News Release

NOMURA

Nomura Individual Investor Survey

March 2021

11 March 2021

Global Research Division

Nomura Securities Co., Ltd.

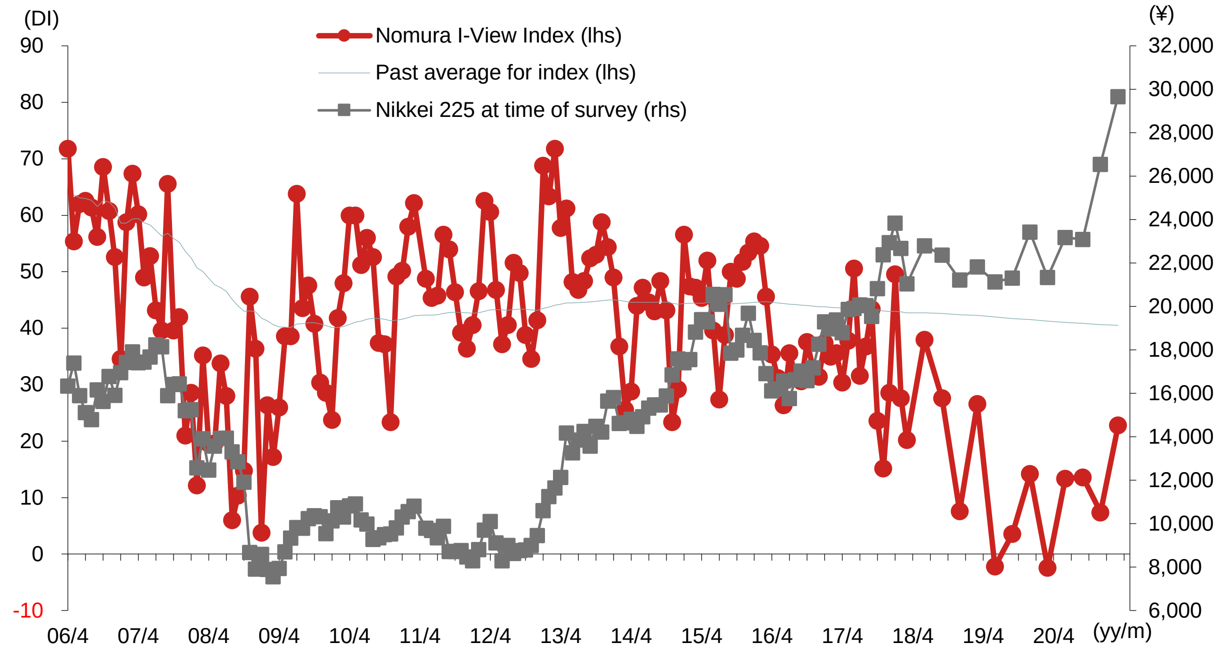
The Nomura Individual Investor Survey is a periodic survey conducted with the aim of better understanding investing activity by individuals and providing information on related trends.

1. Survey results

(1) Nomura I-View Index rises to 22.8, highest level since March 2019 survey

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 22.8 in March 2021, up 15.4pt versus the previous survey in December 2020. The Nikkei 225 reference level (1 March 2021 close) was 29,663.50, up 3,116.06 versus the previous survey (7 December 2020 close of 26,547.44).

