

Performance summary November 2014



Global Markets Research

2 December 2014

Research analysts

Japan index products

Yumiko Hirano - NSC
idx_mgr@frc.nomura.co.jp
+81 3 6703 3986

Nana Komiya - NSC
idx_mgr@frc.nomura.co.jp
+81 3 6703 3986

Fig. 1: Russell/Nomura Japan Equity Indexes performance summary

Index	No. of stocks	Weight (%)	Index value	Returns (%) *				
				1 month	3 months	6 months	12 months	YTD
Total Market	1,392	100.00	487.71	5.76	11.13	18.32	14.42	10.46
Value	1,037	49.01	1,051.07	5.55	9.19	16.29	11.94	8.20
Growth	685	50.99	202.59	5.96	13.06	20.34	16.91	12.73
Large	300	84.41	468.55	6.03	12.11	18.79	14.34	10.35
Large Value	194	38.80	978.74	5.86	10.00	16.35	10.94	7.29
Large Growth	197	45.61	212.10	6.17	13.96	20.95	17.41	13.10
Top	60	50.41	384.69	6.01	12.92	18.33	11.92	7.64
Top Value	38	21.21	871.29	5.68	9.24	14.45	6.71	3.14
Top Growth	44	29.20	184.68	6.26	15.74	21.31	16.05	11.16
Mid	240	34.00	643.46	6.05	10.93	19.48	18.10	14.61
Mid Value	156	17.58	1,045.50	6.08	10.92	18.73	16.50	12.76
Mid Growth	153	16.41	297.21	6.01	10.93	20.31	19.85	16.65
Mid-Small	1,332	49.59	634.25	5.50	9.37	18.30	17.05	13.47
Mid-Small Value	999	27.80	1,118.89	5.45	9.15	17.72	16.29	12.40
Mid-Small Growth	641	21.79	261.35	5.57	9.64	19.06	18.05	14.86
Small	1,092	15.59	603.90	4.34	6.12	15.81	14.85	11.07
Small Value	843	10.21	1,170.85	4.38	6.23	16.03	15.93	11.80
Small Growth	488	5.38	205.38	4.25	5.91	15.41	12.83	9.69
Small Core	350	10.31	195.79	4.81	6.91	15.47	14.16	10.49
Small Core Value	258	6.37	287.75	5.16	7.13	15.31	14.55	10.37
Small Core Growth	189	3.94	74.34	4.24	6.55	15.74	13.52	10.69
Micro	742	5.28	230.69	3.43	4.61	16.47	16.19	12.18
Micro Value	585	3.84	311.75	3.11	4.77	17.23	18.26	14.22
Micro Growth	299	1.44	82.71	4.28	4.19	14.51	10.99	7.09
Prime	994	98.15	1,368.26	5.80	11.27	18.34	14.41	10.46
Prime Value	737	47.74	1,723.65	5.62	9.32	16.25	11.84	8.10
Prime Growth	521	50.41	1,016.42	5.98	13.18	20.38	16.95	12.80

Note: * Returns are not annualized.

Source: Nomura

Japanese version published on
December 1, 2014

What are the Russell/Nomura Japan Equity Indexes?

The Russell/Nomura Japan Equity Indexes are Japanese equity indexes developed jointly by US-based Russell Investments and the Quantitative Research Center, Nomura Securities Co., Ltd.

Russell/Nomura Japan Equity Indexes have the following characteristics:

- They represent the entire Japanese equity market, in that component stocks are selected from among all listed stocks.
- They reflect the stocks that are actually available for investment, as stable shareholdings are excluded from market capitalization figures.
- There are sub-indexes for different sizes of company based on market capitalization.
- There are sub-indexes for growth and value stocks. Sub-indexes for growth and value stocks are based on P/B ratios adjusted for unrealized gains/losses on marketable securities and unrecognized retirement benefit obligations.
- The Prime Index consists of the top 1,000 stocks in the Total Market Index by market cap excluding stable shareholdings.
- Clear definitions mean that there is no arbitrariness in stock-selection methods.
- The composition of each index is reviewed once a year.

About Russell Investments

Russell Investments is an independent, global financial services firm that provides strategic advice, investment solutions, implementation services, and global performance benchmarks that are customized to meet the unique needs of institutional investors, financial advisors, and individuals.

Russell has pioneered innovations that have come to define many practices that are standard in the investment world today, and has four decades of experience researching and selecting money managers globally.

Founded in 1936, Russell is headquartered in Seattle, Washington, USA and has offices in Amsterdam, Auckland, Chicago, London, Melbourne, Milan, New York, Paris, San Francisco, Seoul, Singapore, Sydney, Tokyo, and Toronto. For more information about how Russell helps to improve financial security for people, visit www.russell.com.

Russell/Nomura Japan Equity Indexes are protected by certain intellectual property rights of Nomura Securities Co., Ltd. and Russell Investments. Nomura Securities Co., Ltd. and Russell Investments do not guarantee the accuracy, completeness, reliability, or usefulness thereof and do not account for business activities and services that any index user and its affiliates undertake with the use of the Indexes.

Fig. 2: Russell/Nomura Japan Equity Indexes performance summary

Price returns (excluding dividends, as of end-November 2014)

Index	No. of stocks	Weight (%)	Index value	Returns (%) *				
				1 month	3 months	6 months	12 months	YTD
Total Market	1,392	100.00	316.09	5.75	10.32	17.33	12.19	8.40
Value	1,037	49.01	652.02	5.53	8.25	15.18	9.45	5.86
Growth	685	50.99	137.20	5.95	12.38	19.46	14.94	10.95
Large	300	84.41	302.98	6.01	11.25	17.76	12.06	8.24
Large Value	194	38.80	605.99	5.84	8.98	15.17	8.37	4.87
Large Growth	197	45.61	142.81	6.16	13.26	20.04	15.39	11.28
Top	60	50.41	243.50	6.00	11.92	17.15	9.47	5.37
Top Value	38	21.21	531.65	5.66	8.01	13.06	3.85	0.45
Top Growth	44	29.20	120.49	6.25	14.94	20.29	13.93	9.25
Mid	240	34.00	427.31	6.04	10.28	18.67	16.09	12.74
Mid Value	156	17.58	660.94	6.06	10.17	17.82	14.33	10.70
Mid Growth	153	16.41	208.89	6.01	10.39	19.60	18.01	14.98
Mid-Small	1,332	49.59	418.96	5.49	8.74	17.51	15.06	11.61
Mid-Small Value	999	27.80	704.50	5.43	8.43	16.84	14.11	10.36
Mid-Small Growth	641	21.79	183.74	5.56	9.12	18.36	16.28	13.25
Small	1,092	15.59	393.15	4.31	5.52	15.05	12.87	9.24
Small Value	843	10.21	730.93	4.36	5.57	15.20	13.73	9.77
Small Growth	488	5.38	144.43	4.22	5.42	14.76	11.29	8.26
Small Core	350	10.31	156.91	4.78	6.29	14.71	12.25	8.73
Small Core Value	258	6.37	226.79	5.14	6.46	14.50	12.44	8.44
Small Core Growth	189	3.94	61.85	4.21	6.01	15.06	11.93	9.20
Micro	742	5.28	182.01	3.40	4.04	15.71	14.09	10.24
Micro Value	585	3.84	240.92	3.09	4.11	16.38	15.90	12.02
Micro Growth	299	1.44	69.58	4.26	3.86	13.96	9.56	5.79
Prime	994	98.15	1,062.01	5.79	10.45	17.34	12.17	8.39
Prime Value	737	47.74	1,306.19	5.60	8.37	15.14	9.34	5.75
Prime Growth	521	50.41	807.15	5.97	12.50	19.49	14.98	11.01

Note: * Returns are not annualized.

