Nomura Individual Investor Survey

April 2013

April 12, 2013

Investment Research & Investor Services 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 14.0pt m-m, to 57.8

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 57.8 for April, down 14.0pt m-m from 71.8 in March. The proportion of individual investors expecting stock prices to rise appears to have fallen compared with the March survey in reaction to a halt to yen depreciation and stock-price gains over the survey period of 1-2 April, when the Nikkei Average at one point corrected to below 11,900. The combined proportion of respondents expecting share prices to rise was 78.9%, down 7.0ppt from 85.9% in the previous survey, with a striking decline particularly in the proportion expecting a rise of "more than 2,000 points."

(2) International affairs becomes most-watched factor for first time in five months

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The proportion of respondents selecting international affairs rose to 30.1% of respondents, making it the most-watched factor for the first time in five months, since the November 2012 survey. The response rates for forex trends, the most-watched factor on the February and March surveys, declined 3.6ppt, to 27.5%, dropping it into second place. We see international affairs as having attracted relatively close attention as a reflection of the uncertain outlook regarding the situation in Cyprus and the Italian political landscape amid a halt to yen depreciation and stock-price gains over the survey period of 1-2 April. Domestic politics remained in third place, as in the previous month, but its response rate declined 3.6ppt m-m to 19.2%.

(3) Automobiles remains most attractive sector for third straight month

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 for the third straight month. Its DI rose 3.2ppt m-m, to 19.1, with the gap with the capital goods/others sector widening once again. With the exception of automobiles, all of the sectors seeing marked improvements were domestic demand and defensive sectors, with m-m rises in DIs for transportation & utilities of 3.4pt m-m, 3.0pt m-m for consumer goods, and 2.0pt m-m for telecommunications. In contrast, there was a striking decline in the DI for the electrical equipment/precision equipment sector of 10.0pt, putting it below transportation and utilities as the least attractive sector.

(4) Expectations for yen depreciation against the dollar remain high

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 71.5%, falling 1.2ppt from 72.7% the previous month to its lowest level in five months, since the November survey. We think there was an impact from a halt to yen depreciation and stock-price gains over the survey period of 1-2 April, but expectations among individual investors for the yen to depreciate against the dollar remained high. The majority of respondents, 53.3%, again said they expected a "fall of about ¥5 against the dollar", though the response rate for this category was down 1.4ppt from the March survey.

(5) Australian dollar regains place as most appealing currency

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." This month, the Australian dollar became the most appealing currency, with its DI rising 1.2pt m-m, to 23.8. The Australian dollar was in the March survey displaced by the yen as the most appealing currency for the first time since this survey question was introduced in January 2010 (no survey was conducted in April 2011) but regained the top position in the latest survey. The DI for the yen fell 4.4pt m-m, to 19.3, dropping it to second place and almost on a par with third-placed US dollar, the DI for which rose 2.1pt to 19.1. The DI for the euro declined 10.3pt to -29.0, the largest decline this month, as was the case in March.

(6) Equities slip to second-most appealing financial instrument by wafer-thin margin

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 cash & deposits fell 3.8pt m-m, but at 36.9 took the top spot for the first time in three months. The DI for equities fell 5.5pt to 35.9, putting it in second spot by a wafer-thin margin. The DI for domestic investment trusts fell 5.1pt m-m, which we see as reflecting the market correction over the survey days of 1-2 April that saw a halt to yen depreciation and stock-price gains.

(7) Individual investor gains and losses on equity investments last fiscal year a mixed bag

For this month's first spot question, we asked investors about their returns on equity investments last fiscal year and their approach and views with respect to profits (unrealized gains) and losses (unrealized losses). To a question on equity investment returns over the past fiscal year (April 2012 to March 2013), the largest proportion of respondents, 23.1%, chose the response "returns overall were positive, but unsatisfactory given the investment environment". The next-highest response ratio was for "returns as a whole were negative, with results disappointing even considering the investment environment" (22.3%), followed by "profits and losses were about 50:50, a satisfactory result considering the investment environment" (16.8%). The top two response categories both indicated investors were dissatisfied with returns, but individual investor responses were widely distributed across the six possible responses.

On intentions and views with respect to profits (unrealized gains) 38.9% of respondents opted for "no set stance; will decide depending on the circumstances". The next highest ranking responses, in order, were "lock in profits at gains of around 11–20% of profits" (18.6%) and "lock in profits at gains of around 10%" (18.2%), with more than half of respondents saying their approach is to lock in profits by the time gains reached about 30%.