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

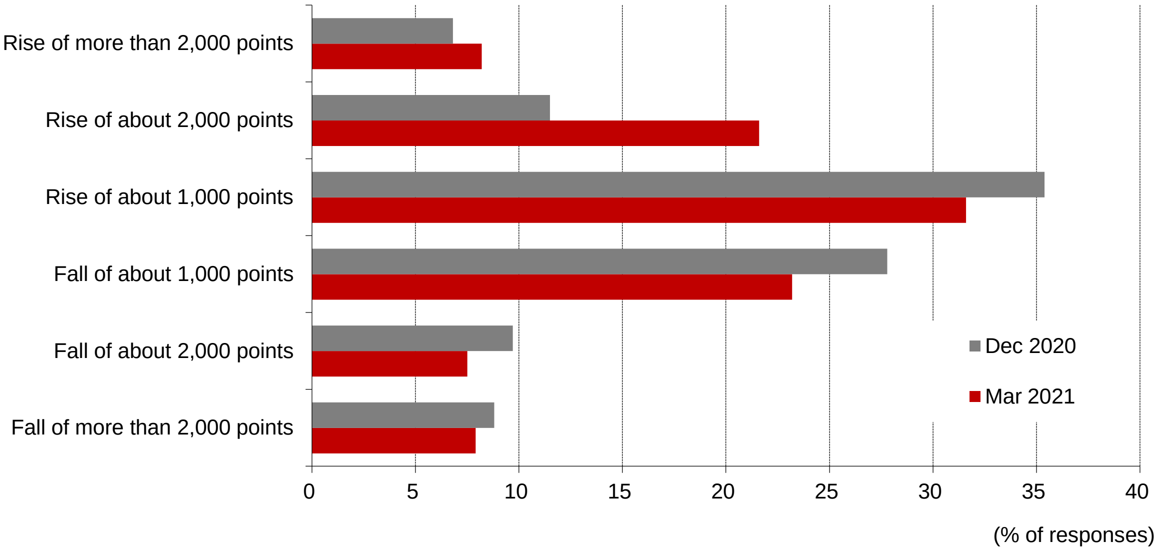


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: ([(number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices in the next three months)] divided by number of respondents) x 100. The figure for Jan 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 percentage of respondents expecting the Nikkei 225 to rise over the next three months was 61.4%, up 7.7ppt from 53.7% in the previous survey. The percentage of respondents expecting a "rise of about 1,000 points" was down 3.8ppt versus the previous survey at 31.6%. The percentage of respondents expecting a "rise of about 2,000 points" was up 10.1ppt at 21.6%, while the percentage expecting a "rise of more than 2,000 points" rose 1.4ppt to 8.2%.

The proportion expecting a "fall of about 1,000 points" declined 4.6ppt to 23.2%. The proportion expecting a "fall of about 2,000 points" was down 2.2ppt at 7.5%, while the proportion expecting a "fall of more than 2,000 points" was down 0.9ppt at 7.9% (Figure 2).

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

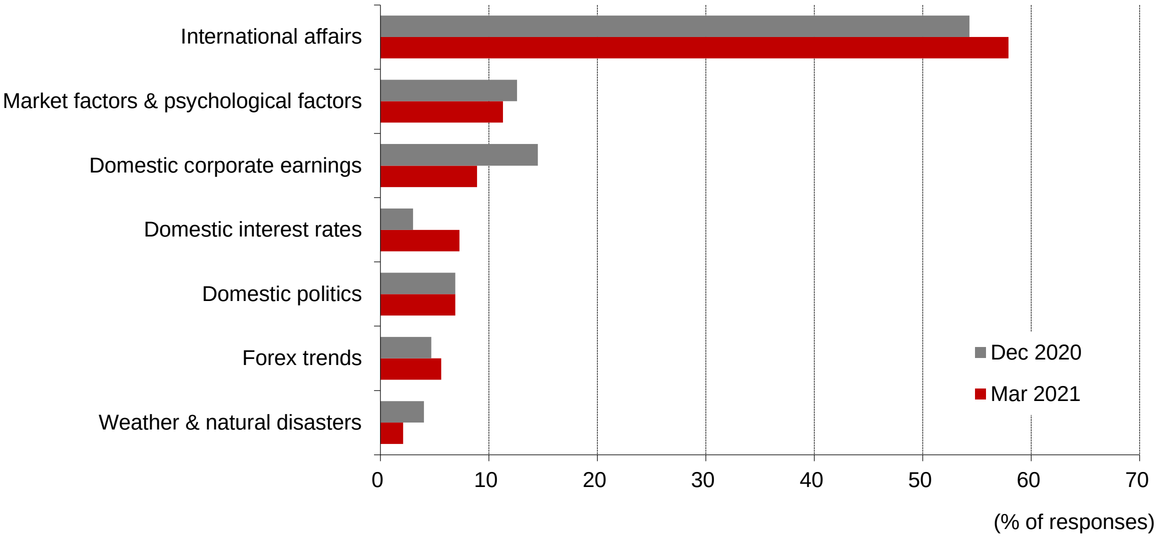


Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 1 March 2021 close of 29,663. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Increased focus on domestic interest rates

Respondents were asked to select the factor they thought most likely to affect the stock market over the next three months. The response rate for "domestic interest rates" rose 4.3ppt versus the previous survey to 7.3%, and the response rate for "international affairs" rose 3.6ppt to 57.9%. The response rate for "domestic corporate earnings", meanwhile, declined 5.6ppt to 8.9%.