Source: Nomura

Fig. 3: Russell/Nomura Japan Equity Indexes performance summary

Total returns (including dividends, as of end-November 2014)

Index	No. of stocks	Weight (%)	Index value	Returns (%) *				
				1 month	3 months	6 months	12 months	YTD
Total Market	1,392	100.00	487.71	5.76	11.13	18.32	14.42	10.46
Value	1,037	49.01	1,051.07	5.55	9.19	16.29	11.94	8.20
Growth	685	50.99	202.59	5.96	13.06	20.34	16.91	12.73
Large	300	84.41	468.55	6.03	12.11	18.79	14.34	10.35
Large Value	194	38.80	978.74	5.86	10.00	16.35	10.94	7.29
Large Growth	197	45.61	212.10	6.17	13.96	20.95	17.41	13.10
Top	60	50.41	384.69	6.01	12.92	18.33	11.92	7.64
Top Value	38	21.21	871.29	5.68	9.24	14.45	6.71	3.14
Top Growth	44	29.20	184.68	6.26	15.74	21.31	16.05	11.16
Mid	240	34.00	643.46	6.05	10.93	19.48	18.10	14.61
Mid Value	156	17.58	1,045.50	6.08	10.92	18.73	16.50	12.76
Mid Growth	153	16.41	297.21	6.01	10.93	20.31	19.85	16.65
Mid-Small	1,332	49.59	634.25	5.50	9.37	18.30	17.05	13.47
Mid-Small Value	999	27.80	1,118.89	5.45	9.15	17.72	16.29	12.40
Mid-Small Growth	641	21.79	261.35	5.57	9.64	19.06	18.05	14.86
Small	1,092	15.59	603.90	4.34	6.12	15.81	14.85	11.07
Small Value	843	10.21	1,170.85	4.38	6.23	16.03	15.93	11.80
Small Growth	488	5.38	205.38	4.25	5.91	15.41	12.83	9.69
Small Core	350	10.31	195.79	4.81	6.91	15.47	14.16	10.49
Small Core Value	258	6.37	287.75	5.16	7.13	15.31	14.55	10.37
Small Core Growth	189	3.94	74.34	4.24	6.55	15.74	13.52	10.69
Micro	742	5.28	230.69	3.43	4.61	16.47	16.19	12.18
Micro Value	585	3.84	311.75	3.11	4.77	17.23	18.26	14.22
Micro Growth	299	1.44	82.71	4.28	4.19	14.51	10.99	7.09
Prime	994	98.15	1,368.26	5.80	11.27	18.34	14.41	10.46
Prime Value	737	47.74	1,723.65	5.62	9.32	16.25	11.84	8.10
Prime Growth	521	50.41	1,016.42	5.98	13.18	20.38	16.95	12.80

Note: * Returns are not annualized.

Source: Nomura

Fig. 4: Russell/Nomura index data by industrial sector

Number of stocks and weighting (as of end-November 2014)

Index	Total Market		Value		Growth		Small		Prime	
	No. of stocks	Weight (%)	No. of stocks	Weight (%)	No. of stocks	Weight (%)	No. of stocks	Weight (%)	No. of stocks	Weight (%)
Overall	1,392	100.00	1,037	100.00	685	100.00	1,092	100.00	994	100.00
1 Fishery, agriculture & forestry	5	0.07	5	0.13	3	0.02	5	0.48	5	0.08
2 Mining	6	0.39	5	0.78	1	0.01	5	0.33	5	0.39
3 Construction	75	2.53	60	3.24	32	1.86	65	5.54	51	2.46
4 Foods	55	3.90	46	2.83	25	4.93	42	4.38	45	3.93
5 Textiles & apparel	24	0.75	23	1.34	6	0.19	22	1.91	16	0.72
6 Pulp & paper	10	0.22	10	0.45	0	0.00	9	0.88	8	0.22
7 Chemicals	104	6.01	87	6.68	48	5.38	80	8.46	76	6.00
8 Pharmaceuticals	44	4.74	25	2.67	33	6.72	29	2.85	33	4.77
9 Oil & coal products	8	0.49	7	0.80	2	0.20	5	0.48	6	0.49
10 Rubber products	10	0.98	10	0.56	4	1.38	7	0.71	9	0.99
11 Glass & ceramics products	23	0.97	18	0.74	9	1.19	17	1.12	17	0.97
12 Iron & steel	23	1.37	22	2.40	5	0.38	19	1.63	19	1.37
13 Nonferrous metals	18	1.01	16	1.84	7	0.21	14	1.60	17	1.02
14 Metal products	24	0.61	21	0.94	7	0.28	21	1.79	15	0.58
15 Machinery	101	5.47	79	3.40	49	7.46	81	7.15	68	5.39
16 Electric appliances	125	13.88	90	9.09	68	18.49	92	9.66	90	13.97
17 Transportation equipment	58	11.27	48	7.63	30	14.77	42	4.28	48	11.43
18 Precision instruments	24	1.54	12	0.50	21	2.54	19	2.06	17	1.54
19 Other products	36	1.38	29	1.87	16	0.92	29	1.90	23	1.35
20 Electric power & gas	17	2.12	17	3.67	8	0.62	4	0.27	16	2.15
21 Land transportation	33	3.97	25	2.84	18	5.06	17	1.78	27	4.02
22 Marine transportation	6	0.32	6	0.64	3	0.02	3	0.13	4	0.32
23 Air transportation	3	0.61	2	0.53	1	0.69	1	0.02	2	0.62
24 Warehousing & harbor transportation services	14	0.22	13	0.42	3	0.03	13	0.99	6	0.19
25 Information & communications	84	7.04	46	5.65	59	8.39	70	6.14	53	7.04
26 Wholesale trade	85	4.15	79	7.97	18	0.47	73	5.32	53	4.08
27 Retail trade	122	4.12	73	3.09	72	5.12	107	8.93	83	4.00
28 Banks	83	9.01	81	18.02	2	0.36	61	6.95	73	9.13
29 Securities & commodity futures	21	1.56	15	2.02	14	1.11	18	1.67	13	1.55
30 Insurance	7	2.35	5	4.59	2	0.19	1	0.03	6	2.38
31 Other financing business	21	1.25	13	1.73	12	0.79	16	1.94	17	1.26
32 Real estate	35	2.93	18	0.34	28	5.42	26	2.16	20	2.92
33 Services	88	2.76	31	0.62	79	4.82	79	6.47	53	2.67