On intentions and views with respect to losses (unrealized losses) 60% of respondents opted for "no set stance; will decide depending on the circumstances". The next highest response rates, in order, were "exit when losses reach around 10%" (13.4%) and "exit when losses reach 11–20%" (13.1%), with around one-third of respondents saying their approach is to exit by the time they reach around 30%. From the responses, it is apparent that more individual investors have no set stance on cutting losses compared with locking in profits.

(8) Individual investors sensitive to extension of shareholder perks, easing in equity-related tax rate
For this month's second spot question, we asked individual investors what type of stocks and what stock-related regulatory frameworks they were interested in. The highest combined "very interested" and "somewhat interested" response rates were for "shareholder perks on long-term holdings" (77.1%), followed by "tax breaks when long-term holdings are sold" (72.6%), and "tax breaks on dividends on long-term holdings" (71.5%), all of which had response rates of above 70%. In contrast, "shareholder perks that offer the choice of contributing to society through donations and other means" and “Stocks that afford greater voting rights at shareholder meetings than common stock when held long term” received relatively low response rates of 28.4% and 25.2%, respectively.

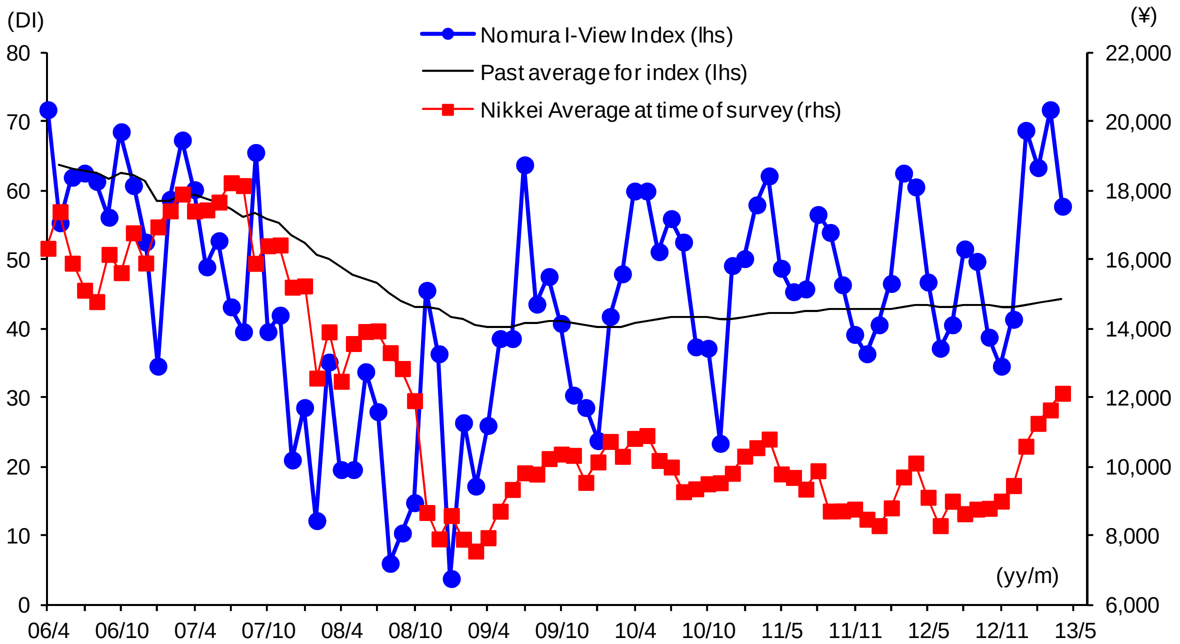
2. Survey results

(1) Nomura I-View Index falls 14.0pt m-m, to 57.8

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 57.8 for April, down 14.0pt m-m from 71.8 in March. The proportion of individual investors expecting stock prices to rise appears to have fallen compared with the March survey in reaction to a halt to yen depreciation and stock-price gains over the survey period of 1-2 April, when the Nikkei Average at one point corrected to below 11,900 (Figure 1).

The Nikkei Average reference level (1 April close) was 12,135, up by 483pt from the previous survey (4 March close of 11,652).

