Nomura Individual Investor Survey

February 2013

February 15, 2013

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 falls 5.4pt m-m, to 63.4

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 63.4 for February, down 5.4pt m-m. The largest proportion of respondents, 43.4%, said they expect a rise of "about 1,000 points," though that marked an 8.4ppt m-m decline. The proportion of individual investors projecting a large rise in share prices through to May rose, with the proportion expecting a rise of "about 2,000 points" and of "more than 2,000 points" rising by 2.1ppt and 3.6ppt, respectively.

(2) Forex trends becomes the most-watched factor

Respondents were asked to select the factor most likely to impact the stock market in the next three months. Forex trends was the most-watched factor, selected by 37.1% of respondents, a rise of 8.1ppt m-m. The response rate for domestic politics, which was the most-watched factor last month, fell 11.8ppt, dropping it to second place at 20.3%. The third most-watched factor was international affairs, at 17.2%.

(3) Autos becomes most attractive sector, electrical/precision equipment moves off bottom

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." Automobiles was the most appealing sector this month. Financials moved up from third to second. Capital goods/other slipped to third place, from top last month. Electrical equipment/precision equipment saw the largest DI improvement for the month and moved out of bottom place for the first time since April 2012. Transportation and utilities replaced it at the bottom of the list.

(4) Rise in proportion of respondents expecting the yen to weaken considerably against the dollar

On the outlook for the USD/JPY over the next three months, the combined proportion of respondents expecting the yen to weaken against the dollar was 70.4%, up 4.3ppt from 66.1% the previous month. The number of individual investors expecting substantial depreciation of the yen appears to have increased, with the proportion of respondents saying they expect a "fall of about ¥10 against the dollar" rising 6.9ppt and the proportion saying they expect a "fall of more than ¥10 against the dollar" rising 1.2ppt.

(5) US dollar and euro gain appeal for the third straight month

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 remained the most appealing currency, but its DI declined for the fourth straight month. DIs for the euro and the US dollar continued to rise m-m. The DI for the Chinese yuan reached its lowest level since the survey began, putting the currency at the bottom of our ranking for the fifth straight month.

(6) Appeal of equities moves above cash & deposits to take top place for the first time

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 to 40.2 while the DI for cash & deposits fell to 38.9, with the former ranking above the latter for the first time.