Source: Nomura

Fig. 5: Russell/Nomura index performance by industrial sector

Monthly returns (as of end-November 2014)

(%)

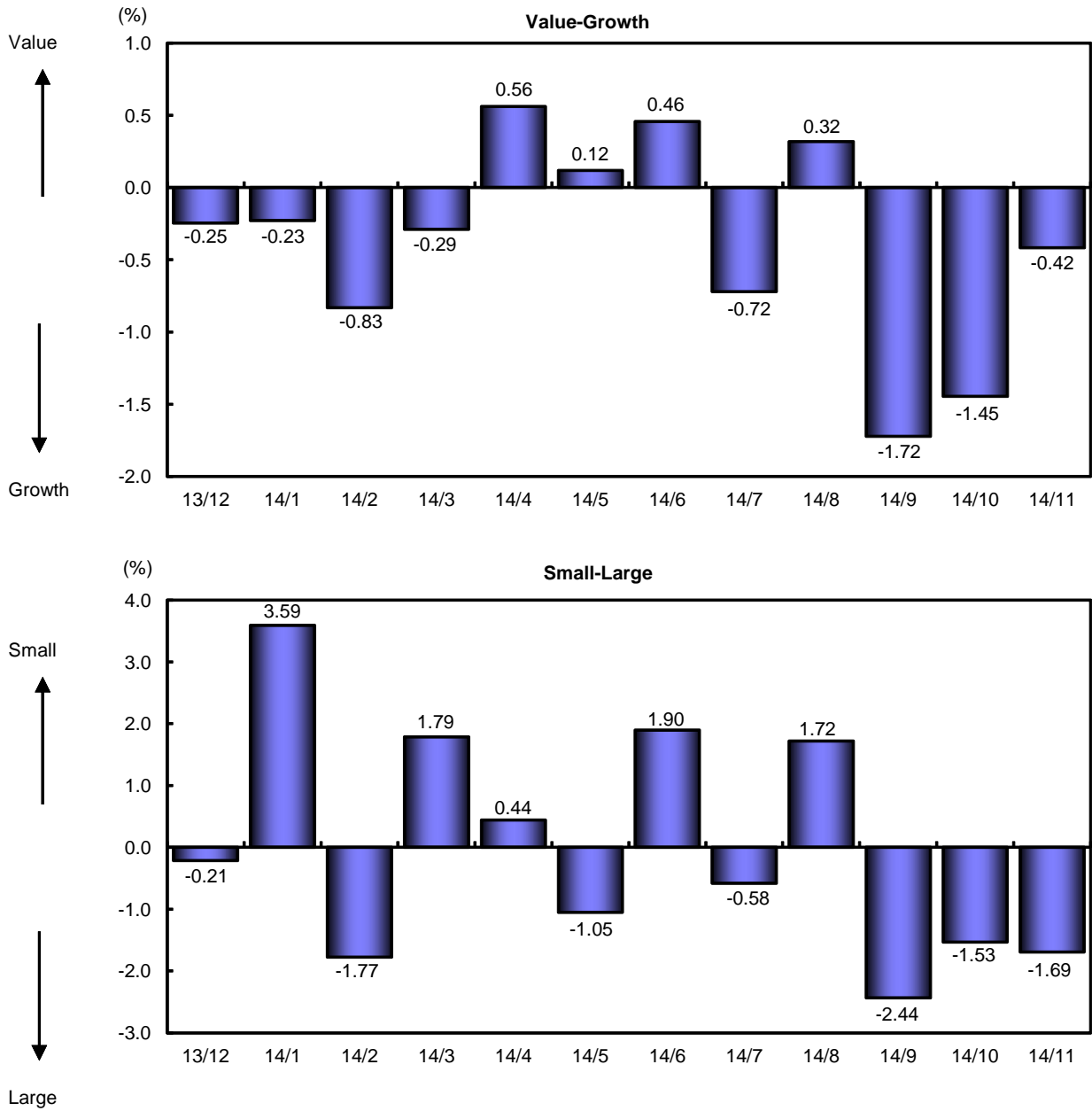
Index	Total Market		Value		Growth		Small		Prime	
	excl dividends	incl dividends	excl dividends	incl dividends	excl dividends	incl dividends	excl dividends	incl dividends	excl dividends	incl dividends
Overall	5.75	5.76	5.53	5.55	5.95	5.96	4.31	4.34	5.79	5.80
1 Fishery, agriculture & forestry	10.11	10.23	11.47	11.62	2.32	2.32	10.11	10.23	10.11	10.23
2 Mining	-9.17	-9.17	-9.10	-9.10	-14.29	-14.29	-0.53	-0.53	-9.30	-9.30
3 Construction	0.81	0.81	1.48	1.49	-0.30	-0.30	-2.01	-1.99	0.82	0.82
4 Foods	4.24	4.25	5.29	5.31	3.67	3.67	3.89	3.94	4.25	4.25
5 Textiles & apparel	17.49	17.51	16.56	16.59	24.19	24.19	7.53	7.58	18.64	18.67
6 Pulp & paper	4.61	4.61	4.61	4.61	-	-	4.18	4.18	4.77	4.77
7 Chemicals	8.35	8.37	9.57	9.59	6.93	6.94	7.10	7.09	8.42	8.44
8 Pharmaceuticals	0.79	0.79	0.34	0.34	0.96	0.96	3.02	3.02	0.72	0.72
9 Oil & coal products	-4.27	-4.27	-5.94	-5.94	2.64	2.64	-5.42	-5.42	-4.22	-4.22
10 Rubber products	12.81	12.81	14.70	14.70	12.09	12.09	16.84	16.84	12.91	12.91
11 Glass & ceramics products	7.38	7.38	3.20	3.20	10.05	10.05	4.52	4.52	7.61	7.61
12 Iron & steel	7.69	7.69	7.67	7.67	7.81	7.81	1.60	1.61	7.81	7.81
13 Nonferrous metals	7.71	7.82	8.18	8.30	3.92	3.92	0.88	0.88	7.71	7.82
14 Metal products	1.83	1.86	3.20	3.23	-2.27	-2.28	2.23	2.28	1.67	1.69
15 Machinery	6.47	6.51	5.18	5.21	7.05	7.08	7.45	7.53	6.51	6.54
16 Electric appliances	9.29	9.29	13.37	13.38	7.46	7.46	7.90	7.92	9.33	9.34
17 Transportation equipment	10.70	10.73	7.68	7.69	12.27	12.30	5.08	5.10	10.75	10.77
18 Precision instruments	9.45	9.46	16.57	16.67	8.20	8.21	14.76	14.84	9.48	9.49
19 Other products	6.52	6.52	6.66	6.66	6.25	6.25	2.36	2.36	6.61	6.61
20 Electric power & gas	4.09	4.09	4.48	4.48	1.91	1.91	3.51	3.51	4.09	4.09
21 Land transportation	4.41	4.41	5.52	5.52	3.81	3.81	7.15	7.16	4.44	4.44
22 Marine transportation	15.98	15.98	16.26	16.26	5.98	5.98	11.24	11.24	16.08	16.08
23 Air transportation	15.39	15.39	13.54	13.54	16.80	16.80	15.00	15.00	15.40	15.40
24 Warehousing & harbor transportation services	6.56	6.56	6.31	6.31	10.20	10.20	9.22	9.22	6.57	6.57
25 Information & communications	0.14	0.14	-3.43	-3.43	2.60	2.60	4.20	4.21	0.05	0.05
26 Wholesale trade	2.74	2.75	2.60	2.61	5.03	5.10	2.90	2.94	2.74	2.75
27 Retail trade	2.63	2.64	4.02	4.03	1.84	1.86	0.42	0.46	2.62	2.63
28 Banks	4.67	4.72	4.69	4.74	3.85	3.85	4.03	4.04	4.68	4.73
29 Securities & commodity futures	7.96	7.96	6.98	6.98	9.74	9.74	8.90	8.90	7.94	7.94
30 Insurance	8.51	8.53	8.74	8.77	3.37	3.37	10.01	10.01	8.51	8.53
31 Other financing business	2.92	2.93	1.29	1.30	6.53	6.53	-1.04	-1.01	2.98	2.98
32 Real estate	-0.99	-0.99	3.92	3.96	-1.27	-1.27	2.64	2.68	-1.05	-1.05
33 Services	7.15	7.15	1.64	1.64	7.88	7.88	3.22	3.23	7.54	7.55

