Nomura Individual Investor Survey

March 2012

15 March 2012

Equity Research Department
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 up 16.0pt m-m to 62.6

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 62.6, up 16.0pt from 46.6 the previous month (1 February). The number of individual investors expecting stock prices to rise increased, and the index climbed above the prequake level of the March 2011 survey. The proportion of respondents expecting a "rise of more than 2,000 points" showed the largest increase of the month, +6.1pt.

(2) Sharply increased focus on forex trends

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most popular response, but it marked the largest decline in the proportion of respondents selecting, down 6.6ppt. Forex trends was the second most popular response and marked the largest rise of the month, +9.4ppt. The ranking of all factors has remained unchanged since September.

(3) Appeal of financials sector on the rise

Respondents were asked to choose one sector as an “appealing” investment target and one as “unappealing.” We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals had been the most appealing sector last month, but it fell to second this month with the largest decline of any sector (-7.3pt), as materials moved into first place. This month, the largest gainer was financials (+11.3pt), although its DI remained negative.

(4) Rising expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 66.7%, up 5.3ppt m-m. The only individual category to increase this month (+6.1pt) was a "fall of about ¥5 against the dollar," while the biggest decline (-3.6ppt) was for a "rise of about ¥5 against the dollar".

(5) US dollar and euro increase appeal

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing." We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 26th straight time, since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI fell 5.7pt. The US dollar moved into positive territory and second place with a gain of 10.9pt, while the euro remained in last place but posted the largest gain of the month (+11.0pt).

(6) Appetite for equities continues to grow among individual investors

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. The DI for equities rose by 7.5pt, the biggest rise of any category, to 26.5.

(7) Conditions individual investors see as important for increasing equity investment

For this month's spot question, we asked individual investors what conditions they consider important for increasing investment in equities. The largest proportion of respondents (32.3%) said "increasing trust in politics and policy", followed by "expanding shareholder returns (dividends, share buybacks)" (20.4%) and "decreasing the tax burden on equity investment" (20.0%).

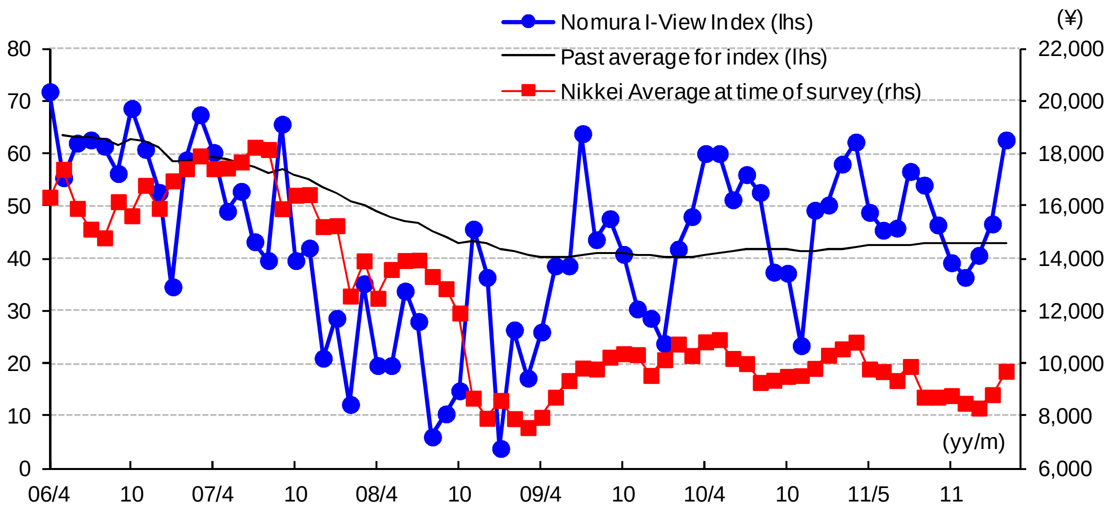
2. Survey results

(1) Nomura I-View Index up 16.0pt m-m to 62.6

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 62.6, up 16.0pt from the previous month. The number of individual investors expecting stock prices to rise increased, and the index climbed above the prequake level of the March 2011 survey (Figure 1).

The Nikkei Average reference level (1 March close) was 9,707, up 898pt from the previous survey (1 February close of 8,809).

