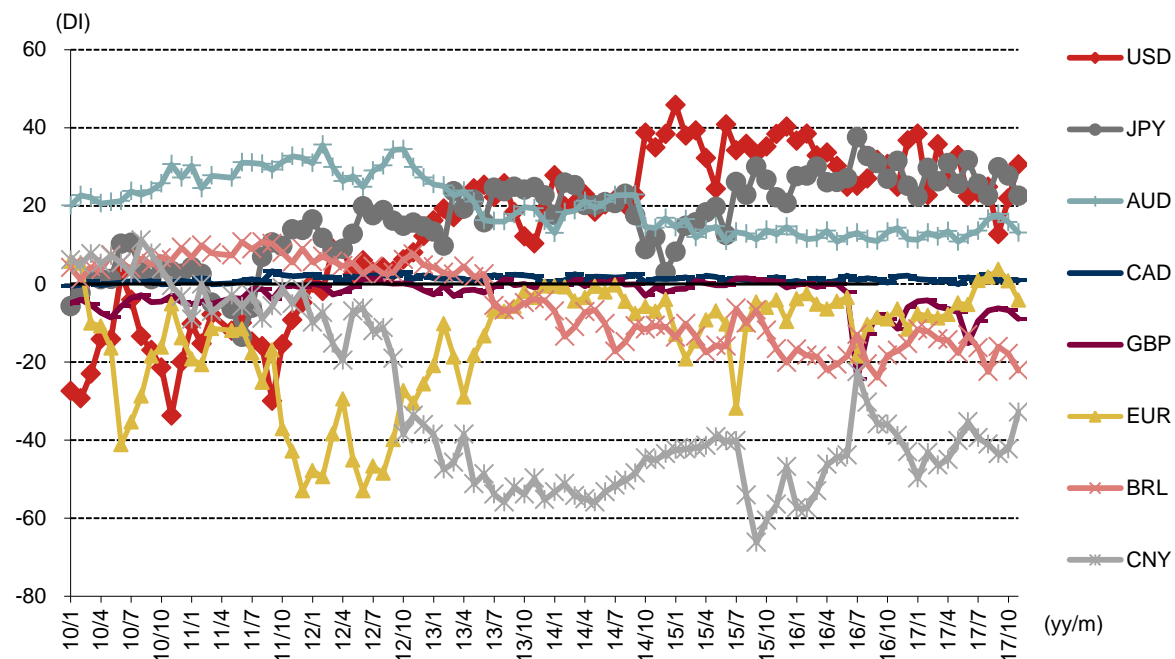
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the yuan rose 9.4pt m-m to -32.9, its highest level since August 2016. The DI for the US dollar also rose, 8.7pt to 30.5. By contrast, the DI for the yen fell 5.1pt to 22.6, while the DI for the euro fell 4.9pt to -4.1, marking its first move into negative territory in five months (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	30.5	36.7	6.2	21.8
Japanese yen	22.6	32.0	9.4	27.7
Australian dollar	13.1	15.8	2.7	15.8
Canadian dollar	0.9	2.4	1.5	1.1
Euro	-4.1	4.5	8.6	0.8
Pound sterling	-8.9	1.8	10.7	-6.7
Brazilian real	-22.2	1.4	23.6	-17.9
Chinese yuan	-32.9	3.9	36.8	-42.3

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) Rise in interest in equities, fall in interest in investment trusts

