Nomura Individual Investor Survey

December 2012

December 14, 2012

Investment Strategy 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 6.8pt m-m to 41.4

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 41.4 for December, up 6.8pt m-m for the first rise in four month, since August. The largest proportion of respondents, 58.0% said they expect a rise of "about 1,000 points," and this response rate was up 5.2ppt from the previous month. The category "fall of about 1,000 points" garnered 27.4% of responses, down 3.0ppt from November.

(2) Domestic politics attracts greatly increased attention

Respondents were asked to select the factor most likely to impact the stock market in the next three months. Domestic politics attracted a greatly increased amount of attention, with its proportion of respondents up 18.4ppt m-m to 39.8%, putting it in the top position for the first time since July 2011. Forex trends also showed a marked increase, of 3.7ppt. The biggest decliner of the month was international affairs, down 16.4ppt,

(3) Most appealing sectors pharmaceuticals, capital goods, and materials

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was once again the most attractive sector this month, but its DI fell 8.1pt m-m to 11.9. Capital goods/other rose to 10.7 and materials to 9.2. Electrical equipment/precision equipment remained in last place, but its DI showed the biggest improvement, of 10.4pt.

(4) Greatly increased expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the combined proportion of respondents expecting the yen to weaken against the dollar was 63.6%, up 13.9ppt from 49.7% the previous month. The response "fall of about ¥5 against the dollar" saw the largest rise in response rate, of 9.0ppt, while "fall of about ¥10 against the dollar" saw a 4.6ppt rise.

(5) Appeal of US dollar highest since this question introduced in January 2010

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. 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 35th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI fell for a second consecutive month. Notable improvements in DIs came from the euro and the US dollar, with the US dollar posting its highest DI since this question was introduced.

(6) Decreased interest in cash & deposits, increased interest in equities

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. DIs rose m-m for securities issued overseas, equities, bonds, and investment trusts, but fell for "none" and cash & deposits.

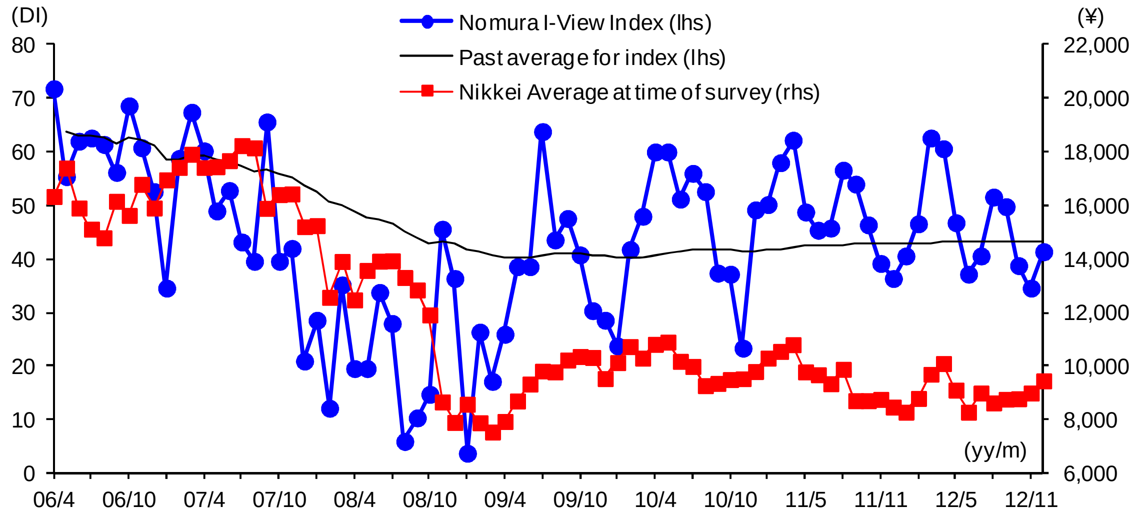
2. Survey results

(1) Nomura I-View Index up 6.8pt m-m to 41.4

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 41.4 for December, up 6.8pt m-m for the first rise in four months, since August. More individual investors said they expected share prices to rise (Figure 1).

The Nikkei Average reference level (3 December close) was 9,458, up 451pt from the last survey (5 November close of 9,007).