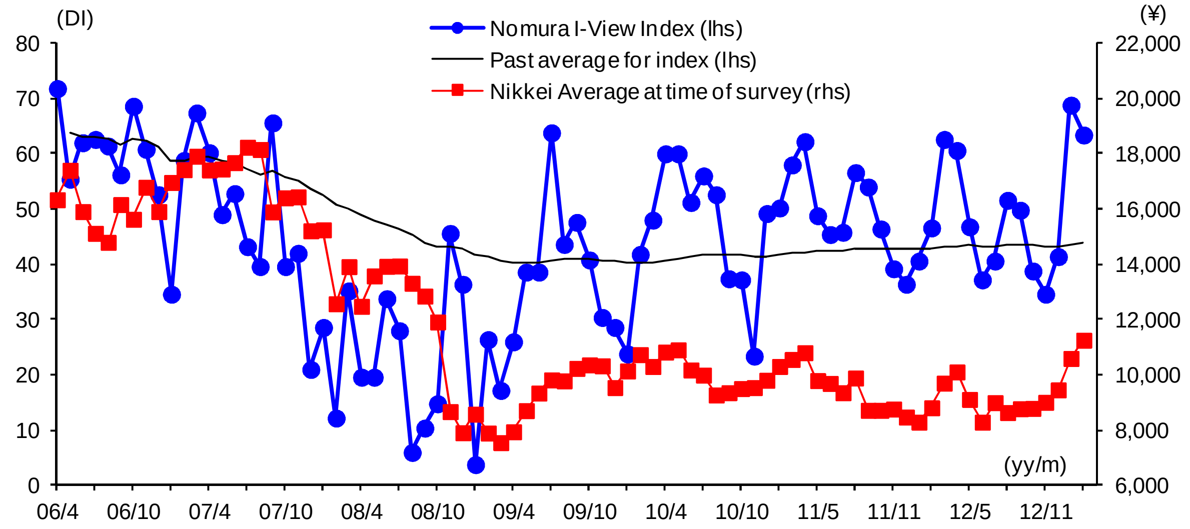
2. Survey results

(1) Nomura I-View Index falls 5.4pt m-m, to 63.4

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 63.4 for February, down by 5.4pt from the January level—its first decline in three months. The prior-month reading of 68.8 had been the second-highest since the 71.8 recorded in April 2006, when the survey began. Individual investors projecting a rise in stock prices were again in the majority, but the proportion expecting stock price weakness against the backdrop of rapid recent gains rose slightly (Figure 1).

The Nikkei Average reference level (4 February close) was 11,260, up by 661pt from the previous survey (7 January 2013 close of 10,599).

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

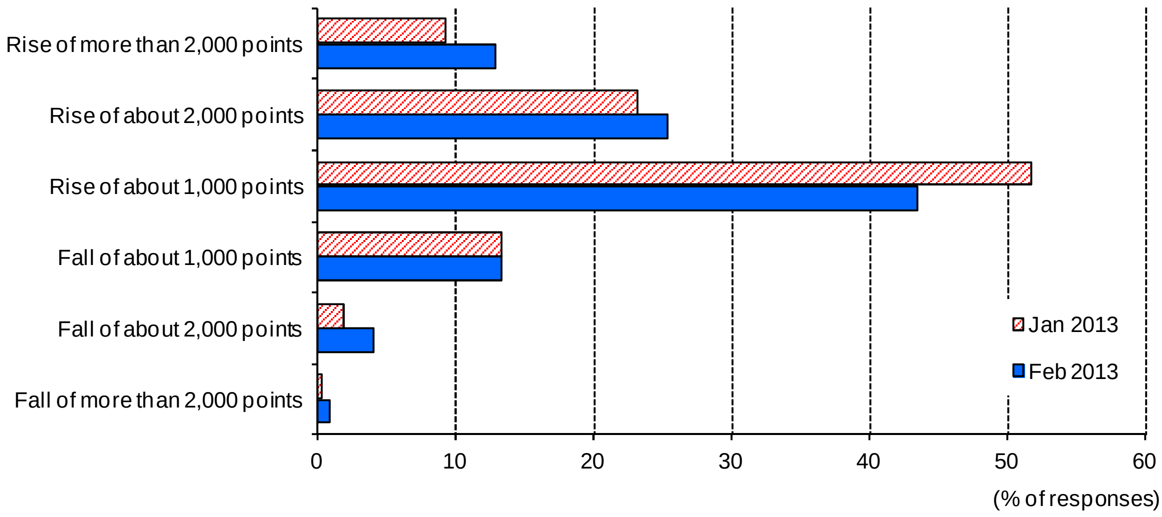


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index. The calculation method is as follows: [(Number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices 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 81.7%, down 2.7ppt from 84.4% in the last survey. The largest proportion of respondents, 43.4%, said they expect a rise of "about 1,000 points," though that marked an 8.4ppt m-m decline. The proportion of individual investors projecting a large rise in share prices through to May rose, with the proportion of respondents expecting a rise of "about 2,000 points" up by 2.1ppt, to 25.4%, and the proportion expecting a rise of "more than 2,000 points" up by 3.6ppt, to 12.9%.

The combined proportion of respondents expecting share prices to fall was 18.3%, up slightly from 15.6% the previous month, suggesting that some individual investors are concerned about the rapid pace of recent stock price gains. Of those expecting a decline, the largest proportion (response rate of 13.4%, roughly unchanged m-m) projected a "fall of about 1,000 points" while the proportion projecting a "fall of about 2,000 points" rose to 4.0%, from 1.9% the previous month (Figure 2).