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

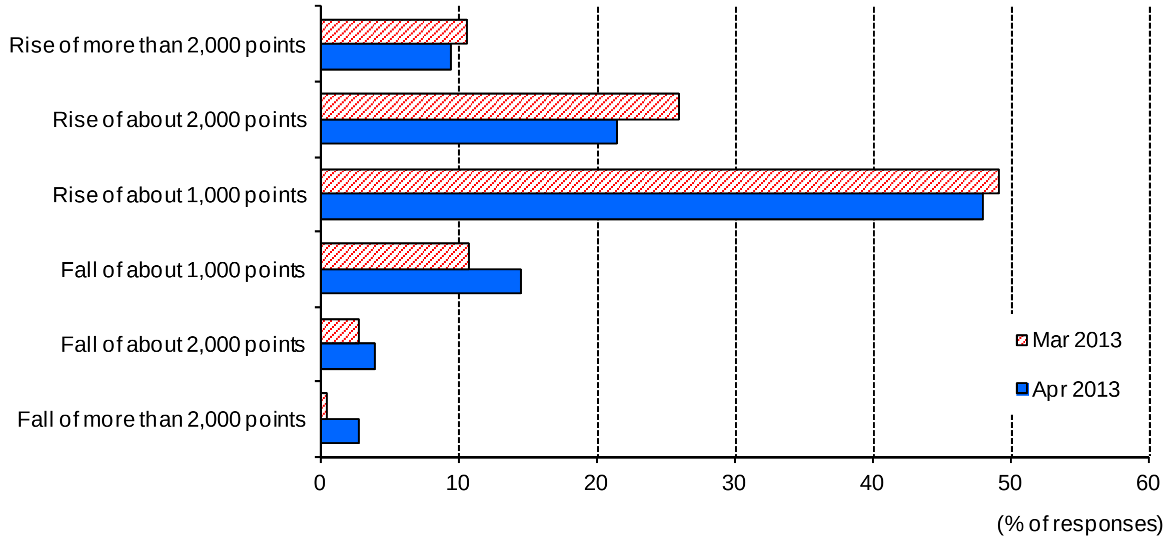


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index. The calculation method is as follows: [(Number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices 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 78.9%, down 7.0ppt from 85.9% in the last survey. The proportion of respondents who said they expect a rise of "about 1,000 points" fell 1.2ppt m-m and the proportion expecting a rise of "about 2,000 points" fell 4.5ppt, to 21.5%, the proportion expecting a rise of "more than 2,000 points" fell 1.3ppt, to 9.4%. The response rate for expecting a rise of "about 2,000 points" thus ranked lowest among the different options.

The combined proportion of respondents expecting share prices to fall was 21.1%, up from 14.1% last month. The proportion of respondents expecting a decline of "about 1,000 points" saw a striking rise of 3.7ppt m-m to 14.5%, the proportion expecting a decline of "about 2,000 points" rose 1.1ppt m-m, to 3.9%, and the proportion expecting a fall of "more than 2,000 points" rose 2.2ppt m-m to 2.7% (Figure 2).

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

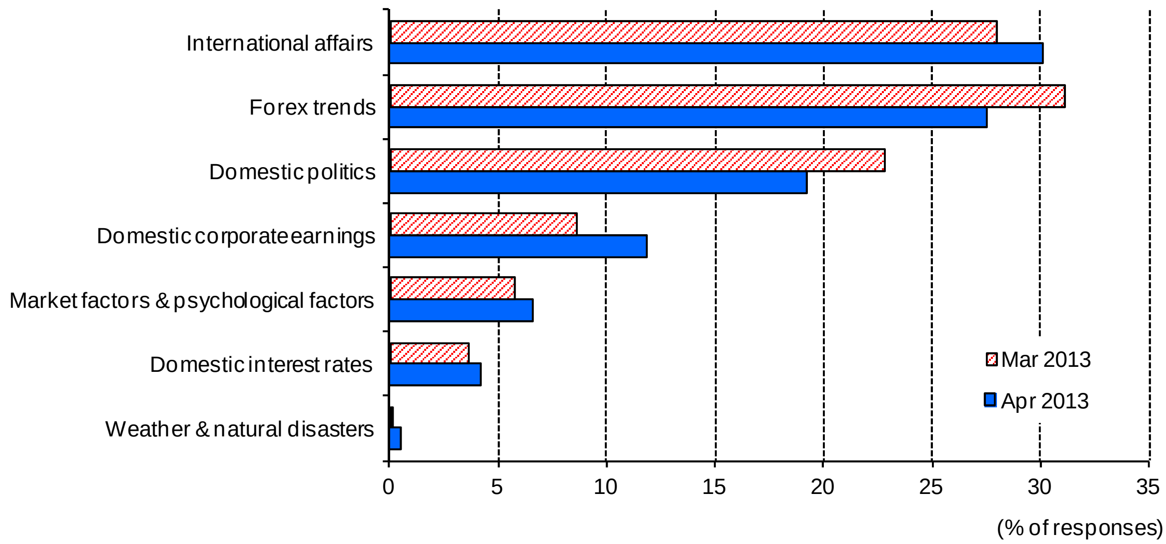


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 1 April closing figure of 12,135. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) International affairs becomes most-watched factor for first time in five months