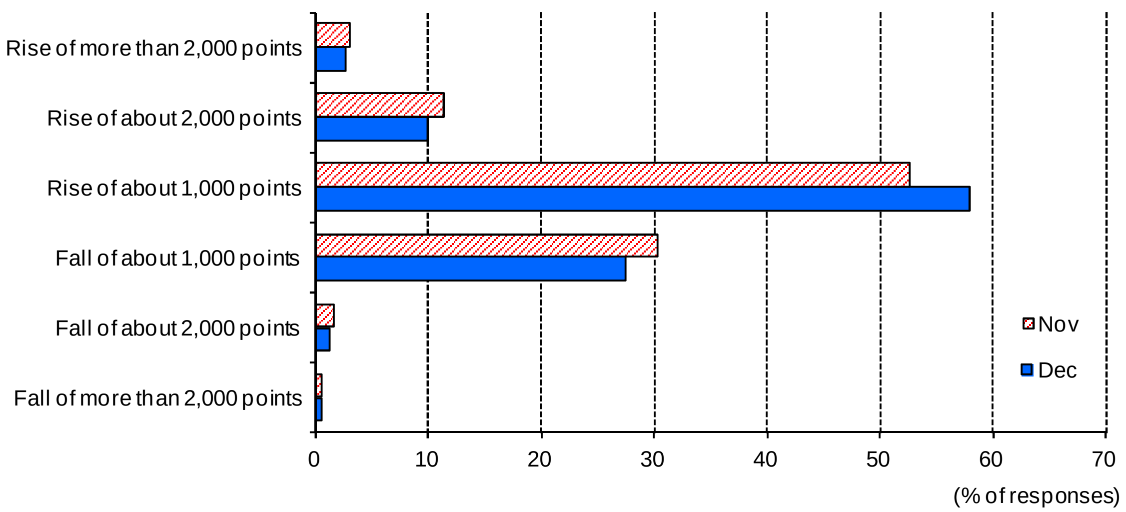
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 expecting the Nikkei Average to rise over the next three months was 70.7%, up 3.4ppt from 67.3% the previous month. The largest proportion of respondents, 58.0%, said they expect a rise of "about 1,000 points," and this response rate was up 5.2ppt from the previous month. The category "fall of about 1,000 points" garnered 27.4% of responses, down 3.0ppt from 30.4% in November (Figure 2).

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

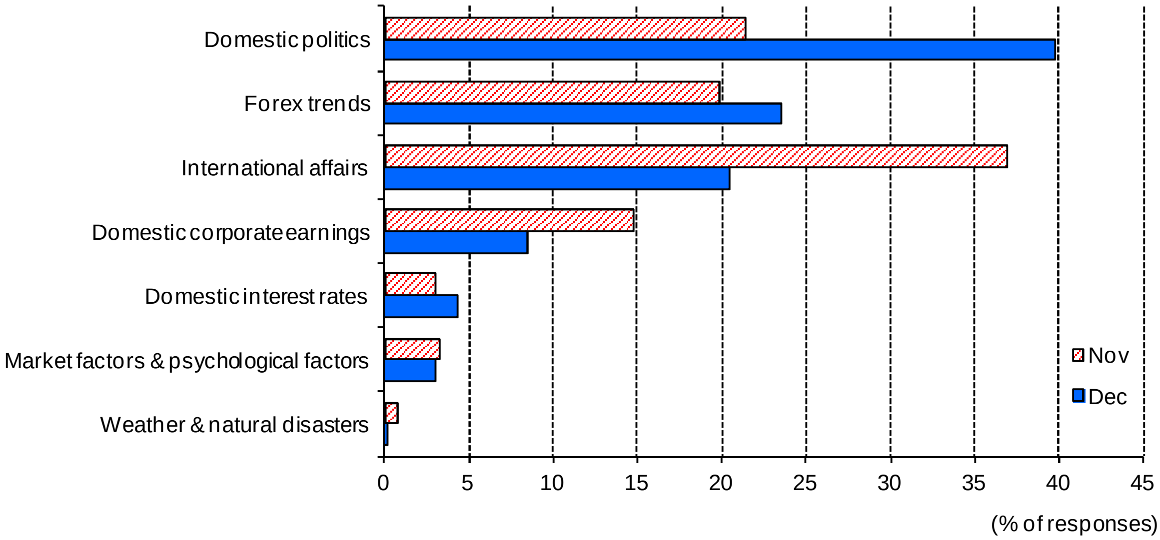


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 3 December closing figure of 9,458. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Domestic politics attracts greatly increased attention

Respondents were asked to select the factor most likely to impact the stock market in the next three months. Domestic politics attracted a greatly increased amount of attention, with its proportion of respondents up 18.4ppt m-m to 39.8%, putting it in the top position for the first time since July 2011. Forex trends also showed a marked increase, of 3.7ppt to 23.6%, overtaking international affairs for second place. The biggest decliner of the month was international affairs, down 16.4ppt, while domestic corporate earnings was the second biggest decliner, down 6.2ppt, and the lowest-ranked category (Figure 3).