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

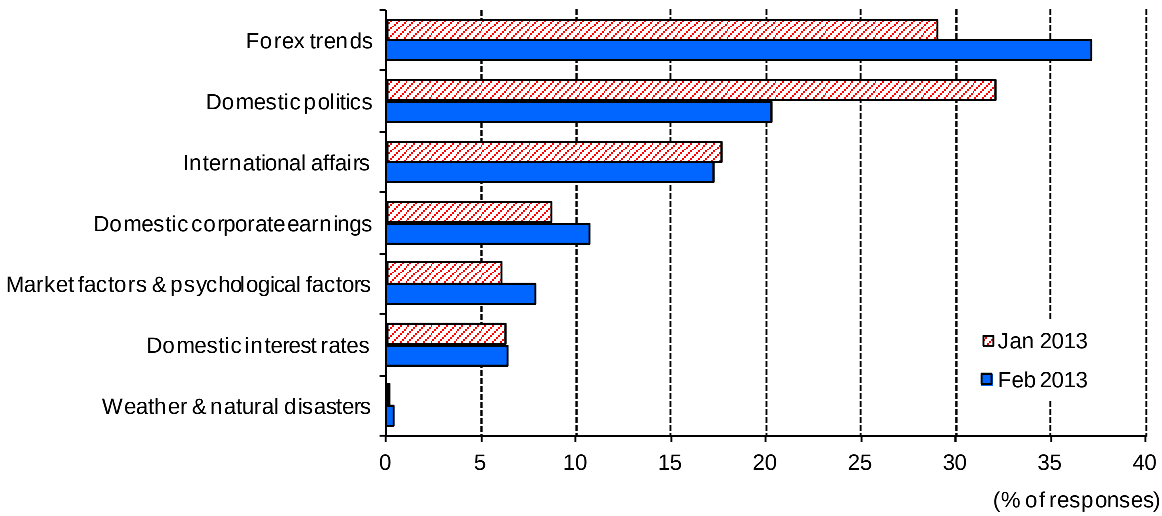


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 4 February closing figure of 11,260. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Forex trends becomes the most-watched factor

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The forex trends factor was selected by 37.1% of respondents, a rise of 8.1ppt, making it the most-watched factor by a wide margin. This is the first time forex trends has ranked top since the surveys of Sep–Dec 2010 (no survey was carried out in April 2011). Domestic politics, the most-watched factor last month, saw the proportion of respondents selecting it decline 11.8ppt, dropping it to second place with a response rate of 20.3%. The third-ranked factor, international affairs, saw a 0.4ppt m-m decline in response rate, to 17.2%, while the fourth, domestic corporate earnings, saw a 2.0ppt rise, to 10.7% (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) Autos becomes most attractive sector, electrical/precision equipment moves off bottom

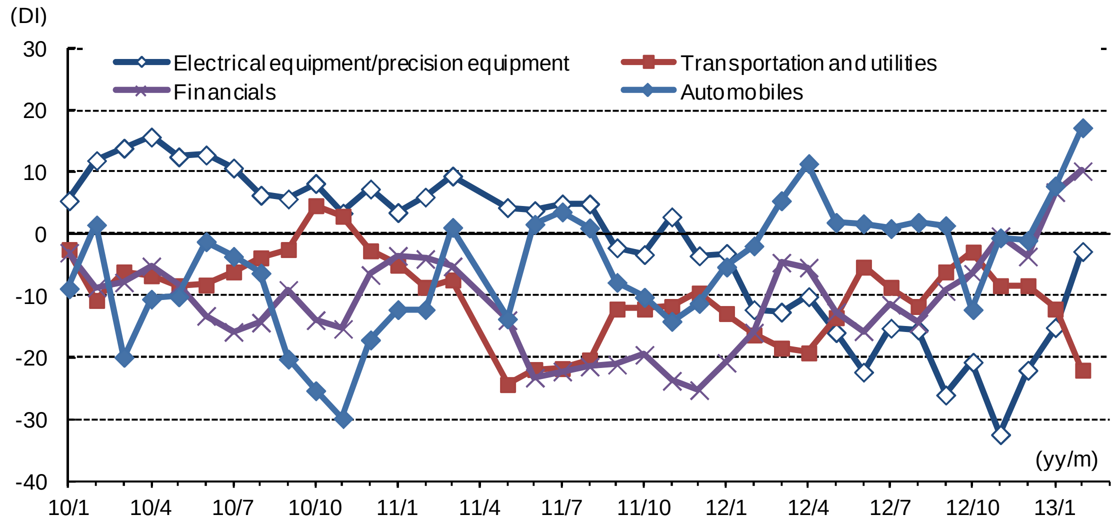
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Automobiles was selected as the most appealing this month, with its DI rising 9.4pt to 17.2. Financials moved up to second from third, with its DI rising 3.4pt to 10.2. Capital goods/other, which ranked top the previous month, slipped to third as its DI fell 4.5pt m-m, while materials dropped to fifth from fourth as its DI declined 6.3pt. The DI that saw the most striking improvement was that for electrical equipment/precision equipment, which rose 12.3pt to -2.8, moving the sector off bottom place for the first time in 10 months (since the April 2012 survey). The rankings of defensive and domestic demand sectors generally fell (except for pharmaceuticals), with transportation and utilities falling to bottom place with a DI of -22.0, down 9.9pt m-m—the largest decline of all the sectors (Figures 4, 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Automobiles	17.2	22.8	5.6	7.8
Financials	10.2	17.7	7.5	6.8
Capital goods/other	9.4	13.9	4.5	13.9
Pharmaceuticals	3.4	8.5	5.1	2.0
Materials	0.3	12.1	11.8	6.6
Electrical equipment/precision equipment	-2.8	11.9	14.7	-15.1
Telecommunications	-4.4	3.4	7.8	-1.9
Consumer goods	-11.3	6.9	18.2	-8.0
Transportation and utilities	-22.0	2.8	24.8	-12.1