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 transportation and utilities sector increases, appeal of pharmaceuticals sector falls

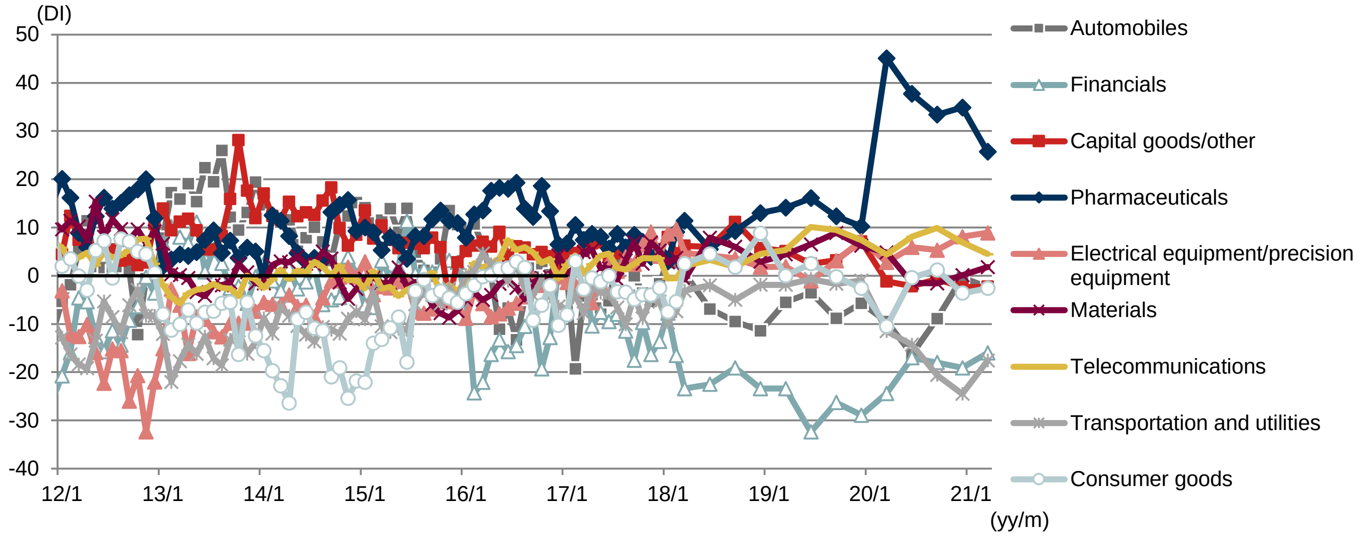
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of respondents viewing it as "unappealing" from the percentage of respondents viewing it as "appealing." The DI for the transportation and utilities sector rose 6.9pt versus the previous survey to -17.6. Meanwhile, the DI for the pharmaceuticals sector declined 9.2pt to 25.7 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	25.7	30.1	4.4	34.9
Electrical equipment/precision equipment	8.9	11.8	2.9	8.1
Telecommunications	4.5	9.5	5.0	6.9
Materials	1.8	11.0	9.2	0.1
Capital goods/other	-2.3	4.9	7.2	-2.4
Automobiles	-2.4	5.1	7.5	-0.4
Consumer goods	-2.6	12.8	15.4	-3.6
Financials	-16.0	6.3	22.3	-19.1
Transportation and utilities	-17.6	8.5	26.1	-24.5

Note: Respondents were given nine sectors and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. For each sector, we calculated a DI by subtracting the percentage of responses for "unappealing" from that for "appealing." The materials sector comprises mining, textiles, paper & pulp, chemicals, oil, ceramics, steel, nonferrous metals, and trading houses. The financial sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/other sector comprises construction, machinery, shipbuilding, transportation equipment, miscellaneous manufacturing, and real estate. The transportation and utilities sector comprises railroads & buses, trucking, shipping, airlines, warehousing, electric power, and gas. The consumer goods sector comprises marine products, food, retail, and services.

Fig. 5: DIs for selected sectors



(4) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, or that they find appealing, regardless of whether their investment horizon is the short term or long term (including stocks actually held). 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	85	4755	Rakuten	10
6758	Sony	36	9020	East Japan Railway	10
4502	Takeda Pharmaceutical	30	6981	Murata Manufacturing	9
8267	Aeon	23	9201	Japan Airlines	9
9984	SoftBank Group	22	4503	Astellas Pharma	8
4901	Fujifilm Holdings	21	4568	Daiichi Sankyo	7
9432	Nippon Telegraph and Telephone	18	6502	Toshiba	7
9434	SoftBank Corp	18	6752	Panasonic	7
4661	Oriental Land	15	7201	Nissan Motor	7
9202	ANA Holdings	15	8031	Mitsui & Co	7
2897	Nissin Foods Holdings	14	9437	NTT Docomo	7
4507	Shionogi	14	9983	Fast Retailing	7
6594	Nidec	14	4188	Mitsubishi Chemical Holdings	6
7974	Nintendo	14	6701	NEC	6
8306	Mitsubishi UFJ Financial Group	14	6702	Fujitsu	6
2811	Kagome	13	6920	Lasertec	6
8058	Mitsubishi Corp	13	6954	Fanuc	6
2702	McDonald's Holdings Company (Japan)	12	7267	Honda Motor	6
6501	Hitachi	12	8316	Sumitomo Mitsui Financial Group	6
8591	Orix	11	8411	Mizuho Financial Group	6