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The proportion of respondents selecting international affairs rose to 30.1% of respondents, making it the most-watched factor for the first time in five months, since the November 2012 survey. Forex trends, which attracted the most attention in the February and March surveys, fell to second this month as its response rate declined 3.6ppt to 27.5%. We see international affairs as having attracted relatively close attention as a reflection of the uncertain outlook regarding the situation in Cyprus and the Italian political landscape amid a halt to yen depreciation and stock-price gains over the survey period of 1-2 April. Domestic politics remained in third place, as in the previous month, but its response rate declined 3.6ppt m-m to 19.2%. Domestic corporate earnings remained in fourth place, as in March, but its response rate rose, at 11.9%, marked the largest margin of increase from the previous month, of 3.3ppt (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) Automobiles remains most attractive sector for third straight month

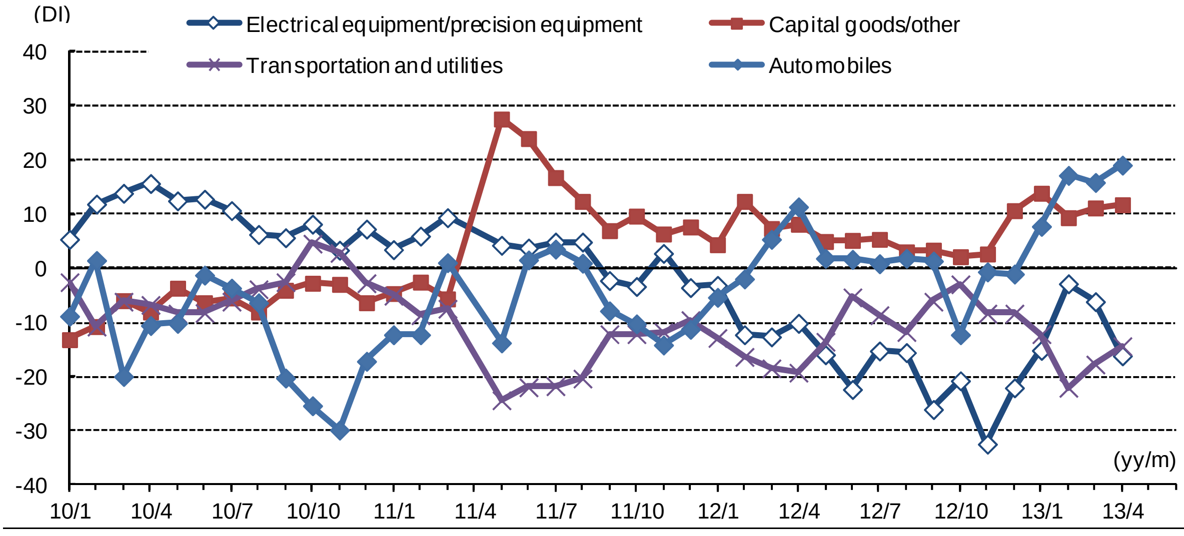
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Automobiles was the most appealing sector for the third straight month. Its DI rose 3.2ppt m-m, to 19.1, with the gap with the capital goods/others sector (for which the DI rose only 0.6pt m-m) widening once again. With the exception of automobiles, all of the sectors seeing marked improvements were domestic demand and defensive sectors, with m-m rises in DIs for transportation & utilities of 3.4pt m-m, 3.0pt m-m for consumer goods, and 2.0pt m-m for telecommunications. In contrast, there was a striking decline in the DI for the electrical equipment/precision equipment sector of 10.0pt, putting it below transportation and utilities as the least attractive sector. Overall economic-sensitive sectors remained attractive, as in the March survey, but investors also seem to have started to reappraise domestic demand and defensive sectors (Figures 4, 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Automobiles	19.1	23.5	4.4	15.9
Capital goods/other	11.8	15.3	3.5	11.2
Financials	6.7	14.8	8.1	8.0
Pharmaceuticals	4.1	9.1	5.0	4.4
Materials	-0.5	12.9	13.4	0.1
Telecommunications	-3.7	3.5	7.2	-5.7
Consumer goods	-7.1	9.1	16.2	-10.1
Transportation and utilities	-14.3	5.2	19.5	-17.7
Electrical equipment/precision equipment	-16.1	6.6	22.7	-6.1