Fig. 3: Impact of factors on the stock market



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

(3) Most appealing sectors pharmaceuticals, capital goods, and materials

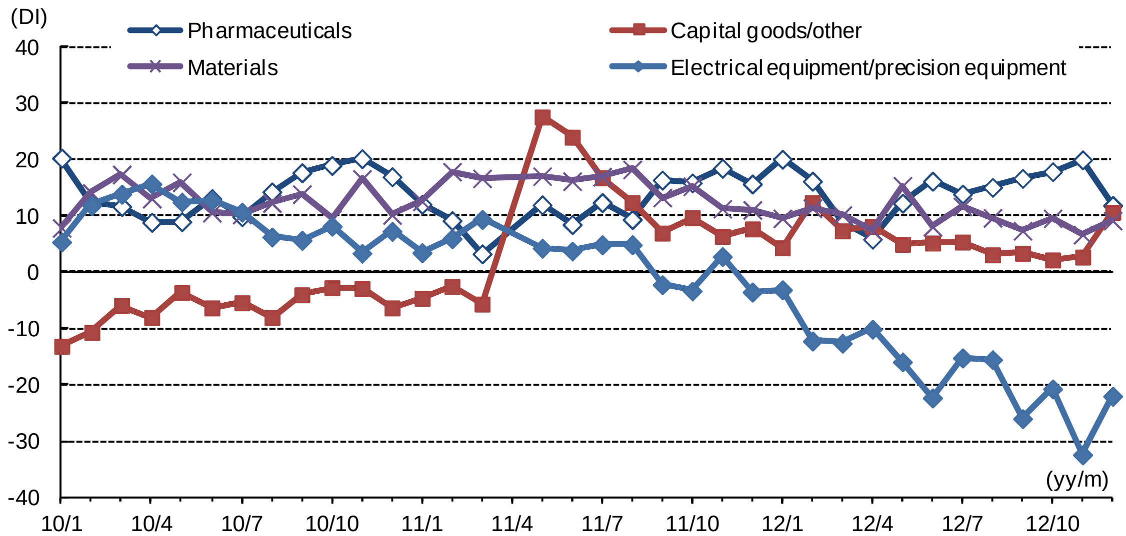
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was once again the most attractive sector this month, but its DI fell 8.1pt m-m to 11.9. The DI for capital goods/other rose 8.0pt to 10.7, catapulting it to second place, from fifth last month. Materials saw a 2.5pt rise to 9.2. Electrical equipment/precision equipment remained in last place, with a DI of -22.0, but this was 10.4pt higher than last month for the biggest improvement (Figures 4, 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	11.9	15.1	3.2	20.0
Capital goods/other	10.7	15.2	4.5	2.7
Materials	9.2	15.2	6.0	6.7
Telecommunications	2.5	7.3	4.8	7.7
Consumer goods	0.6	11.5	10.9	4.5
Automobiles	-1.0	11.5	12.5	-0.6
Financials	-3.6	8.8	12.4	-0.3
Transportation and utilities	-8.3	6.9	15.2	-8.3
Electrical equipment/precision equipment	-22.0	8.5	30.5	-32.4

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.

Fig. 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).