Note: Returns are not annualized.

Source: Nomura

Fig. 6: Monthly performance

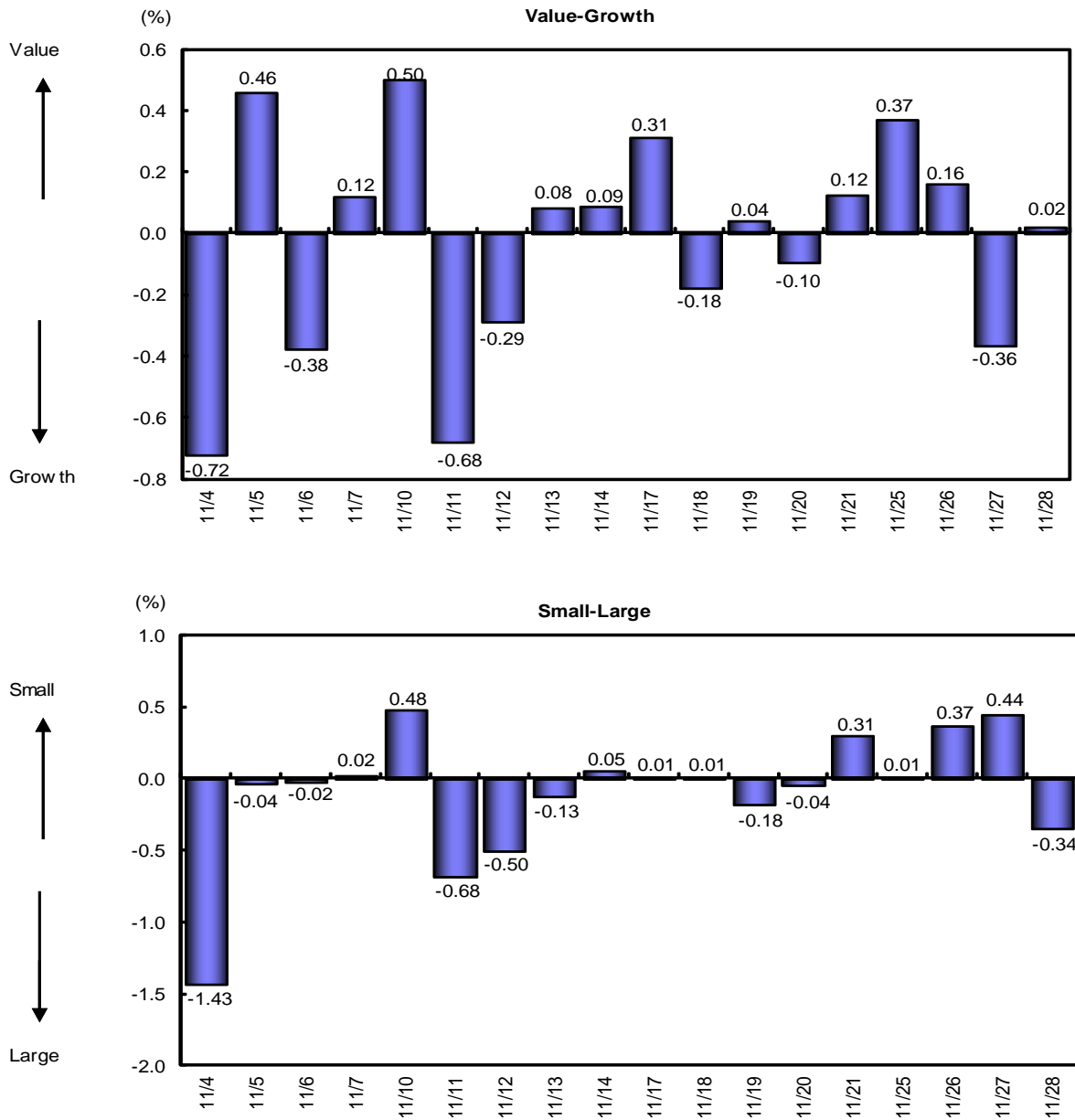
Total returns



Note: Value-Growth is the difference between Value and Growth returns. Small-Large is the difference between Small and Large returns. Returns are not annualized.
Source: Nomura

Fig. 7: Daily performance

Total returns



Note: Value-Growth is the difference between Value and Growth returns. Small-Large is the difference between Small and Large returns. Returns are not annualized.
Source: Nomura