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	148	7011	Mitsubishi Heavy Industries	10
8411	Mizuho Financial Group	34	7261	Mazda Motor	10
4661	Oriental Land	24	8316	Sumitomo Mitsui Financial Group	10
8267	Aeon	24	9501	Tokyo Electric Power	10
9437	NTT Docomo	19	7201	Nissan Motor	9
4502	Takeda Pharmaceutical	18	6502	Toshiba	8
9984	Softbank	18	9202	All Nippon Airways	8
8306	Mitsubishi UFJ Financial Group	17	7550	Zensho Holdings	7
6752	Panasonic	15	8058	Mitsubishi Corp	7
7267	Honda Motor	15	2327	NS Solutions	6
2702	McDonald's Holdings (Japan)	14	2914	Japan Tobacco	6
6758	Sony	14	2931	Euglena	6
8604	Nomura Holdings	12	5401	Nippon Steel & Sumitomo Metal	6
6501	Hitachi	11	7270	Fuji Heavy Industries	6
2811	Kagome	10	8473	SBI Holdings	6
3402	Toray Industries	10			

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

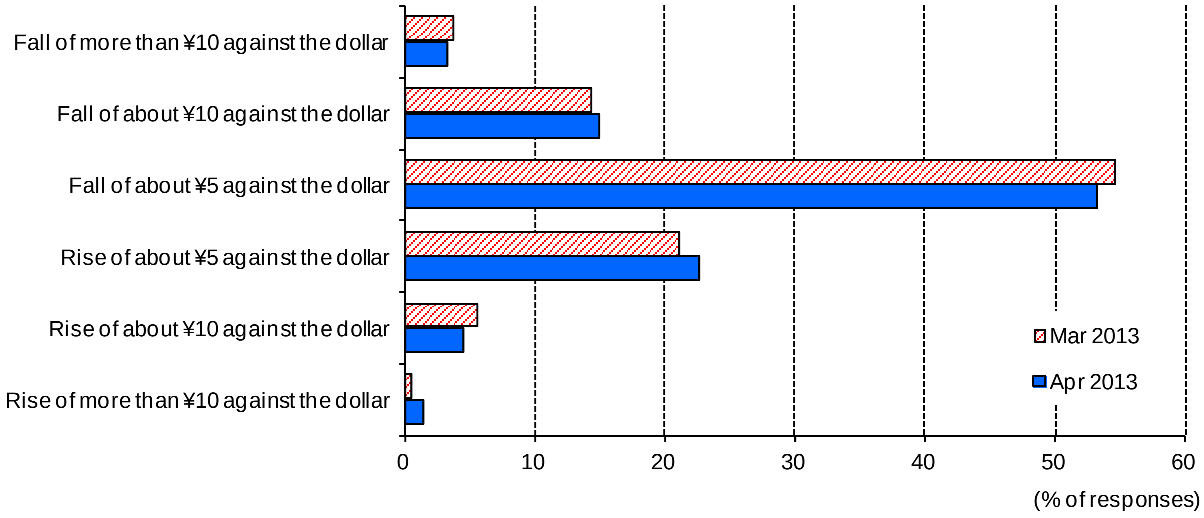
(5) Expectations for yen depreciation against the dollar remain high

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 71.5%, falling 1.2ppt from 72.7% the previous month to its lowest level in five months, since the November survey. We think there was an impact from a halt to yen depreciation and stock-price gains over the survey period of 1-2 April, but expectations among individual investors for the yen to depreciate against the dollar remained high. The majority of respondents, 53.3%, again said they expected a "fall of about ¥5 against the dollar", though the response rate for this category was down 1.4ppt from the March survey.

The combined proportion of respondents expecting the yen to strengthen against the dollar rose by 1.2ppt m-m, to 28.5%, from the previous month's 27.3%. The response rate for "rise of about ¥5 against the dollar" rose 1.4ppt to 22.6%, accounting for almost a quarter of the responses (Figure 7).

At the time of the latest survey (1 April), the noon indicative USD/JPY rate was 93.93, indicating a slightly weaker yen than at the time of the previous survey (93.32 as of 4 March).