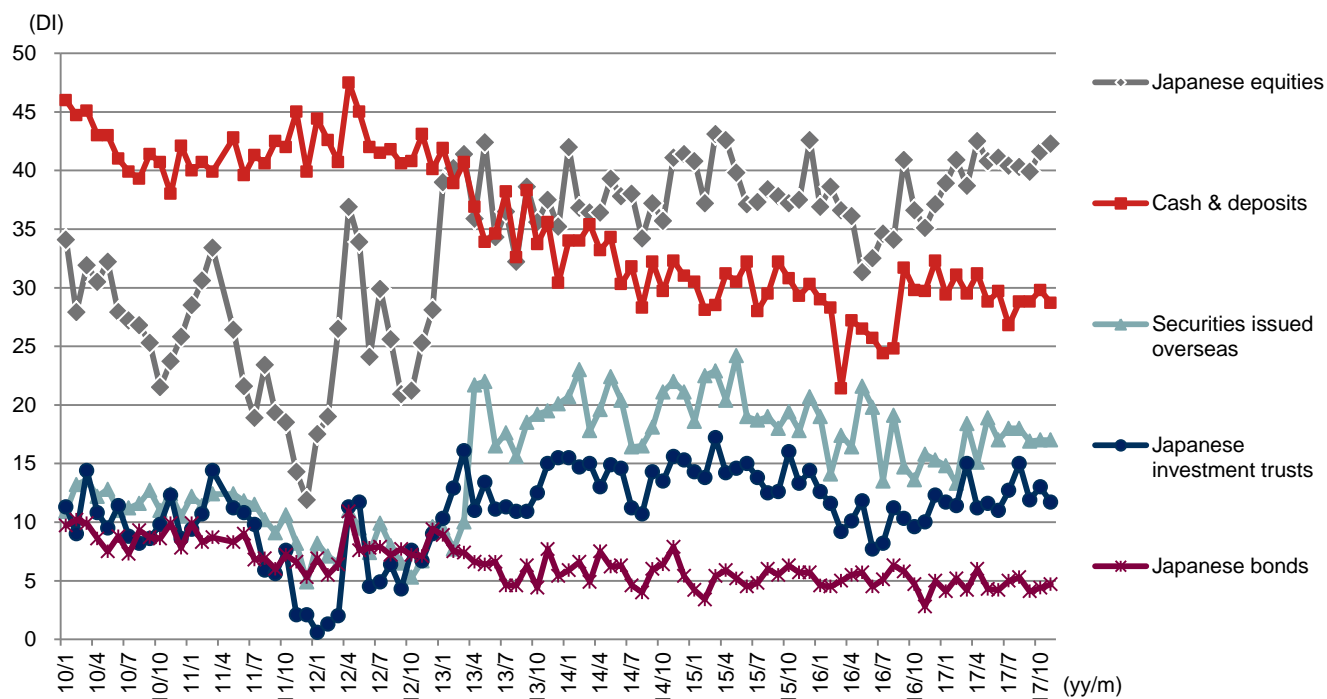
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for foreign equities rose 1.1pt m-m to 9.6, marking the first rise in three months. The DI for Japanese equities also rose, 0.7pt to 42.3. By contrast, the DI for Japanese investment trusts fell 1.3pt to 11.7 and the DI for foreign investment trusts fell 0.9pt to 4.3. The DI for cash & deposits fell 1.1pt to 28.7 (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	42.3	53.0	10.7	41.6
Cash & deposits	28.7	33.5	4.8	29.8
Japanese investment trusts	11.7	19.2	7.5	13.0
Foreign equities	9.6	10.8	1.2	8.5
Gold	7.6	8.3	0.7	8.6
Japanese bonds	4.7	6.7	2.0	4.4
Foreign investment trusts	4.3	6.6	2.3	5.2
Foreign bonds	3.1	4.6	1.5	3.3
Hybrid securities	1.7	2.5	0.8	1.6
Other	0.7	1.0	0.3	0.5
None	-47.3	27.7	75.0	-47.4

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, 45.1% of respondents selected a "rise" response, up 5.4ppt from the previous month. The proportion of respondents selecting the "no change" response fell 3.9ppt to 43.6%. The proportion of respondents selecting a "fall" response fell 1.5ppt m-m to 11.3% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	1.6	2.0
2	Fall of 2% up to 5%	3.1	4.3
3	Fall of less than 2%	6.6	6.5
4	No change (0%)	43.6	47.5
5	Rise of less than 2%	35.6	31.3
6	Rise of 2% up to 5%	8.0	6.8
7	Rise of 5% or more	1.5	1.6
	Total	100	100

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

(9) Equity investment over the past month

For this month's spot questions, we asked about equity investment. First, we asked about performance over the past month. Altogether 42.0% of respondents said that returns had been "broadly in positive territory, but with returns lower than the rise in the Nikkei 225," while 27.1% said that they had "broadly broken even" (Figure 13).

Fig. 13: Returns on equity investments over the past month

	Choices	No. of respondents	% of responses
1	Broadly in positive territory, and with returns higher than the rise in the Nikkei 225	212	21.2
2	Broadly in positive territory, but with returns lower than the rise in the Nikkei 225	420	42.0
3	Broadly breaking even	271	27.1
4	Broadly in negative territory	97	9.7
	Total	1,000	100.0

Note: Respondents were asked to select one response to the question: "The Nikkei 225 rose around 5.8% over the one-month period from 13 October through 13 November. Select from the following the response that most accurately reflects the situation regarding gains or losses on your equity investments over the month. This can include both realized and unrealized profits and losses."