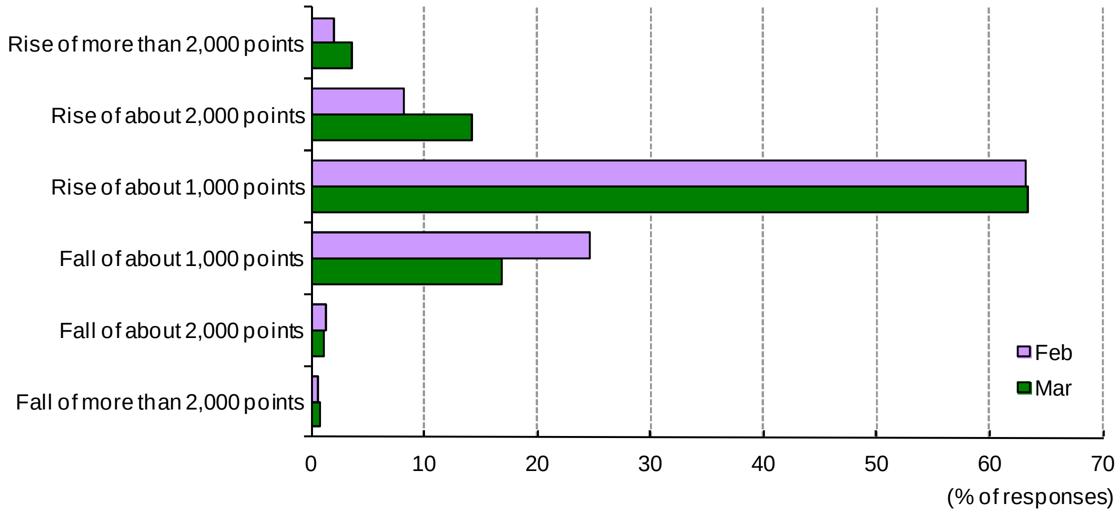
1. The Nomura I-View Index and reference level of Nikkei Average at time of survey



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index. 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 January 2010 used here excludes respondents who projected the Nikkei Average would be flat. (2) The Nomura I-View Index ranges from –100 to +100. The closer to +100 the figure is, the more bullish the outlook held by individual investors. The closer to –100 the figure is, the more bearish the outlook held by individual investors.

The combined proportion of respondents projecting the Nikkei Average would rise over the next three months was 81.3%, up 8.0ppt from 73.3% the previous month. The proportion of respondents expecting rises of "about 1,000 points" "about 2,000 points" and "more than 2,000 points" all increased, with "rise of about 2,000 points" showing the largest increase of the month, +6.1pt. The largest decline of the month (-7.9pt) was for "fall of about 1,000 points" (Figure 2).

2. Outlook for Nikkei Average during the next three months

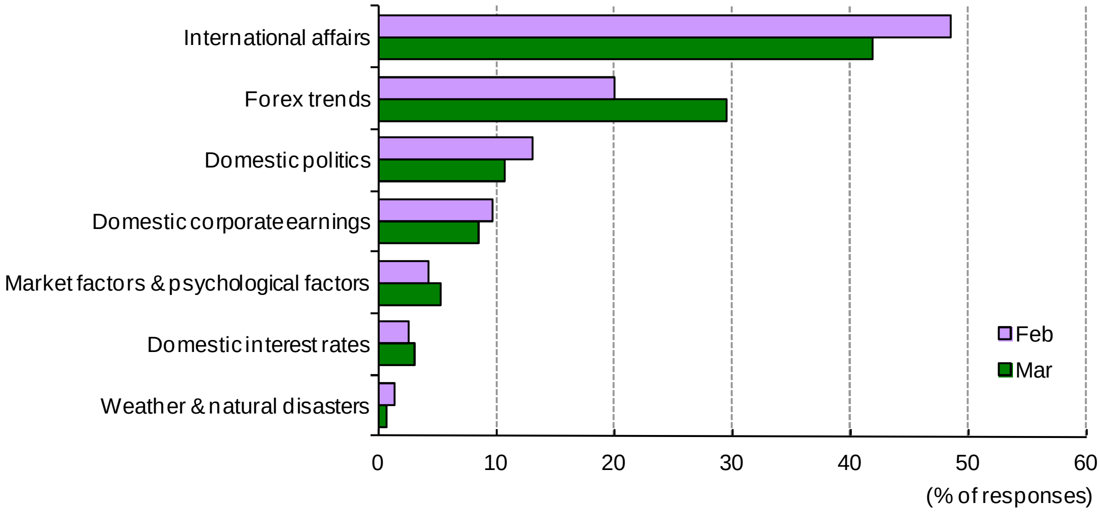


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 1 March closing figure of 9,707. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Sharply increased focus on forex trends

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most popular response, but it marked the largest decline in the proportion of respondents selecting, down 6.6ppt from 48.5% the previous month. Forex trends was the second most popular response and marked the largest rise of the month, +9.4ppt. The ranking of all factors has remained unchanged since September (Figure 3).