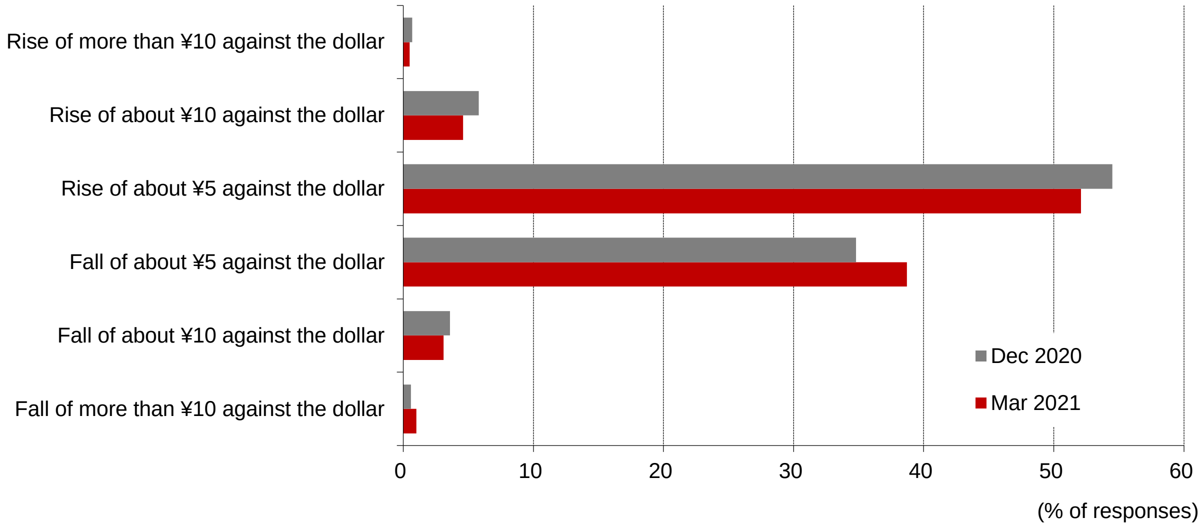
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

(5) Rise in proportion of investors expecting 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 42.8%, up 3.8ppt from the previous survey. The response rate for "fall of about ¥5 against the dollar" rose 3.9ppt versus the previous survey to 38.7%. The response rate for "fall of about ¥10 against the dollar" fell 0.5ppt to 3.1%, while that for "fall of more than ¥10 against the dollar" rose 0.4ppt to 1.0%.

The response rate for "rise of about ¥5 against the dollar" declined 2.4ppt to 52.1%. The response rate for "rise of about ¥10 against the dollar" fell 1.2ppt to 4.6% and the response rate for "rise of more than ¥10 against the dollar" fell 0.2ppt to 0.5% (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 1 March 2021 indicative rate of ¥106.62. 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 US dollar rises