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 1 April 2013 indicative rate of US$1=¥93.93. They could choose one answer from a possible six responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

(6) Australian dollar regains place as most appealing currency

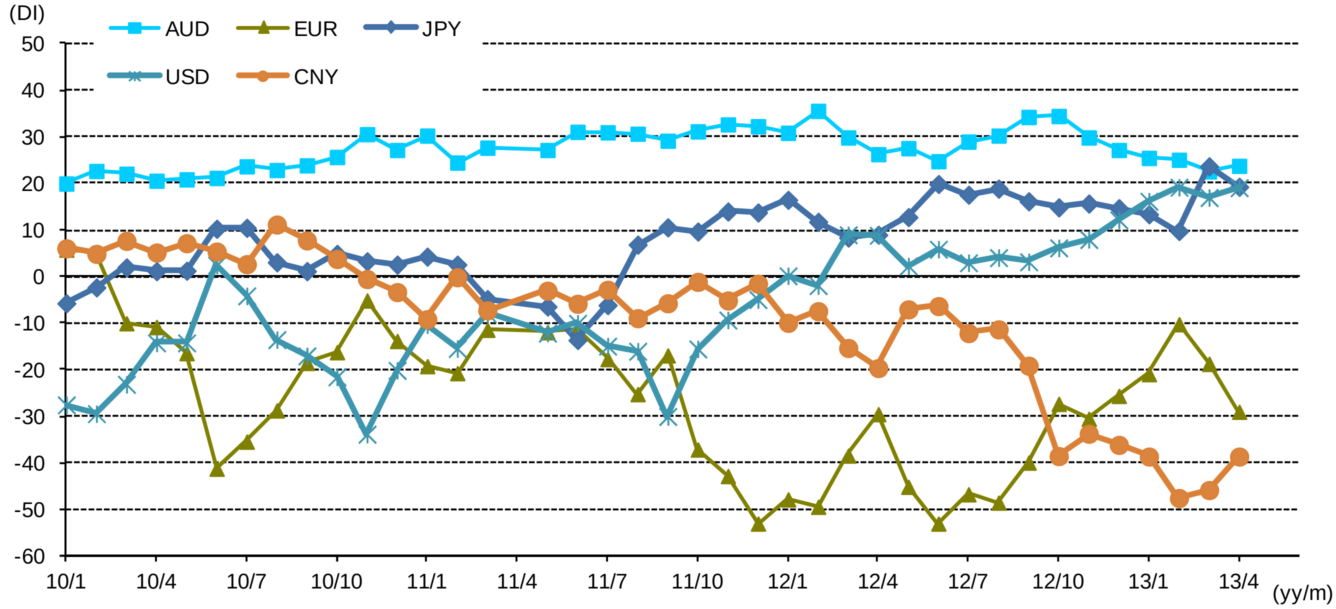
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the Australian dollar became the most appealing currency, with its DI rising 1.2pt m-m, to 23.8. The Australian dollar was in the March survey displaced by the yen as the most appealing currency for the first time since this survey question was introduced in January 2010 (no survey was conducted in April 2011) but regained the top position in the latest survey. The DI for the yen fell 4.4pt m-m, to 19.3, dropping it to second place and almost on a par with third-placed US dollar, the DI for which rose 2.1pt to 19.1. The DI for the euro declined 10.3pt to -29.0, the largest decline this month, as was the case in March. The DI for the Chinese yuan was at the bottom of our ranking for the seventh straight month, though its DI rose for the second consecutive month, by 7.2pt to -38.6 (Figures 8, 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	23.8	25.2	1.4	22.6
Japanese yen	19.3	27.0	7.7	23.7
US dollar	19.1	24.6	5.5	17.0
Brazilian real	4.5	10.7	6.2	2.4
Canadian dollar	1.3	2.3	1.0	1.5
Pound sterling	-1.6	1.6	3.2	-3.1
Euro	-29.0	3.6	32.6	-18.7
Chinese yuan	-38.6	3.3	41.9	-45.8

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) Equities slip to second-most appealing financial instrument by wafer-thin margin

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 cash & deposits fell 3.8pt m-m, but at 36.9 took the top spot for the first time in three months. The DI for equities fell 5.5pt to 35.9, putting it in second spot by a wafer-thin margin. The DI for domestic investment trusts fell 5.1pt m-m, which we see as reflecting the market correction over the survey days of 1-2 April that saw a halt to yen depreciation and stock-price gains.