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 financials sector on the rise

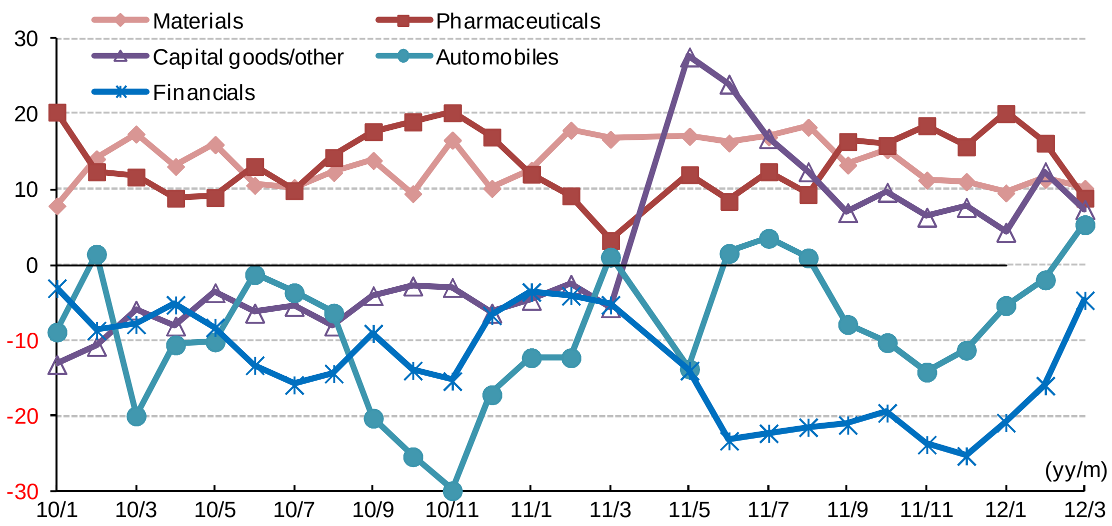
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing." We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals had been the most appealing sector for six straight surveys up to last month, but it fell to second this month with the largest decline of any sector (-7.3pt), as last month's third-place materials moved into first place. The second largest decline this month (-5.0pt) came from capital goods/other, which posted the largest gain last month. This month, the largest gainer was financials (+11.3pt), although its DI remained negative. Automobiles posted the second largest gain this month (+7.3pt), moving its DI into positive territory for the first time since August 2011 (Figures 4, 5).

4. Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Materials	10.2	16.8	6.6	11.4
Pharmaceuticals	8.9	12.4	3.5	16.2
Capital goods/other	7.4	12.5	5.1	12.4
Automobiles	5.4	18.1	12.7	-1.9
Telecommunications	3.8	7.9	4.1	2.8
Consumer goods	-0.1	10.5	10.6	3.5
Financials	-4.6	11.1	15.7	-15.9
Electrical equipment/precision equipment	-12.6	6.7	19.3	-12.2
Transportation and utilities	-18.4	4.0	22.4	-16.3

Note: Respondents were given nine sectors and asked to choose one viewed as an appealing investment target and one viewed as unappealing. For each sector we calculated a diffusion index by subtracting the percentage of responses for unappealing from that for appealing. The materials sector comprises mining, textiles, paper & pulp, chemicals, oil, ceramics, steel, nonferrous metals, and trading houses. The financials sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/others 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.