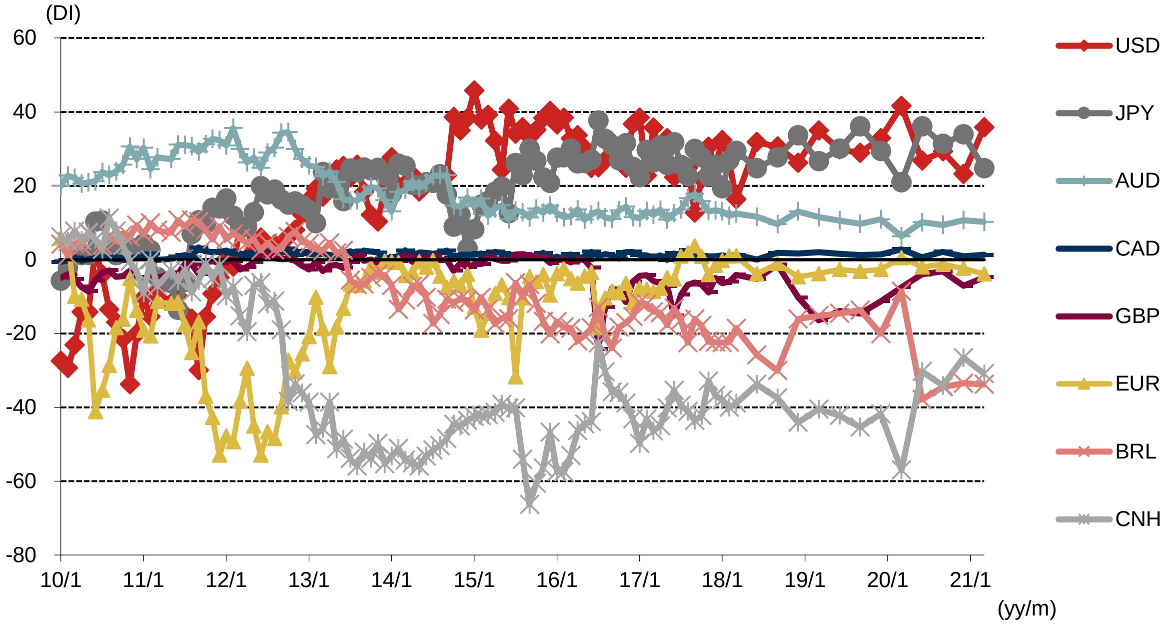
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the US dollar rose 12.6pt versus the previous survey to 35.8. The DI for the pound sterling rose 2.3pt to -4.8. Meanwhile, the DI for the Japanese yen fell 9.2pt to 24.7, and that for the Chinese yuan fell 4.3pt to -30.9 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	35.8	41.3	5.5	23.2
Japanese yen	24.7	33.0	8.3	33.9
Australian dollar	10.2	12.5	2.3	10.7
Canadian dollar	1.3	1.6	0.3	0.9
Euro	-3.9	3.3	7.2	-2.4
Pound sterling	-4.8	2.2	7.0	-7.1
Chinese yuan	-30.9	3.6	34.5	-26.6
Brazilian real	-33.8	0.7	34.5	-33.5

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) Appeal of foreign bonds and foreign equities among financial instruments rises

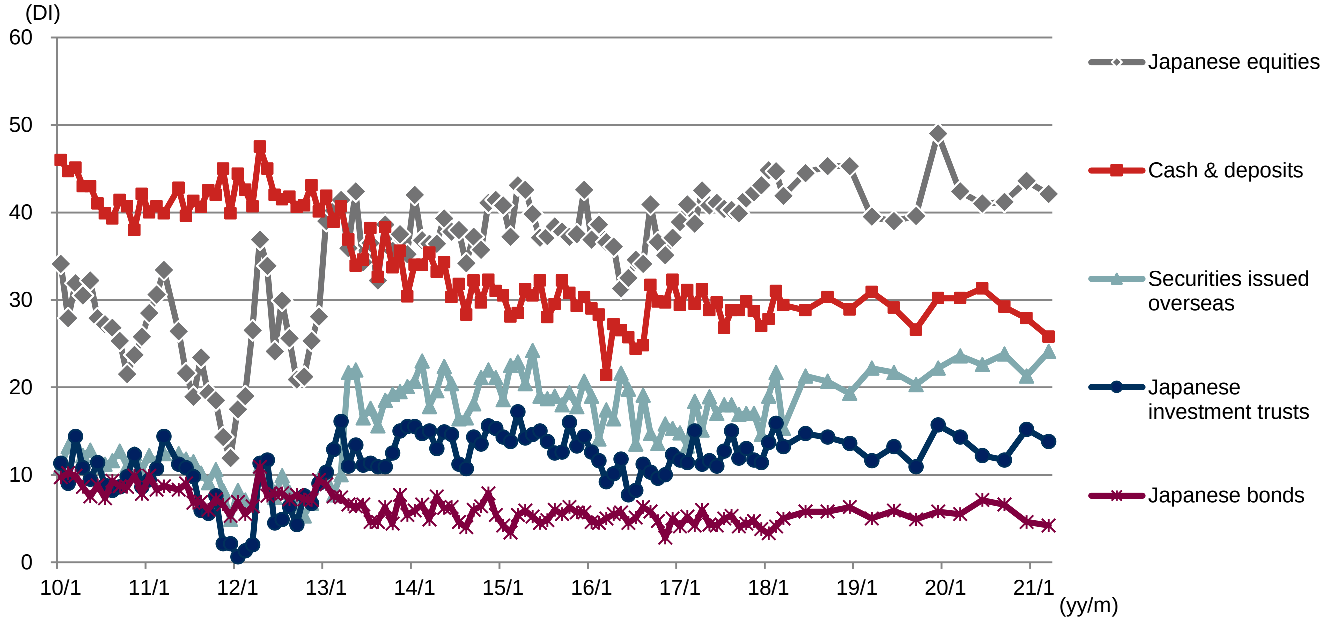
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for foreign bonds rose 1.4pt versus the previous survey to 3.5 and that for foreign equities rose 0.8pt to 13.8. The DI for cash & deposits fell 2.1pt m-m to 25.8 (Figure 10).