We then asked investors about their basic stance concerning gains (unrealized gains) when investing in equities. The most common response, with 49.3%, was "no particular strategy; decisions taken on a case-by-case basis." The next most popular response, at 19.1%, was to "lock in profits at gains of around 11-20%" (Figure 14).

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

	Choices	No. of respondents	% of responses
1	Lock in profits at gains of less than 10%	126	12.6
2	Lock in profits at gains of around 11-20%	191	19.1
3	Lock in profits at gains of around 21-30%	101	10.1
4	Lock in profits at gains of around 31-50%	48	4.8
5	Lock in profits at gains of around 51-100% (doubling one's money)	28	2.8
6	Lock in profits at gains of over 100%	13	1.3
7	No particular strategy; decisions taken on a case-by-case basis	493	49.3
	Total	1,275	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.

Finally, we asked investors about what actions they had taken over the past month. "No action taken" was the top response, with 42.7%, followed by "sold shares to secure gains," with 22.4% (Figure 15).

Fig. 15: Investment activity over most recent month

	Choices	No. of respondents	% of responses
1	Acquired shares not in my portfolio	218	17.7
2	Increased holdings of shares already in my portfolio	138	11.2
3	Sold shares to secure gains	275	22.4
4	Sold shares to cut losses	74	6.0
5	No action taken	525	42.7
	Total	1,275	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 month (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 13 November, with deadline for responses on 14 November 2017.

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 (November 2017) respondents

Gender: Male (83.7%), female (16.3%)

Age: Under 30 (0.7%), 30–39 (6.1%), 40–49 (20.1%), 50–59 (29.0%), 60 and above (44.1%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.1%), professional (physician/medical professional, lawyer, etc) (2.2%), company management/corporate officer (3.8%), company employee/public servant (42.3%), student (0.1%), full-time homemaker (7.7%), part-time worker/casual worker/job-hopper (6.2%), unemployed/pensioner (28.7%), other (1.9%)

Region: Kanto (50.3%), Kinki (18.3%), Tokai/Koshinetsu/Hokuriku (16.9%), Hokkaido/Tohoku (4.7%), Chugoku/Shikoku/Kyushu (9.8%)

Financial assets held: Less than ¥1,000,000 (5.3%), ¥1,000,000–¥2,999,999 (7.5%), ¥3,000,000–¥4,999,999 (9.3%), ¥5,000,000–¥9,999,999 (16.7%), ¥10,000,000–¥29,999,999 (30.0%), ¥30,000,000–¥49,999,999 (13.9%), ¥50,000,000 or more (17.3%)

Value of domestic stocks held: Less than ¥500,000 (8.4%), ¥500,000–¥999,999 (10.3%), ¥1,000,000–¥2,999,999 (22.9%), ¥3,000,000–¥4,999,999 (16.7%), ¥5,000,000–¥9,999,999 (16.4%), ¥10,000,000–¥29,999,999 (17.7%), ¥30,000,000 or more (7.6%)

Investment experience: Less than three years (1.7%), three years to less than five years (6.8%), five years to less than 10 years (21.5%), 10 years to less than 20 years (32.2%), 20 years or more (37.8%)

Investment plan for domestic stocks: Mainly for long-term holding (44.3%), pursuit of gains from short-term appreciation (12.9%), pursuit of dividends and shareholder perks (25.8%), no particular plan (17.0%)

Notice

The next Nomura Individual Investor Survey (December 2017) is scheduled for release on Thursday, 21 December 2017.

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/report/>. Please contact the Research Product Management Dept. of Nomura Securities Co., Ltd. for additional information.

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50% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 41% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services** by the Nomura Group.

42% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 51% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group

8% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 6% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group.

As at 30 September 2017.

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

** As defined by the EU Market Abuse Regulation

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41% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; Instinet LLC has provided investment banking services to 0% of companies with this rating within the previous 12 months.

5% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; Instinet LLC has provided investment banking services to 0% of companies with this rating within the previous 12 months.

Definition of Nomura Group's equity research rating system and sectors

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:

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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.

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