5. Trend in DIs for selected sectors



(4) Most-watched stocks

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

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

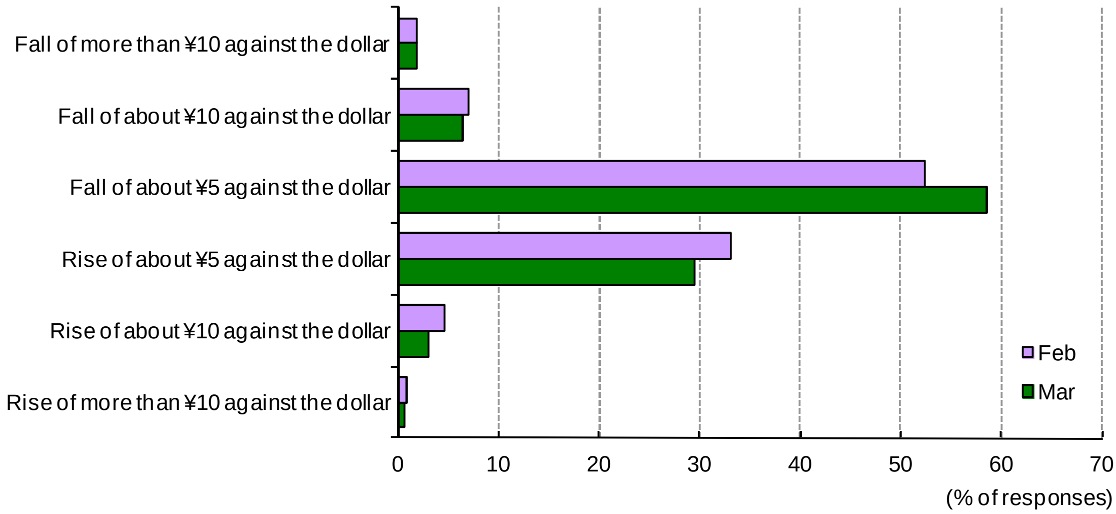
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	97	8316	Sumitomo Mitsui Financial Group	11
9984	Softbank	49	9202	All Nippon Airways	10
4502	Takeda Pharmaceutical	48	9437	NTT Docomo	10
8058	Mitsubishi Corp	33	5401	Nippon Steel	8
8411	Mizuho Financial Group	23	6752	Panasonic	8
8306	Mitsubishi UFJ Financial Group	21	8031	Mitsui & Co	8
6758	Sony	19	8604	Nomura Holdings	8
7201	Nissan Motor	19	9983	Fast Retailing	8
2811	Kagome	16	2897	Nissin Foods Holdings	7
7267	Honda Motor	16	4755	Rakuten	7
2702	McDonald's Holdings (Japan)	14	5713	Sumitomo Metal Mining	7
3402	Toray Industries	14	6502	Toshiba	7
4661	Oriental Land	12	7550	Zensho Holdings	7
6301	Komatsu	12	7974	Nintendo	7
7751	Canon	11	8001	Itochu	7
8267	Aeon	11	9531	Tokyo Gas	7

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

(5) Rising expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 66.7%, up 5.3ppt from 61.4% as of last month. The only individual category to increase this month (+6.1pt) was a "fall of about ¥5 against the dollar," while the biggest decline (-3.6ppt) was for a "rise of about ¥5 against the dollar" (Figure 7). At the time of the latest survey (1 March), the noon indicative USD/JPY rate was 81.08, indicating a weaker yen than at the time of the previous survey (76.16 as of 1 February).

7. Respondents' three-month outlook for the USD/JPY rate



Note: Respondents were asked to share their outlook for the USD/JPY rate during the next three months, referencing a 1 March indicative rate of US$1=¥81.08. Respondents could choose one answer from a possible six responses ranging from a rise of ¥10 or more against the dollar to a fall of ¥10 or more against the dollar, with ¥5 increments in between.

(6) US dollar and euro increase appeal

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing." We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 26th straight time, since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI fell 5.7pt to 29.9. The US dollar moved into positive territory and second place with a gain of 10.9pt. The euro remained in last place but posted the largest gain of the month (+11.0pt). Aside from the US dollar, euro, and Canadian dollar (which was roughly flat), all other currencies saw DI declines. The largest decliner was the renminbi, down 7.9pt (Figure 8).

8. Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	29.9	30.8	0.9	35.6
US dollar	9.0	19.7	10.7	-1.9
Japanese yen	8.4	21.1	12.7	11.8
Brazilian real	5.8	10.0	4.2	7.0
Canadian dollar	1.7	2.8	1.1	1.6
Pound sterling	-2.7	1.5	4.2	-0.5
Chinese renminbi	-15.3	7.5	22.8	-7.4
Euro	-38.4	4.7	43.1	-49.4

Note: Respondents were given nine currency options and asked to choose one viewed as an appealing investment target and one viewed as unappealing. Those selecting “other” were asked to specify a currency.