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	42.1	52.2	10.1	43.6
Cash & deposits	25.8	31.1	5.3	27.9
Japanese investment trusts	13.8	20.3	6.5	15.2
Foreign equities	13.8	14.3	0.5	13.0
Gold	7.9	8.0	0.1	7.2
Foreign investment trusts	6.8	8.2	1.4	6.2
Japanese bonds	4.2	6.3	2.1	4.6
Foreign bonds	3.5	4.6	1.1	2.1
Hybrid securities	2.4	2.5	0.1	1.9
Other	0.6	0.9	0.3	0.3
None	-49.1	29.0	78.1	-51.6

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, 37.7% of respondents selected a "rise" response, up 7.8ppt from last time. The percentage of respondents selecting a "no change" response was down 0.6ppt at 44.6%. The proportion of respondents selecting a "fall" response fell 7.2ppt to 17.7% (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	2.5
2	Fall of 2% up to 5%	4.6	5.9
3	Fall of less than 2%	11.5	16.5
4	No change (0%)	44.6	45.2
5	Rise of less than 2%	29.3	21.7
6	Rise of 2% up to 5%	6.6	6.8
7	Rise of 5% or more	1.8	1.4
	Total	100.0	100.0

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) Preconditions for equity investment, ESG investment

This survey included spot questions on preconditions for equity investment, shareholder returns and ESG investment.

We asked investors what they thought was the most important precondition for increasing their investment in equities apart from improvement in the macroeconomic environment (including the economy, forex, and corporate earnings). The most common response, at 28.5%, was "Lower tax burden on equity investment", up 4.4ppt from the last time this was asked, in the March 2020 survey. The second most popular response was "Improvement in shareholder returns (dividends, share buybacks)" at 23.9%, followed by "Greater confidence in politics and policy measures" at 20.1% (Figure 13).

Fig. 13: Preconditions for increasing equity investment apart from the macroeconomic environment

	Choices	No. of respondents	% of responses	Previous survey Mar 2020 (%)
1.	Lower tax burden on equity investment	285	28.5	24.1
2.	Improved visibility of corporate disclosures	45	4.5	2.3
3.	Enhanced financial services	49	4.9	3.4
4.	Improvement in shareholder returns (dividends, share buybacks)	239	23.9	27.0
5.	Greater confidence in politics and policy measures	201	20.1	23.8
6.	Easing anxieties over funds to cover living expenses in the future	176	17.6	17.3
7.	Other	5	0.5	2.1
	Total	1,000	100.0	100.0

Note: Respondents were asked to select one response to the question: "What do you think is the most important condition for you to increase equity investment other than improvements in the macroeconomic environment (economy, forex, corporate earnings, etc)?"

Next, we asked the 285 respondents who chose the "Lower tax burden on equity investment" response in Figure 13 which was the most important factor for them to increase equity investment. The response "Eliminating capital gains tax on equities" was chosen by the largest number of respondents, accounting for 53.7% of the total, up 7.6ppt from the last time this was asked, in the March 2020 survey (Figure 14).

Fig. 14: Most important measures for respondents who selected "lower tax burden on equity investment" as their precondition for increasing equity investment

	Choices	No. of respondents	% of responses	Previous survey Mar 2020 (%)
1.	Eliminating capital gains tax on equities	153	53.7	46.1
2.	Eliminating taxes on share dividends	79	27.7	33.2
3.	Expanding scope of profit/loss aggregation for financial instruments	15	5.3	7.1
4.	Lowering inheritance tax on equities	10	3.5	5.0
5.	Expanding tax-exempt scope of defined contribution pensions	5	1.8	1.7
6.	Lowering taxes on gifts of long-term shareholdings	12	4.2	3.7
7.	Extending loss deferral period	11	3.9	3.3
8.	Other	0	0.0	0.0
	Total	285	100.0	100.0

Note: We asked the respondents who chose the "lower tax burden on equity investment" response in Figure 13 to choose one response to the question: "What specific measure in terms of reducing taxes on equity investment do you think is most important for you to increase equity investment?"