Fig. 8: Russell/Nomura Japan Equity Indexes

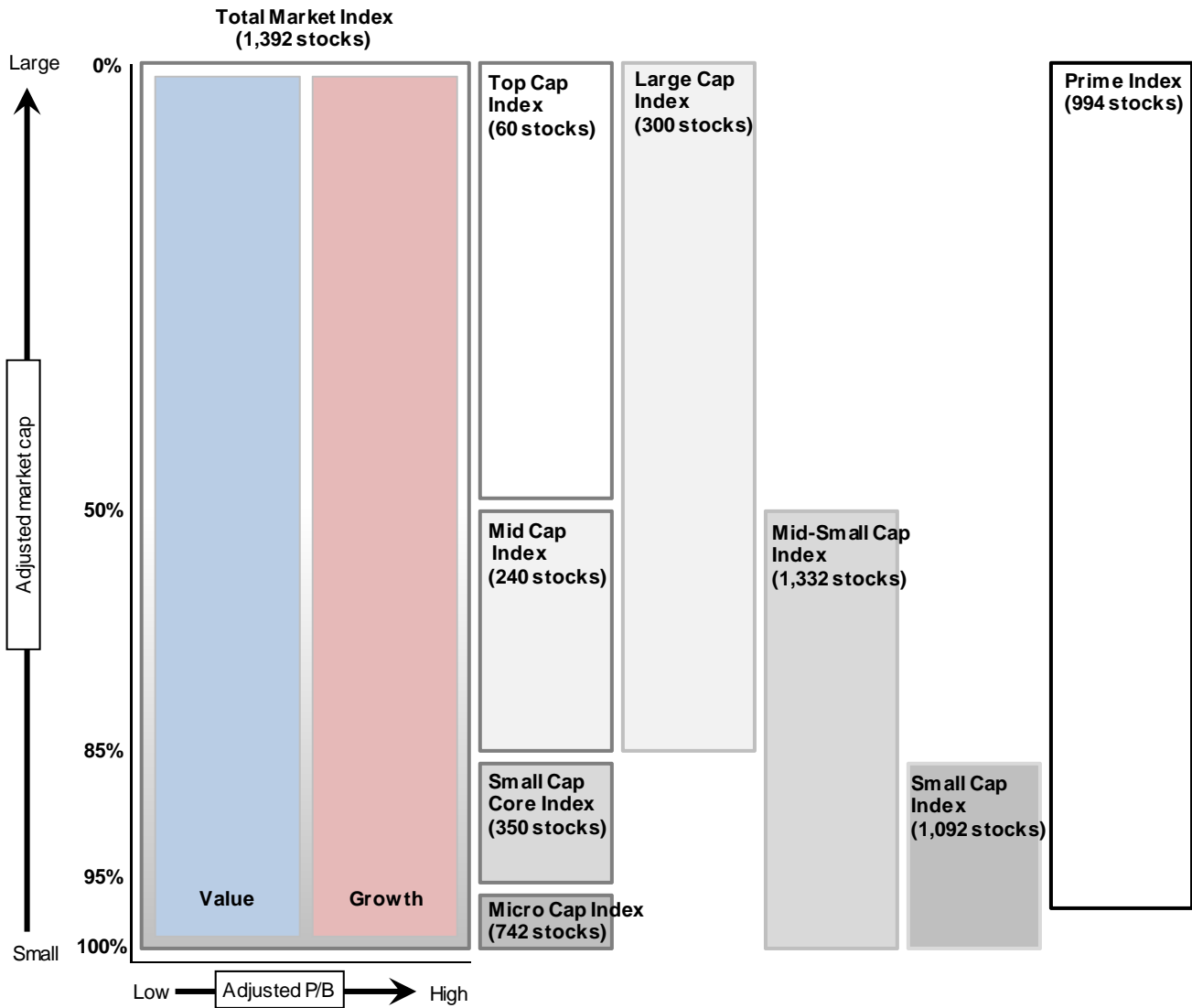
Key indicators (as of end-November 2014)

Index	P/E (x)	P/B (x)	Dividend yield (%)	ROE (%)	Rec profit growth (%)
Total Market	16.44	1.32	1.79	8.28	4.27
Value	14.67	0.95	2.03	6.65	-0.86
Growth	18.61	2.11	1.56	11.83	11.96
Large	16.32	1.37	1.83	8.65	4.82
Large Value	14.38	0.97	2.12	6.91	-0.86
Large Growth	18.44	2.10	1.59	11.91	12.51
Top	15.11	1.36	2.04	9.30	4.25
Top Value	12.80	0.93	2.47	7.48	-4.54
Top Growth	17.40	2.03	1.72	12.23	15.38
Mid	18.51	1.38	1.54	7.67	5.86
Mid Value	16.89	1.02	1.70	6.16	5.33
Mid Growth	20.64	2.24	1.36	11.30	6.68
Mid-Small	18.06	1.29	1.54	7.31	4.29
Mid-Small Value	16.51	0.97	1.70	5.99	2.88
Mid-Small Growth	20.51	2.21	1.34	11.25	6.88
Small	17.14	1.12	1.55	6.68	1.35
Small Value	15.90	0.89	1.71	5.72	-0.90
Small Growth	20.14	2.15	1.27	11.12	7.41
Small Core	17.62	1.18	1.51	6.86	1.35
Small Core Value	16.88	0.93	1.65	5.60	-1.52
Small Core Growth	18.98	2.11	1.29	11.59	7.74
Micro	16.28	1.01	1.63	6.37	1.34
Micro Value	14.50	0.84	1.79	5.91	0.09
Micro Growth	24.16	2.27	1.21	9.74	6.46
Prime	16.46	1.33	1.79	8.32	4.29
Prime Value	14.69	0.96	2.04	6.67	-0.90
Prime Growth	18.58	2.10	1.56	11.82	11.96

Note: All financial data are based on current-FY forecasts (with preference given to consolidated figures).

Source: Nomura

Fig. 9: Russell/Nomura Japan Equity Indexes



Note: No. of stocks in each index is as of 28 Nov 2014.

Source: Nomura

All the indexes (Total Market, the capitalization indexes, Value, Growth, and Prime) also have indexes based on the 33 industrial sectors. Divisions based on market cap exclude the value of stable shareholdings. Value and Growth indexes are defined in terms of P/B ratios adjusted for unrealized gains/losses.

For composition rules and other information, please refer to *Russell/Nomura Japan Equity Indexes Rulebook*.