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

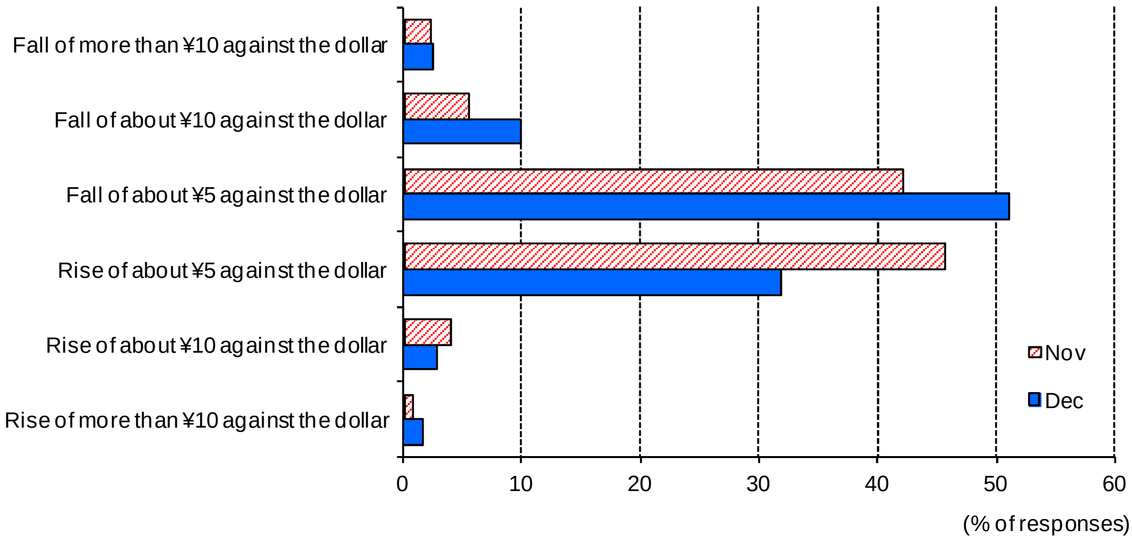
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	70	7201	Nissan Motor	12
9984	Softbank	45	7751	Canon	11
4502	Takeda Pharmaceutical	39	6502	Toshiba	10
4661	Oriental Land	23	7267	Honda Motor	10
2702	McDonald's Holdings (Japan)	21	6501	Hitachi	9
8267	Aeon	19	9983	Fast Retailing	9
8058	Mitsubishi Corp	18	8316	Sumitomo Mitsui Financial Group	8
6752	Panasonic	17	8473	SBI Holdings	8
8306	Mitsubishi UFJ Financial Group	15	2327	NS Solutions	7
6758	Sony	14	4503	Astellas Pharma	7
9202	All Nippon Airways	14	4755	Rakuten	7
2811	Kagome	13	7261	Mazda Motor	7
7011	Mitsubishi Heavy Industries	13	8001	Itochu	7
8411	Mizuho Financial Group	13	9437	NTT Docomo	7
3402	Toray Industries	12			

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

(5) Greatly increased expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the combined proportion of respondents expecting the yen to weaken against the dollar was 63.6%, up 13.9ppt from 49.7% the previous month. "Fall of about ¥5 against the dollar" saw the largest rise in response rate, of 9.0ppt, while the response rate for "fall of about ¥10 against the dollar" rose 4.6ppt. In contrast, "rise of about ¥5 against the dollar") fell 13.8ppt, to 31.8% (Figure 7). At the time of the latest survey (3 December), the noon indicative USD/JPY rate was 82.37, indicating a weaker yen than at the time of the previous survey (80.51 as of 5 November).

Fig. 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 3 December indicative rate of US$1=¥82.37. 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) Appeal of US dollar highest since this question introduced in January 2010

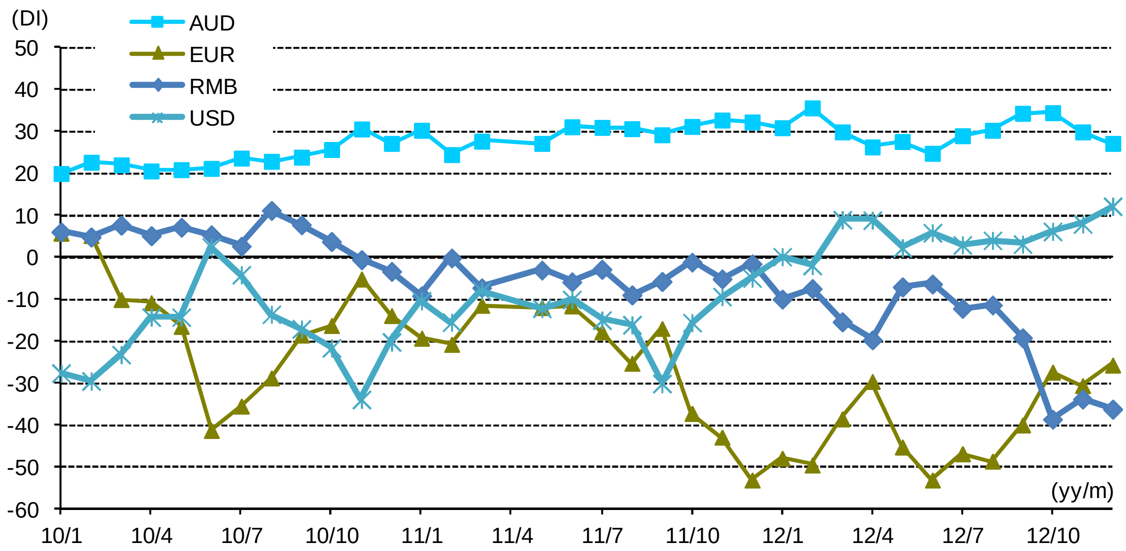
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 35th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI fell for the second straight month, by 2.7pt m-m. Notable improvements in DIs came from the euro (+4.9pt) and the US dollar (+4.2pt), with the US dollar posting its highest DI since this question was introduced. The DI for the renminbi declined 2.4pt m-m to -36.1, putting the Chinese currency in last place for a third straight month (Figures 8, 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	27.2	28.1	0.9	29.9
Japanese yen	14.7	26.0	11.3	15.7
US dollar	12.2	19.9	7.7	8.0
Brazilian real	4.8	10.5	5.7	7.6
Canadian dollar	2.2	3.1	0.9	1.3
Pound sterling	-1.6	1.8	3.4	-0.3
Euro	-25.6	4.5	30.1	-30.5
Chinese renminbi	-36.1	3.7	39.8	-33.7