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	128	8267	Aeon	12
8411	Mizuho Financial Group	38	9202	All Nippon Airways	12
8306	Mitsubishi UFJ Financial Group	28	6502	Toshiba	10
6758	Sony	27	1812	Kajima	9
9984	Softbank	25	5401	Nippon Steel & Sumitomo Metal	9
4502	Takeda Pharmaceutical	23	8316	Sumitomo Mitsui Financial Group	9
6752	Panasonic	22	8604	Nomura Holdings	9
6753	Sharp	18	9201	Japan Airlines	9
7267	Honda Motor	17	6301	Komatsu	8
8058	Mitsubishi Corp	17	7751	Canon	8
2702	McDonald's Holdings (Japan)	14	4503	Astellas Pharma	7
7201	Nissan Motor	14	7011	Mitsubishi Heavy Industries	7
4661	Oriental Land	13	8750	Dai-ichi Life Insurance	7
7261	Mazda Motor	13	9501	Tokyo Electric Power	7
6501	Hitachi	12			

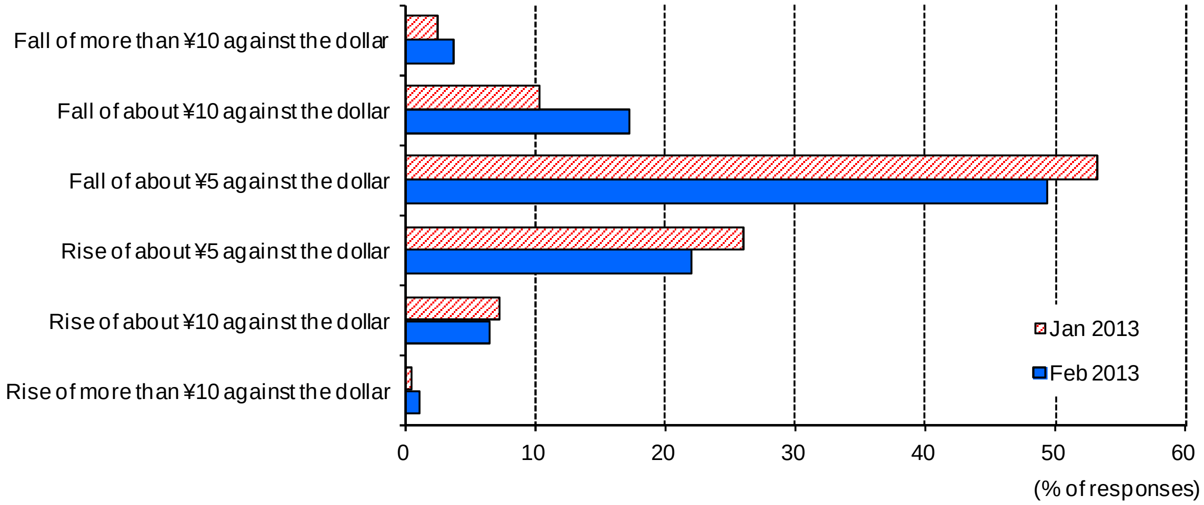
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