Fig. 10: Russell/Nomura Japan Equity Indexes performance summary

Price returns (excluding dividends), US dollar basis (as of end-November 2014)

Index	No. of stocks	Weight (%)	Index value	Returns (%) *				
				1 month	3 months	6 months	12 months	YTD
Total Market	1,392	100.00	641.43	-0.51	-3.11	0.87	-2.98	-3.39
Value	1,037	49.01	1,323.12	-0.72	-4.93	-0.98	-5.34	-5.65
Growth	685	50.99	278.41	-0.31	-1.30	2.70	-0.59	-1.12
Large	300	84.41	614.84	-0.26	-2.29	1.24	-3.09	-3.53
Large Value	194	38.80	1,229.71	-0.42	-4.29	-0.98	-6.28	-6.54
Large Growth	197	45.61	289.81	-0.12	-0.53	3.20	-0.21	-0.82
Top	60	50.41	494.12	-0.27	-1.70	0.71	-5.33	-6.08
Top Value	38	21.21	1,078.86	-0.59	-5.14	-2.80	-10.19	-10.47
Top Growth	44	29.20	244.50	-0.04	0.95	3.41	-1.47	-2.63
Mid	240	34.00	867.13	-0.24	-3.15	2.02	0.40	0.48
Mid Value	156	17.58	1,341.22	-0.21	-3.24	1.29	-1.12	-1.33
Mid Growth	153	16.41	423.89	-0.26	-3.05	2.82	2.06	2.48
Mid-Small	1,332	49.59	850.17	-0.75	-4.50	1.02	-0.50	-0.52
Mid-Small Value	999	27.80	1,429.62	-0.81	-4.77	0.45	-1.31	-1.64
Mid-Small Growth	641	21.79	372.86	-0.68	-4.16	1.76	0.56	0.93
Small	1,092	15.59	797.81	-1.86	-7.33	-1.09	-2.38	-2.63
Small Value	843	10.21	1,483.26	-1.81	-7.28	-0.96	-1.65	-2.17
Small Growth	488	5.38	293.08	-1.95	-7.41	-1.34	-3.76	-3.51
Small Core	350	10.31	135.48	-1.42	-6.65	-1.38	-2.92	-3.09
Small Core Value	258	6.37	195.82	-1.08	-6.50	-1.56	-2.75	-3.35
Small Core Growth	189	3.94	53.40	-1.96	-6.90	-1.08	-3.20	-2.67
Micro	742	5.28	157.16	-2.71	-8.62	-0.53	-1.33	-1.75
Micro Value	585	3.84	208.01	-3.01	-8.56	0.05	0.23	-0.16
Micro Growth	299	1.44	60.08	-1.91	-8.78	-2.03	-5.25	-5.72
Prime	994	98.15	1,041.85	-0.47	-2.99	0.88	-2.99	-3.40
Prime Value	737	47.74	1,281.38	-0.65	-4.82	-1.01	-5.44	-5.75
Prime Growth	521	50.41	791.83	-0.30	-1.19	2.73	-0.56	-1.07

Note: * Returns are not annualized.

Source: Nomura

Fig. 11: Russell/Nomura Japan Equity Indexes performance summary

Total returns (including dividends), US dollar basis (as of end-November 2014)

Index	No. of stocks	Weight (%)	Index value	Returns (%) *				
				1 month	3 months	6 months	12 months	YTD
Total Market	1,392	100.00	989.69	-0.50	-2.40	1.72	-1.05	-1.55
Value	1,037	49.01	2,132.90	-0.70	-4.10	-0.03	-3.19	-3.57
Growth	685	50.99	411.12	-0.31	-0.70	3.46	1.11	0.47
Large	300	84.41	950.81	-0.25	-1.54	2.13	-1.11	-1.65
Large Value	194	38.80	1,986.13	-0.40	-3.39	0.03	-4.06	-4.38
Large Growth	197	45.61	430.40	-0.11	0.09	3.98	1.54	0.81
Top	60	50.41	780.64	-0.26	-0.83	1.73	-3.20	-4.07
Top Value	38	21.21	1,768.08	-0.57	-4.06	-1.60	-7.71	-8.08
Top Growth	44	29.20	374.76	-0.03	1.66	4.29	0.36	-0.92
Mid	240	34.00	1,305.75	-0.23	-2.58	2.72	2.13	2.15
Mid Value	156	17.58	2,121.61	-0.20	-2.58	2.07	0.75	0.50
Mid Growth	153	16.41	603.11	-0.26	-2.58	3.43	3.65	3.96
Mid-Small	1,332	49.59	1,287.07	-0.74	-3.94	1.71	1.23	1.13
Mid-Small Value	999	27.80	2,270.54	-0.79	-4.13	1.20	0.57	0.18
Mid-Small Growth	641	21.79	530.34	-0.67	-3.70	2.35	2.09	2.37
Small	1,092	15.59	1,225.48	-1.84	-6.80	-0.43	-0.68	-1.01
Small Value	843	10.21	2,375.96	-1.80	-6.70	-0.25	0.26	-0.36
Small Growth	488	5.38	416.76	-1.91	-6.98	-0.78	-2.42	-2.23
Small Core	350	10.31	169.05	-1.39	-6.10	-0.73	-1.27	-1.52
Small Core Value	258	6.37	248.45	-1.06	-5.91	-0.87	-0.93	-1.63
Small Core Growth	189	3.94	64.18	-1.92	-6.42	-0.49	-1.82	-1.35
Micro	742	5.28	199.18	-2.69	-8.12	0.13	0.48	-0.02
Micro Value	585	3.84	269.17	-2.99	-7.98	0.78	2.28	1.80
Micro Growth	299	1.44	71.41	-1.89	-8.49	-1.55	-4.01	-4.56
Prime	994	98.15	1,342.28	-0.46	-2.27	1.73	-1.06	-1.55
Prime Value	737	47.74	1,690.91	-0.63	-3.99	-0.06	-3.28	-3.66
Prime Growth	521	50.41	997.12	-0.29	-0.59	3.49	1.14	0.53

Note: * Returns are not annualized.

Source: Nomura

Data publication services

Data for the Russell/Nomura Japan Equity Indexes can be obtained via the following channels.

Index values are published in the following media:

- Bloomberg (RNJI)
- Jiji (SQ21, SQ22, SQ23, SQ24)
- QUICK (NRIJ500–503, 510–517)
- Reuters (FRCNRI01, FRCNRI02, FRCNRI03, FRCNRI04)
- Our website (<http://qr.nomura.co.jp/en/frcnri/index.html>)

Daily index values for the Russell/Nomura Prime Index are published in the following media:

- Bloomberg (RNPJ <INDEX>)
- Jiji (RT14 or RNPF/2)
- QUICK (140)
- Reuters (.JRN)

Daily index values for the Russell/Nomura Small Cap Core Index are published in the following media:

- Bloomberg (RNSCC <INDEX>)
- Jiji (RT14 or RNSCC/NOMURA)
- QUICK (130)
- Reuters (.JRNSC)

More detailed data

More detailed data on index values and individual stock information can be obtained through Nomura Research Institute services Aurora, e-Aurora, and IDS.

For information, contact:

Nomura Research Institute
Investment Information Systems Business Department
+81-45-277-9260
e-mail: ids-sales@nri.co.jp

Other reports:

Russell/Nomura Japan Equity Indexes rulebook
Russell/Nomura Japan Equity Indexes handbook

While every effort is made to ensure that the information used in this report and all published information is based on reliable data, it should be noted that at times, data may have changed or been amended.