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," 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.

Fig. 9: Trend in DIs for selected currencies



(7) Decreased interest in cash & deposits, increased interest in equities

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. DIs decreased m-m for none (-5.5pt) and cash & deposits (-3.0pt) but rose for securities issued overseas (+2.9pt), equities (+2.8pt), bonds (+2.3pt), and investment trusts (+2.3pt) (Figure 10).

Fig. 10: 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	40.1	44.1	4.0	43.1
Equities	28.1	46.2	18.1	25.3
Gold	13.2	13.7	0.5	13.8
Securities issued overseas	9.6	11.2	1.6	6.7
Bonds	9.4	11.8	2.4	7.1
Investment trusts	9.0	20.0	11.0	6.7
Hybrid securities	3.1	3.4	0.3	3.1
Other	0.9	1.1	0.2	1.8
None	-44.7	26.1	70.8	-39.2

Note: Respondents were given a selection of nine 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.

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 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 3 December with deadline for responses on 4 December.

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 (December 2012) respondents

Gender: Male (78.8%), Female (21.2%)

Age: Under 30 (1.3%), 30–39 (16.0%), 40–49 (29.5%), 50–59 (26.7%), 60 and above (26.5%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.4%), Professional (physician/medical professional, lawyer, etc) (3.2%), Company management/corporate officer (3.9%), Company employee/public servant (51.0%), Housewife (9.6%), Part-time worker/casual worker/job-hopper (6.4%), Unemployed/pensioner (16.4%), Other (2.1%)

Region: Kanto (46.8%), Kinki (19.0%), Tokai/Koshinetsu/Hokuriku (17.2%), Hokkaido/Tohoku (4.9%), Chugoku/Shikoku/Kyushu (12.1%)

Financial assets held: Less than ¥1,000,000 (7.7%), ¥1,000,000–¥2,999,999 (13.6%), ¥3,000,000–¥4,999,999 (14.3%), ¥5,000,000–¥9,999,999 (19.4%), ¥10,000,000–¥29,999,999 (26.6%), ¥30,000,000–¥49,999,999 (10.6%), ¥50,000,000 or more (7.8%)

Value of domestic stocks held: Less than ¥500,000 (16.6%), ¥500,000–¥999,999 (16.0%), ¥1,000,000–¥2,999,999 (25.1%), ¥3,000,000–¥4,999,999 (15.6%), ¥5,000,000–¥9,999,999 (13.2%), ¥10,000,000–¥29,999,999 (10.3%), ¥30,000,000 or more (3.2%)

Investment experience: Less than three years (7.8%), Three years to less than five years (13.4%), Five years to less than 10 years (29.6%), 10 years to less than 20 years (26.9%), 20 years or more (22.3%)

Investment plan for domestic stocks: Mainly for long-term holding (47.0%), Pursuit of gains from short-term appreciation (12.4%), Pursuit of dividends and shareholder perks (26.7%), No particular plan (13.9%)

Notice

The next Nomura Individual Investor Survey (January 2013) is scheduled for release on Friday, 18 January 2013.

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STOCKS

A rating of '**Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of '**Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of '**Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of '**Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies 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.
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SECTORS

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

STOCKS

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