We also asked about the dividend yield expected when investing in Japanese stocks. The highest response rate was for "3% or more but less than 4%" at 25.5%, down 0.5ppt from the March 2020 survey, followed by "2% or more but less than 3%" at 24.3% (Figure 15).

Fig. 15: Expected dividend yield

	Choices	No. of respondents	% of responses	Previous survey Mar 2020 (%)
1.	0% (no dividend) acceptable	29	2.9	1.7
2.	Less than 1% (excluding no dividend)	21	2.1	1.1
3.	1% or more but less than 2%	125	12.5	11.7
4.	2% or more but less than 3%	243	24.3	27.9
5.	3% or more but less than 4%	255	25.5	26.0
6.	4% or more but less than 5%	129	12.9	13.9
7.	5% or more	198	19.8	17.7
	Total	1,000	100.0	100.0

Note: Respondents were asked to choose one of a possible seven answers to the following question: "When investing in Japanese stocks, what level of dividend yield do you seek?"

When asked about interest in companies' environmental, social, and corporate governance (ESG) initiatives, respondents chose "If anything, I'm interested" more than any other response, with 44.2% of respondents choosing it, down 2.4ppt from the December 2020 survey. Next was "If anything, I'm not interested" at 27.1%, down 2.9ppt (Figure 16).

Fig. 16: Interest in companies' ESG initiatives

	Choices	No. of respondents	% of responses	Previous survey Dec 2020 (%)
1.	I'm very interested	113	11.3	8.3
2.	If anything, I'm interested	442	44.2	46.6
3.	If anything, I'm not interested	271	27.1	30.0
4.	I'm not interested at all	83	8.3	8.9
5.	I can't say, I don't know	91	9.1	6.2
	Total	1,000	100.0	100.0

Note: Respondents were asked to select a single response to the question: "Are you interested in companies' ESG (environment, social, corporate governance) initiatives?"

When asked whether or not ESG factors should be taken into consideration in equity markets, respondents chose "Return on investment is important for stock market investment, but it is also important to consider ESG factors to some extent" more than any other response, with 49.7% of respondents choosing it, down 0.5ppt from the December 2020 survey (Figure 17).

Fig. 17: Need to take ESG into consideration

	Choices	No. of respondents	% of responses	Previous survey Dec 2020 (%)
1.	Return on investment is what is important for stock market investment, so it is not necessary to consider ESG factors	99	9.9	7.8
2.	Return on investment is important for stock market investment, but it is also important to consider ESG factors to some extent	497	49.7	50.2
3.	Given the importance of sustainable growth, ESG factors are at least as important to consider as return on investment when investing in the stock market	210	21.0	19.8
4.	Don't know	194	19.4	22.2
	Total	1,000	100.0	100.0

Note: Respondents were asked to select a single response to the question: "Do you think it is necessary to consider environmental, social, and corporate governance (ESG) factors when investing in the stock market?"

We also asked about interest in financial products related to ESG. "I have no interest in ESG-related financial products" was the most common response with 37.1% of respondents choosing it, down 4.3ppt from the December 2020 survey, followed by "Investment trusts that actively invest in environmentally friendly companies", chosen by 31.4% of respondents (Figure 18).

Fig. 18: Interest in ESG-related financial products

	Choices	No. of respondents	% of responses	Previous survey Dec 2020 (%)
1.	Investment trusts that actively invest in environmentally friendly companies	314	31.4	29.9
2.	Investment trusts that actively invest in companies promoting women's participation in the workforce	108	10.8	10.0
3.	Investment trusts that actively invest in companies excelling in corporate governance	199	19.9	18.9
4.	Green bonds (bonds issued to fund environmentally friendly businesses)	129	12.9	11.8
5.	ETFs that track ESG indices (indices made up of companies with high scores based on a comprehensive assessment of ESG factors)	182	18.2	18.9
6.	Financial products that contribute to specific or all SDGs	156	15.6	15.0
7.	Social impact investment (financial products that aim to deliver both an economic return (investment income) and provide funding to resolve social problems)	165	16.5	15.9
8.	Other	1	0.1	0.1
9.	I have no interest in ESG-related financial products	371	37.1	41.4
	Total	1,000	-	-

Note: Respondents were asked, "Which of these environmental, social, and corporate governance (ESG)-related products are you interested in (choose all that apply)?"