Appendix A-1

Analyst Certification

We, Yumiko Hirano and Nana Komiyama, hereby certify (1) that the views expressed in this Research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of our compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

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.

Online availability of research and conflict-of-interest disclosures

Nomura research is available on www.nomuranow.com/research, Bloomberg, Capital IQ, Factset, MarkitHub, Reuters and ThomsonOne. Important disclosures may be read at <http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx> or requested from Nomura Securities International, Inc., on 1-877-865-5752. If you have any difficulties with the website, please email grpsupport@nomura.com for help.

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by Investment Banking activities. Unless otherwise noted, the non-US analysts listed at the front of this report are not registered/qualified as research analysts under FINRA/NYSE rules, may not be associated persons of NSI, and may not be subject to FINRA Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Nomura Global Financial Products Inc. ("NGFP") Nomura Derivative Products Inc. ("NDPI") and Nomura International plc. ("Nlplc") are registered with the Commodities Futures Trading Commission and the National Futures Association (NFA) as swap dealers. NGFP, NDPI, and Nlplc are generally engaged in the trading of swaps and other derivative products, any of which may be the subject of this report.

Any authors named in this report are research analysts unless otherwise indicated. *Industry Specialists* identified in some Nomura International plc research reports are employees within the Firm who are responsible for the sales and trading effort in the sector for which they have coverage. Industry Specialists do not contribute in any manner to the content of research reports in which their names appear.

Distribution of ratings (Global)

The distribution of all ratings published by Nomura Global Equity Research is as follows:

48% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 43% of companies with this rating are investment banking clients of the Nomura Group*.

43% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 54% 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; 23% of companies with this rating are investment banking clients of the Nomura Group*.

As at 30 September 2014. *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 $(\text{Target Price} - \text{Current Price}) / \text{Current Price}$, 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

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

Disclaimers

This document contains material that has been prepared by the Nomura entity identified on page 1 and/or with the sole or joint contributions of one or more Nomura entities whose employees and their respective affiliations are also specified on page 1 or identified elsewhere in the document. The term "Nomura Group" used herein refers to Nomura Holdings, Inc. or any of its affiliates or subsidiaries and may refer to one or more Nomura Group companies including: Nomura Securities Co., Ltd. ('NSC') Tokyo, Japan; Nomura International plc ('Nlplc'), UK; Nomura Securities International, Inc. ('NSI'), New York, US; Nomura International (Hong Kong) Ltd. ('NIHK'), Hong Kong; Nomura Financial Investment (Korea) Co., Ltd. ('NFIK'), Korea (Information on Nomura analysts registered with the Korea Financial Investment Association ('KOFIA') can be found on the KOFIA Intranet at <http://dis.kofia.or.kr>); Nomura Singapore Ltd. ('NSL'), Singapore (Registration number 197201440E, regulated by the Monetary Authority of Singapore); Nomura Australia Ltd. ('NAL'), Australia (ABN 48 003 032 513), regulated by the Australian Securities and Investment Commission ('ASIC') and holder of an Australian financial services licence number 246412; P.T. Nomura Indonesia ('PTNI'), Indonesia; Nomura Securities Malaysia Sdn. Bhd. ('NSM'), Malaysia; NIHK, Taipei Branch ('NITB'), Taiwan; Nomura Financial Advisory and Securities (India) Private Limited ('NFASL'), Mumbai, India (Registered Address: Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India; Tel: +91 22 4037 4037, Fax: +91 22 4037 4111; CIN No : U74140MH2007PTC169116, SEBI Registration No: BSE INB011299030, NSE INB231299034, INF231299034, INE 231299034, MCX: INE261299034) and Nlplc, Madrid Branch ('Nlplc, Madrid'). 'CNS Thailand' next to an analyst's name on the front page of a research report indicates that the analyst is employed by Capital Nomura Securities Public Company Limited ('CNS') to provide research assistance services to NSL under a Research Assistance Agreement. 'NSFSPL' next to an employee's name on the front page of a research report indicates that the individual is employed by Nomura Structured Finance Services Private Limited to provide assistance to certain Nomura entities under inter-company agreements.

THIS MATERIAL IS: (I) FOR YOUR PRIVATE INFORMATION, AND WE ARE NOT SOLICITING ANY ACTION BASED UPON IT; (II) NOT TO BE CONSTRUED AS AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY IN ANY JURISDICTION WHERE SUCH OFFER OR SOLICITATION WOULD BE ILLEGAL; AND (III) BASED UPON INFORMATION FROM SOURCES THAT WE CONSIDER RELIABLE, BUT HAS NOT BEEN INDEPENDENTLY VERIFIED BY NOMURA GROUP.

Nomura Group does not warrant or represent that the document is accurate, complete, reliable, fit for any particular purpose or merchantable and does not accept liability for any act (or decision not to act) resulting from use of this document and related data. To the maximum extent permissible all warranties and other assurances by Nomura group are hereby excluded and Nomura Group shall have no liability for the use, misuse, or distribution of this information.

Opinions or estimates expressed are current opinions as of the original publication date appearing on this material and the information, including the opinions and estimates contained herein, are subject to change without notice. Nomura Group is under no duty to update this document.

Any comments or statements made herein are those of the author(s) and may differ from views held by other parties within Nomura Group. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. Nomura Group does not provide tax advice.

Nomura Group, and/or its officers, directors and employees, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. Nomura Group companies may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

This document may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Any MSCI sourced information in this document is the exclusive property of MSCI Inc. ('MSCI'). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, re-disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI and the MSCI indexes are services marks of MSCI and its affiliates.

Russell/Nomura Japan Equity Indexes are protected by certain intellectual property rights of Nomura Securities Co., Ltd. and Russell Investments. Nomura Securities Co., Ltd. and Russell Investments do not guarantee the accuracy, completeness, reliability, or usefulness thereof and do not account for business activities and services that any index user and its affiliates undertake with the use of the Indexes. Investors should consider this document as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Nomura Group produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. Nomura Group publishes research product in a number of different ways including the posting of product on Nomura Group portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future performance. Where the information contains an indication of future performance, such forecasts may not be a reliable indicator of future performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns.

Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

The securities described herein may not have been registered under the US Securities Act of 1933 (the '1933 Act'), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via a Nomura entity in your home jurisdiction.