With this survey we have for the first time divided the previous category "securities issued overseas" into three separate categories: "foreign equities", "foreign investment trusts", and "foreign bonds." The DI for overseas investment trusts came in at 11.3, placing it fourth, after gold at 12.7 (Figure 10).

Fig. 10: Financial instruments for which investors are either seeking to increase or decrease their holdings

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Cash & deposits	36.9	40.9	4.0	40.7
Japanese equities	35.9	50.6	14.7	41.4
Gold	12.7	13.2	0.5	13.6
Foreign investment trusts	11.3	13.2	1.9	-
Japanese investment trusts	11.0	18.6	7.6	16.1
Bonds	6.6	9.1	2.5	7.4
Hybrid securities	3.7	4.0	0.3	3.2
Foreign equities	3.0	4.0	1.0	-
Other	1.5	1.5	0.0	0.6
Foreign bonds	-0.2	1.5	1.7	-
Other	-49.1	24.7	73.8	-51.3

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. From the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts and foreign bonds.

(8) Individual investor gains and losses on equity investments last fiscal year a mixed bag

For this month's first spot question, we asked investors about their returns on equity investments last fiscal year and their approach and views with respect to profits (unrealized gains) and losses (unrealized losses).

On equity investment returns over the past fiscal year (April 2012 to March 2013), respondents were asked to choose one of the following responses (here profits and losses included both realized and unrealized profits and losses). The largest proportion of respondents, 23.1%, opted for the response "returns overall were positive, but unsatisfactory considering the investment environment." This was followed, in order, by "returns as a whole were negative, with results disappointing even considering the investment environment" (22.3%), "profits and losses were about 50:50, with a satisfactory result considering the investment environment" (16.8%), and "returns overall were positive, with results satisfactory considering the investment environment" (14.1%). The top two responses indicated dissatisfaction with results, but individual investor responses were widely distributed across the six possible responses (Figure 11).

Of the total, 37.2% reported positive returns, 40.2% returns of 50:50, and 32.6% negative returns.

Fig. 11: Individual investor returns on equity investments over the past year (April 2012 to March 2013)

	Choices	No of responses	% of responses
1	Returns overall were positive, with results satisfactory considering the investment environment	141	14.1
2	Returns overall were positive, but unsatisfactory considering the investment environment	231	23.1
3	Profits and losses were about 50:50, a satisfactory result considering the investment environment	168	16.8
4	Profits and losses were about 50:50, with results disappointing considering the investment environment	134	13.4
5	Returns as a whole were negative, with results satisfactory considering the investment environment	103	10.3
6	Returns as a whole were negative, with results disappointing even considering the investment environment	223	22.3
7	Total	1,000	100.0

Note: On equity investment returns over the past fiscal year (April 2912 to March 2013), respondents were asked to choose one of the responses given (here profits and losses included both realized and unrealized profits and losses).

We next asked respondents to choose one answer to best describe their intentions and views on profits (unrealized gains). The highest response rate, of 38.9%, was "no set stance; will decide depending on the circumstances." The next highest ranking responses, in order, were "lock in profits at gains of around 11–20% of profits" (18.6%), "lock in profits at gains of around 10%" (18.2%), and "lock in profits at gains of around 21–30% of profits" (13.1%) indicating that more than half of respondents aim to take profits by the time a 30% gain has been achieved (Figure 12).

Fig. 12: Intentions and views with respect to profits (unrealized gains)

	Choices	No of responses	% of responses
1	Lock in profits at gains of around 10%	182	18.2
2	Lock in profits at gains of around 11-20%	186	18.6
3	Lock in profits at gains of around 21-30%	131	13.1
4	Lock in profits at gains of around 31-50%	51	5.1
5	Lock in profits at gains of around 50-100% (doubling in value)	36	3.6
6	Lock in profits at gains of over 100% (more than a doubling in value)	17	1.7
7	Other	8	0.8
8	No set stance; will decide depending on the circumstances	389	38.9
9	Total	1,000	100.0

Note: We asked investors to choose one answer from the above to best describe their intentions and views on profits (unrealized gains).

We also asked respondents to choose one answer to best describe their intentions and views on losses (unrealized losses). The highest response rate, of 60.0%, was "no set stance; will decide depending on the circumstances." The next highest response rates, in order, were "exit when losses reach around 10%" (13.4%), "exit when losses reach around 11–20%" (13.1%), and "exit when losses reach around 21–30%" (7.5%), indicating that around one-third of investors seek to cut losses when they reach up to 30% (Figure 13). From the responses, it is apparent that more individual investors have no set stance on cutting losses compared with locking in profits.