(5) Rise in proportion of respondents expecting the yen to weaken considerably against the dollar

On the outlook for the USD/JPY over the next three months, the combined proportion of respondents expecting the yen to weaken against the dollar was 70.4%, up 4.3ppt from 66.1% the previous month. The number of individual investors expecting substantial depreciation of the yen rather than slight depreciation appears to have increased, with the proportion of respondents saying they expect a "fall of about ¥10 against the dollar" rising 6.9ppt, to 17.3%, and the proportion expecting a "fall of more than ¥10 against the dollar" rising 1.2ppt, to 3.7%. The combined proportion of respondents expecting the yen to strengthen against the dollar declined by 4.3ppt to 29.6%, from the previous month's 33.9%. The proportion fell below 30% for the first time in 19 months (since the July 2011 survey) (Figure 7).

At the time of the latest survey (4 February), the noon indicative USD/JPY rate was 92.67, indicating a weaker yen than at the time of the previous survey (88.07 as of 7 January).

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



Note: Respondents were asked to share their outlook for the USD/JPY rate over the next three months, referencing a 4 February 2013 indicative rate of US$1=¥92.67. They 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 continue to gain in appeal

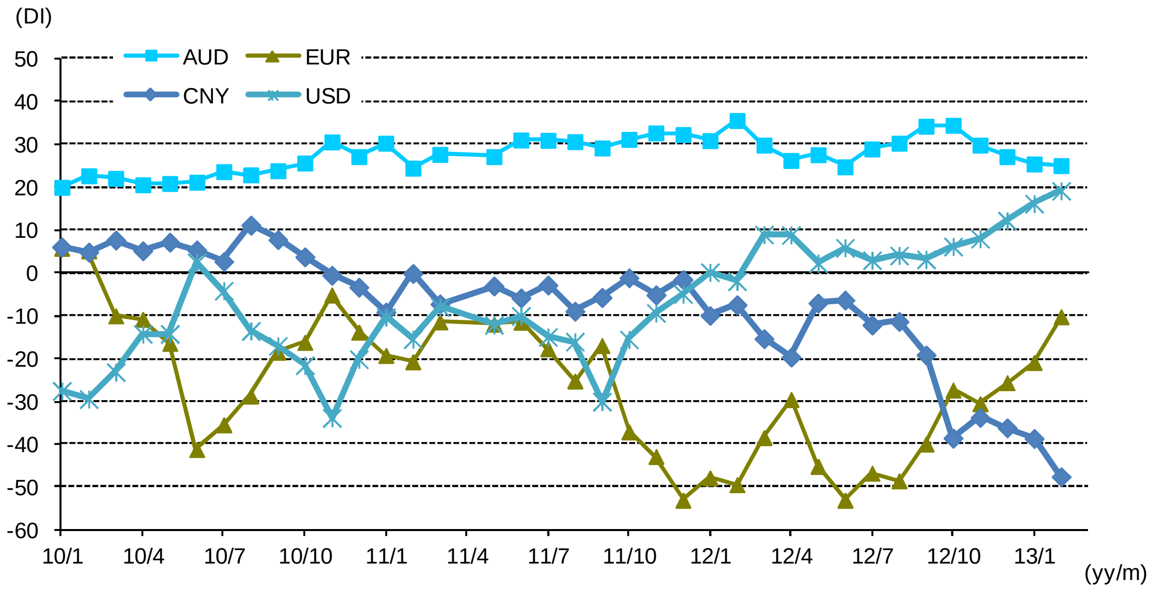
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 37th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI declined for the fourth straight month, by 0.4pt to 25.1. For the third month in a row, the DIs for the euro and US dollar improved markedly from the previous survey. That for the euro (DI of -10.2, up 10.7pt m-m) recovered to the level last seen in November 2010, while that for the US dollar (DI of 19.2, up 3.0pt) reached a new record high (since this question was introduced) for the third straight month. The DI for the Chinese yuan, meanwhile, declined 8.9pt, to -47.5. This marked its lowest level since the survey began and put the currency at the bottom of our ranking for the fifth 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	25.1	26.6	1.5	25.5
US dollar	19.2	25.0	5.8	16.2
Japanese yen	9.8	25.0	15.2	13.4
Brazilian real	2.9	8.9	6.0	4.3
Canadian dollar	1.3	2.1	0.8	1.5
Pound sterling	-0.6	2.1	2.7	-2.7
Euro	-10.2	7.2	17.4	-20.9
Chinese yuan	-47.5	2.3	49.8	-38.6