This document has been approved for distribution in the UK and European Economic Area as investment research by Nlplc. Nlplc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Nlplc is a member of the London Stock Exchange. This document does not constitute a personal recommendation within the meaning of applicable regulations in the UK, or take into account the particular investment objectives, financial situations, or needs of individual investors. This document is intended only for investors who are 'eligible counterparties' or 'professional clients' for the purposes of applicable regulations in the UK, and may not, therefore, be redistributed to persons who are 'retail clients' for such purposes. This document has been approved by NIIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIIHK. This document has been approved for distribution in Australia by NAL, which is authorized and regulated in Australia by the ASIC. This document has also been approved for distribution in Malaysia by NSM. In Singapore, this document has been distributed by NSL. NSL accepts legal responsibility for the content of this document, where it concerns securities, futures and foreign exchange, issued by their foreign affiliates in respect of recipients who are not accredited, expert or institutional investors as defined by the Securities and Futures Act (Chapter 289). Recipients of this document in Singapore should contact NSL in respect of matters arising from, or in connection with, this document. Unless prohibited by the provisions of Regulation S of the 1933 Act, this material is distributed in the US, by NSI, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934. The entity that prepared this document permits its separately operated affiliates within the Nomura Group to make copies of such documents available to their clients.

This document has not been approved for distribution to persons other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' (as defined by the Capital Markets Authority) in the Kingdom of Saudi Arabia ('Saudi Arabia') or 'professional clients' (as defined by the Dubai Financial Services Authority) in the United Arab Emirates ('UAE') or a 'Market Counterparty' or 'Business Customers' (as defined by the Qatar Financial Centre Regulatory Authority) in the State of Qatar ('Qatar') by Nomura Saudi Arabia, Nlplc or any other member of Nomura Group, as the case may be. Neither this document nor any copy thereof may be taken or transmitted or distributed, directly or indirectly, by any person other than those authorised to do so into Saudi Arabia or in the UAE or in Qatar or to any person other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' located in Saudi Arabia or 'professional clients' in the UAE or a 'Market Counterparty' or 'Business Customers' in Qatar. By accepting to receive this document, you represent that you are not located in Saudi Arabia or that you are an 'Authorised Person', an 'Exempt Person' or an 'Institution' in Saudi Arabia or that you are a 'professional client' in the UAE or a 'Market Counterparty' or 'Business Customers' in Qatar and agree to comply with these restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the UAE or Saudi Arabia or Qatar.

NO PART OF THIS MATERIAL MAY BE (I) COPIED, PHOTOCOPIED, OR DUPLICATED IN ANY FORM, BY ANY MEANS; OR (II) REDISTRIBUTED WITHOUT THE PRIOR WRITTEN CONSENT OF A MEMBER OF NOMURA GROUP. If this document has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this document, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

Disclaimers required in Japan

Investors in the financial products offered by Nomura Securities may incur fees and commissions specific to those products (for example, transactions involving Japanese equities are subject to a sales commission of up to 1.404% on a tax-inclusive basis of the transaction amount or a commission of ¥2,808 for transactions of ¥200,000 or less, while transactions involving investment trusts are subject to various fees, such as commissions at the time of purchase and asset management fees (trust fees), specific to each investment trust). In addition, all products carry the risk of losses owing to price fluctuations or other factors. Fees and risks vary by product. Please thoroughly read the written materials provided, such as documents delivered before making a contract, listed securities documents, or prospectuses.

Transactions involving Japanese equities (including Japanese REITs, Japanese ETFs, and Japanese ETNs) are subject to a sales commission of up to 1.404% of the transaction amount (or a commission of ¥2,808 for transactions of ¥200,000 or less). When Japanese equities are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Japanese equities carry the risk of losses owing to price fluctuations. Japanese REITs carry the risk of losses owing to fluctuations in price and/or earnings of underlying real estate. Japanese ETFs carry the risk of losses owing to fluctuations in the underlying indexes or other benchmarks.

Transactions involving foreign equities are subject to a domestic sales commission of up to 1.026% of the transaction amount (which equals the local transaction amount plus local fees and taxes in the case of a purchase or the local transaction amount minus local fees and taxes in the

case of a sale) (for transaction amounts of ¥750,000 and below, maximum domestic sales commission is ¥7,668). Local fees and taxes in foreign financial instruments markets vary by country/territory. When foreign equities are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Foreign equities carry the risk of losses owing to factors such as price fluctuations and foreign exchange rate fluctuations.

Margin transactions are subject to a sales commission of up to 1.404% of the transaction amount (or a commission of ¥2,808 for transactions of ¥200,000 or less), as well as management fees and rights handling fees. In addition, long margin transactions are subject to interest on the purchase amount, while short margin transactions are subject to fees for the lending of the shares borrowed. A margin equal to at least 30% of the transaction amount and at least ¥300,000 is required. With margin transactions, an amount up to roughly 3.3x the margin may be traded. Margin transactions therefore carry the risk of losses in excess of the margin owing to share price fluctuations. For details, please thoroughly read the written materials provided, such as listed securities documents or documents delivered before making a contract.

Transactions involving convertible bonds are subject to a sales commission of up to 1.08% of the transaction amount (or a commission of ¥4,320 if this would be less than ¥4,320). When convertible bonds are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Convertible bonds carry the risk of losses owing to factors such as interest rate fluctuations and price fluctuations in the underlying stock. In addition, convertible bonds denominated in foreign currencies also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

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.

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.

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.

In OTC transactions of credit default swaps (CDS), no sales commission will be charged. When entering into CDS transactions, the protection buyer will be required to pledge or entrust an agreed amount of margin collateral. In some of these cases, the transaction payments may exceed the amount of margin collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the financial position of the protection buyer. CDS transactions carry the risk of losses owing to changes in the credit position of some or all of the referenced entities, and/or fluctuations of the interest rate market. The amount the protection buyer receives in the event that the CDS is triggered by a credit event may undercut the total amount of premiums that he/she has paid in the course of the transaction. Similarly, the amount the protection seller pays in the event of a credit event may exceed the total amount of premiums that he/she has received in the transaction. All other conditions being equal, the amount of premiums that the protection buyer pays and that received by the protection seller shall differ. In principle, CDS transactions will be limited to financial instruments business operators and qualified institutional investors. No account fee will be charged for marketable securities or monies deposited. Transfers of equities to another securities company via the Japan Securities Depository Center are subject to a transfer fee of up to ¥10,800 per issue transferred depending on volume.

Nomura Securities Co., Ltd.

Financial instruments firm registered with the Kanto Local Finance Bureau (registration No. 142)

Member associations: Japan Securities Dealers Association; Japan Investment Advisers Association; The Financial Futures Association of Japan; and Type II Financial Instruments Firms Association.

Nomura Group manages conflicts with respect to the production of research through its compliance policies and procedures (including, but not limited to, Conflicts of Interest, Chinese Wall and Confidentiality policies) as well as through the maintenance of Chinese walls and employee training.

Additional information is available upon request and disclosure information is available at the Nomura Disclosure web

page: <http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx>

Copyright © 2014 Nomura Securities Co., Ltd. All rights reserved.