(7) Appetite for equities continues to grow among individual investors

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. The DI for equities was up for a second straight month, by 7.5pt, the biggest rise of any category (Figure 9).

9. Financial instruments for which investors are either seeking to increase or decrease their holdings

Currency	**DI**	**Breakdown of DI (% of responses)**		**(Ref) Previous DI**
		Plan to increase	**Plan to decrease**	
Cash & deposits	40.7	44.5	3.8	42.6
Equities	26.5	45.9	19.4	19.0
Gold	9.6	9.9	0.3	11.5
Securities issued overseas	6.5	9.2	2.7	7.1
Bonds	6.4	9.3	2.9	5.5
Investment trusts	2.0	16.5	14.5	1.3
Hybrid securities	1.4	1.7	0.3	1.7
Other	0.8	1.0	0.2	1.7
None	-36.5	28.4	64.9	-35.5

Note: Respondents were given a selection of seven financial instruments and asked to choose those for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). In the exhibit, "plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holding, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holding. Hybrid securities and gold were added to the list of choices from the February 2012 survey.

(8) Conditions individual investors see as important for increasing equity investment

For this month's spot question, we asked individual investors what conditions they consider important for increasing investment in equities. The largest proportion of respondents (32.3%) said "increasing trust in politics and policy", followed by "expanding shareholder returns (dividends, share buybacks)" (20.4%) and "decreasing the tax burden on equity investment" (20.0%) (Figure 10).

We asked investors who chose "decreasing the tax burden on equity investment" which specific changes they considered important. The largest proportion (47.0%) chose "eliminating taxes on dividends and capital gains from equities," followed by "maintaining the tax rate on dividends and capital gains from equities at 10% " (41.0%) (Figure 11).

For investors who answered the initial question with "improving transparency of corporate disclosure," we also asked about specific measures. "Improving corporate disclosure frameworks" (43.6%) was the most popular response, followed by "thorough education within companies about insider trading" (23.6%) (Figure 12).

Regarding specific measures from investors who answered "improving financial services" to the first question, the most popular response was "lowering fees" (36.1%), followed by "offering attractive products" (22.2%) (Figure 13).

10. Conditions individual investors see as important for increasing equity investment

	Choices	No. of responses	% of responses
1	Decreasing the tax burden on equity investment	200	20.0
2	Improving transparency of corporate disclosure	55	5.5
3	Improving financial services	36	3.6
4	Expanding shareholder returns (dividends, share buybacks)	204	20.4
5	Increasing trust in politics and policy	323	32.3
6	Reducing concerns over meeting future living expenses	170	17.0
7	Other	12	1.2
	Total	100	100.0

Note: We asked investors to choose one item from the list shown in the table as an answer to the question "Aside from improvement in the macro environment (economy, forex, corporate earnings, etc), what condition do you consider most important for increasing your investment in equities?" .

11. Specific measures considered important for reducing tax burden on equity investment

	Choices	No. of responses	% of responses
1	Maintaining the tax rate on dividends and capital gains from equities at 10%	82	41.0
2	Eliminating taxes on dividends and capital gains from equities	94	47.0
3	Expanding the scope of financial products eligible for pooling gains/losses	11	5.5
4	Reducing inheritance tax on equities	6	3.0
5	Raising limit for tax-free contributions to defined-contribution pension plans	0	0.0
6	Reducing gift tax on long-held shares	4	2.0
7	Extending the period for carrying over losses	3	1.5
8	Other	0	0.0
	Total	200	100.0

Note: We asked investors who selected item 1 in Figure 10 to choose one item from this table as an answer to the question "What specific measure for 'reducing the tax burden on equity investment' do you consider the most important for increasing your investment in equities?" .

12. Specific measures considered important for improving transparency of corporate disclosure

	Choices	No. of responses	% of responses
1	Stepping up investor relations activities	12	21.8
2	Thorough education within companies about insider trading	13	23.6
3	Improving corporate disclosure frameworks	24	43.6
4	Improving corporate governance	6	10.9
5	Other	0	0.0
	Total	55	100.0

Note: We asked investors who selected item 2 in Figure 10 to choose one item from this table as an answer to the question "What specific measure for 'improving transparency of corporate disclosure' do you consider the most important for increasing your investment in equities?" .