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) Appeal of equities moves above cash & deposits to take top place for the first time

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 1.2pt to 40.2, its highest level since this question was introduced in January 2010. Cash & deposits, which had held top place since this question was introduced, saw its DI decline 3.0pt m-m to 38.9, with equities moving above it in terms of appeal for the first time. Among other instruments, the DI for investment trusts rose 2.6pt to 12.9, its highest level since the March 2011 survey (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	
Equities	40.2	52.3	12.1	39.0
Cash & deposits	38.9	43.3	4.4	41.9
Gold	13.9	15.0	1.1	13.0
Investment trusts	12.9	22.0	9.1	10.3
Securities issued overseas	7.7	9.7	2.0	9.5
Bonds	7.5	10.4	2.9	8.9
Hybrid securities	2.5	2.8	0.3	2.1
Other	1.0	1.2	0.2	0.7
None	-47.9	24.9	72.8	-47.8

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 4 February with deadline for responses on 5 February.

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 (February 2013) respondents

Gender: Male (79.2%), Female (20.8%)

Age: Under 30 (2.4%), 30–39 (13.9%), 40–49 (28.9%), 50–59 (27.2%), 60 and above (27.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (9.1%), Professional (physician/medical professional, lawyer, etc) (2.4%), Company management/corporate officer (4.2%), Company employee/public servant (48.2%), Students (0.5%), Housewife (10.7%), Part-time worker/casual worker/job-hopper (5.9%), Unemployed/pensioner (16.4%), Other (2.6%)

Region: Kanto (45.3%), Kinki (22.8%), Tokai/Koshinetsu/Hokuriku (15.6%), Hokkaido/Tohoku (5.3%), Chugoku/Shikoku/Kyushu (11.0%)

Financial assets held: Less than ¥1,000,000 (7.3%), ¥1,000,000–¥2,999,999 (12.4%), ¥3,000,000–¥4,999,999 (12.9%), ¥5,000,000–¥9,999,999 (17.4%), ¥10,000,000–¥29,999,999 (29.7%), ¥30,000,000–¥49,999,999 (10.7%), ¥50,000,000 or more (9.6%)

Value of domestic stocks held: Less than ¥500,000 (16.5%), ¥500,000–¥999,999 (13.9%), ¥1,000,000–¥2,999,999 (25.0%), ¥3,000,000–¥4,999,999 (14.2%), ¥5,000,000–¥9,999,999 (13.9%), ¥10,000,000–¥29,999,999 (12.9%), ¥30,000,000 or more (3.6%)

Investment experience: Less than three years (6.0%), Three years to less than five years (12.6%), Five years to less than 10 years (29.8%), 10 years to less than 20 years (27.2%), 20 years or more (24.4%)

Investment plan for domestic stocks: Mainly for long-term holding (47.7%), Pursuit of gains from short-term appreciation (13.8%), Pursuit of dividends and shareholder perks (25.0%), No particular plan (13.5%)

Notice

The next Nomura Individual Investor Survey (March 2013) is scheduled for release on Friday, 15 March 2013.

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

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Online availability of research and conflict-of-interest disclosures

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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. Benchmarks are as follows: **United States/Europe**: 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.

SECTORS

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

When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.

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