The survey also asked respondents whether the COVID-19 pandemic had changed their view of ESG investment. "No major change" was the most common response, with 61.3% of respondents choosing it, down 2.0ppt from the December 2020 survey, followed by "I regard ESG investment as somewhat important" at 29.7% (Figure 19).

Fig. 19: Changes in view of ESG investment

	Choices	No. of respondents	% of responses	Previous survey Dec 2020 (%)
1.	I regard ESG investment as very important	29	2.9	2.8
2.	I regard ESG investment as somewhat important	297	29.7	27.5
3.	I do not regard ESG investment as particularly important	43	4.3	4.5
4.	I do not regard ESG investment as important at all	18	1.8	1.9
5.	No major change	613	61.3	63.3
	Total	1,000	100.0	100.0

Note: Respondents were asked to select a single response to the question: "Has your view of ESG investment changed as a result of the COVID-19 pandemic?"

2. Nomura Individual Investor Survey

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

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

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

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

Survey period: Survey distributed on 1 March 2021, with deadline for responses on 2 March 2021

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

3. Nomura Individual Investor Survey (March 2021) respondents

Gender: Male (86.7%), female (13.3%)

Age: Under 30 (0.1%), 30–39 (2.6%), 40–49 (13.6%), 50–59 (26.4%), 60 and above (57.3%)

Occupation: Self-employed/fisheries, agriculture, forestry (6.3%), professional (physician/medical professional, lawyer, etc) (3.1%), company management/board member (4.2%), company employee/public servant (40.8%), student (0.0%), full-time homemaker (6.1%), part-time worker/casual worker/job-hopper (6.7%), unemployed/pensioner (31.3%), other (1.5%)

Region: Kanto (50.7%), Kinki (18.5%), Tokai/Koshinetsu/Hokuriku (14.3%), Hokkaido/Tohoku (5.5%), Chugoku/Shikoku/Kyushu (11.0%)

Financial assets held: Less than ¥1,000,000 (4.2%), ¥1,000,000–¥2,999,999 (5.6%), ¥3,000,000–¥4,999,999 (10.7%), ¥5,000,000–¥9,999,999 (16.7%), ¥10,000,000–¥29,999,999 (29.3%), ¥30,000,000–¥49,999,999 (16.3%), ¥50,000,000 or more (17.2%)

Value of Japanese stocks held: Less than ¥500,000 (6.8%), ¥500,000–¥999,999 (9.0%), ¥1,000,000–¥2,999,999 (21.9%), ¥3,000,000–¥4,999,999 (15.3%), ¥5,000,000–¥9,999,999 (18.9%), ¥10,000,000–¥29,999,999 (20.3%), ¥30,000,000 or more (7.8%)

Investment experience: Less than three years (0.9%), three years to less than five years (2.7%), five years to less than 10 years (13.5%), 10 years to less than 20 years (32.8%), 20 years or more (50.1%)

Investment plan for Japanese stocks: Mainly for long-term holding (47.1%), pursuit of gains from short-term appreciation (9.7%), pursuit of dividends and shareholder perks (30.6%), no particular plan (12.6%)

Notice

The next Nomura Individual Investor Survey (June 2021) is scheduled for release on Thursday, 17 June 2021.

Disclaimers

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When bonds are purchased via public offerings, secondary distributions, or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Bonds carry the risk of losses, as prices fluctuate in line with changes in market interest rates. Bond prices may also fall below the invested principal as a result of such factors as changes in the management and financial circumstances of the issuer, or changes in third-party valuations of the bond in question. In addition, foreign currency-denominated bonds also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

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 JI17 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 5.5% (tax included) 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 5.5% (tax included/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.

Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry the risk of losses. Fees and risks vary by investment trust. Maximum applicable fees are subject to change; please thoroughly read the written materials provided, such as prospectuses or documents delivered before making a contract.

In interest rate swap transactions and USD/JPY basis swap transactions (“interest rate swap transactions, etc.”), only the agreed transaction payments shall be made on the settlement dates. Some interest rate swap transactions, etc. may require pledging of margin collateral. In some of

these cases, transaction payments may exceed the amount of collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the transaction. Interest rate swap transactions, etc. carry the risk of losses owing to fluctuations in market prices in the interest rate, currency and other markets, as well as reference indices. Losses incurred as such may exceed the value of margin collateral, in which case margin calls may be triggered. In the event that both parties agree to enter a replacement (or termination) transaction, the interest rates received (paid) under the new arrangement may differ from those in the original arrangement, even if terms other than the interest rates are identical to those in the original transaction. Risks vary by transaction. Please thoroughly read the written materials provided, such as documents delivered before making a contract and disclosure statements.
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