13. Specific measures considered important for improving financial services

	Choices	No. of responses	% of responses
1	Offering attractive products	8	22.2
2	Bolstering asset consulting	4	11.1
3	Bolstering face-to-face services	6	16.7
4	Bolstering online trading	5	13.9
5	Lowering fees	13	36.1
6	Other	0	0.0
	Total	36	100.0

Note: We asked investors who selected item 3 in Figure 10 to choose one item from this table as an answer to the question "What specific measure for 'improving financial services' do you consider the most important for increasing your investment in equities?" .

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, the Equity Research Department of 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 11,800 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 with deadline for responses on 2 March.

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 rate outlook and attractive currencies, and (5) financial instruments for which investors plan to change their holdings. Respondents are also queried each month on their personal profiles.

4. Nomura Individual Investor Survey (March 2012) respondents

Gender: Male (76.7%), Female (23.3%)

Age: Under 30 (0.8%), 30–39 (12.3%), 40–49 (26.3%), 50–59 (28.2%), 60 and above (32.4%)

Occupation: Self-employed/fisheries, agriculture, forestry (10.6%), Professional (physician/medical professional, lawyer, etc) (3.1%), Company management/corporate officer (6.2%), Company employee/public servant (41.4%), Housewife (11.9%), Part-time worker/casual worker/job-hopper (5.8%), Unemployed/pensioner (18.9%), Other (2.1%)

Region: Kanto (46.5%), Kinki (21.5%), Tokai/Koshinetsu/Hokuriku (16.0%), Hokkaido/Tohoku (5.3%), Chugoku/Shikoku/Kyushu (10.7%)

Financial assets held: Less than ¥1,000,000 (6.2%), ¥1,000,000–¥2,999,999 (9.1%), ¥3,000,000–¥4,999,999 (13.5%), ¥5,000,000–¥9,999,999 (16.5%), ¥10,000,000–¥29,999,999 (29.7%), ¥30,000,000–¥49,999,999 (13.2%), ¥50,000,000 or more (11.8%)

Value of domestic stocks held: Less than ¥500,000 (11.2%), ¥500,000–¥999,999 (12.4%), ¥1,000,000–¥2,999,999 (24.5%), ¥3,000,000–¥4,999,999 (14.2%), ¥5,000,000–¥9,999,999 (15.8%), ¥10,000,000–¥29,999,999 (15.7%), ¥30,000,000 or more (6.2%)

Investment experience: Less than three years (1.0%), Three years to less than five years (7.1%), Five years to less than 10 years (29.4%), 10 years to less than 20 years (31.2%), 20 years or more (31.3%)

Investment plan for domestic stocks: Mainly for long-term holding (46.6%), Pursuit of gains from short-term appreciation (11.8%), Pursuit of dividends and shareholder perks (26.3%), No particular plan (15.3%)

Notice

The next Nomura Individual Investor Survey (April 2012) is scheduled for release on Friday, 13 April 2012.

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

Important Disclosures

Online availability of research and conflict-of-interest disclosures

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The rating system is a relative system indicating expected performance against a specific benchmark identified for each individual stock. Analysts may also indicate absolute upside to target price defined as (fair value - current price)/current price, subject to limited management discretion. In most cases, the fair value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as discounted cash flow or multiple analysis, etc.

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 in certain circumstances including, but not limited to, when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.
Benchmarks are as follows: **United States/Europe**: Please see valuation methodologies for explanations of relevant benchmarks for stocks (accessible through the left hand side of the Nomura Disclosure web page: http://go.nomuranow.com/research/globalresearchportal);**Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology.

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.
Benchmarks are as follows: **United States**: S&P 500; **Europe**: Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia.

Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan

STOCKS

Stock recommendations are based on absolute valuation upside (downside), which is defined as (Target Price - Current Price) / Current Price, subject to limited management discretion. In most cases, the Target Price will equal the analyst's 12-month intrinsic valuation of the stock, based on an appropriate valuation methodology such as discounted cash flow, multiple analysis, etc.
A '**Buy'** recommendation indicates that potential upside is 15% or more. A '**Neutral'** recommendation indicates that potential upside is less than 15% or downside is less than 5%. A '**Reduce'** recommendation indicates that potential downside is 5% or more. A rating of '**Suspended'** indicates that the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the subject company.
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SECTORS

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Target Price

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