Fig. 13: Intentions and views with respect to losses (unrealized losses)

Choices	No of responses	% of responses
1 Exit when losses reach around 10%	134	13.4
2 Exit when losses reach around 11–20%	131	13.1
3 Exit when losses reach around 21–30%	75	7.5
4 Exit when losses reach around 31–50% (halving in value)	31	3.1
5 Exit when losses reach between 50% (halving in value) and -75% (a quarter of value)	16	1.6
6 Exit when losses exceed 75% (a quarter of value)	5	0.5
7 Other	8	0.8
8 No set stance; will decide depending on the circumstances	600	60.0
9 Total	1,000	100.0

Note: We asked investors to choose one answer from the above to best describe their intentions and views on losses (unrealized losses).

(9) Individual investors sensitive to shareholder perks, easing in equity-related tax

For this month's second spot question, we asked individual investors what type of stocks and what stock-related regulatory frameworks they were interested in. We specifically asked: "How interested are you in each of the stock categories and stock-related regulatory frameworks listed below? Please select the one answer for each item that best describes your viewpoint." Respondents were asked to choose from five answers: "very interested," "somewhat interested," "not especially interested," "not interested," and "don't know."

The highest combined "very interested" and "somewhat interested" response rates were for "shareholder perks on long-term holdings" (77.1%), followed by "tax breaks when long-term holdings are sold" (72.6%), and "tax breaks on dividends on long-term holdings" (71.5%), all of which had response rates of above 70%. The combined response rate for "non-voting shares (stocks that pay a higher dividend than common stock but that afford no voting rights at shareholder meetings)" was 55.4%.

In contrast, "shareholder perks that offer the choice of contributing to society through donations and other means" and "stocks that afford greater voting rights at shareholder meetings than common stock when held long term" received relatively low response rates of 28.4% and 25.2%, respectively (Figure 14).

Fig. 14: What type of stocks and stock-related regulatory frameworks are individual investors interested in?

	Very interested (%)	Somewhat interested (%)	Not especially interested (%)	Not interested (%)	Don't know (%)	Total (%)
1 Non-voting shares (stocks that pay a higher dividend than common stock but that afford no voting rights at shareholder meetings)	17.9	37.5	30.7	6.2	7.7	100.0
2 Stocks that afford greater voting rights at shareholder meetings than common stock when held long term	4.9	20.3	50.5	17.5	6.8	100.0
3 Tax breaks on dividends on long-term holdings	24.2	47.3	20.5	4.0	4.0	100.0
4 Tax breaks when long-term holdings are sold	25.6	47.0	19.7	4.0	3.7	100.0
5 Shareholder perks on long-term holdings	30.9	46.2	16.4	3.2	3.3	100.0
6 Shareholder perks that offer the choice of contributing to society through donations and other means	5.1	23.3	48.0	17.8	5.8	100.0

Note: We asked investors: "How interested are you in each of the stock categories and stock-related regulatory frameworks listed below? Please select the one answer for each item that best describes your viewpoint."

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, 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 1 April with deadline for responses on 2 April.

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 (April 2013) respondents

Gender: Male (79.3%), Female (20.7%)

Age: Under 30 (2.1%), 30–39 (12.7%), 40–49 (27.6%), 50–59 (31.4%), 60 and above (26.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.2%), Professional (physician/medical professional, lawyer, etc) (3.1%), Company management/corporate officer (4.1%), Company employee/public servant (50.9%), Student (0.6%), Housewife (9.3%), Part-time worker/casual worker/job-hopper (5.2%), Unemployed/pensioner (16.7%), Other (1.9%)

Region: Kanto (47.0%), Kinki (19.4%), Tokai/Koshinetsu/Hokuriku (16.9%), Hokkaido/Tohoku (5.9%), Chugoku/Shikoku/Kyushu (10.8%)

Financial assets held: Less than ¥1,000,000 (5.7%), ¥1,000,000–¥2,999,999 (14.2%), ¥3,000,000–¥4,999,999 (12.3%), ¥5,000,000–¥9,999,999 (20.2%), ¥10,000,000–¥29,999,999 (28.2%), ¥30,000,000–¥49,999,999 (11.1%), ¥50,000,000 or more (8.3%)

Value of domestic stocks held: Less than ¥500,000 (13.0%), ¥500,000–¥999,999 (14.1%), ¥1,000,000–¥2,999,999 (25.8%), ¥3,000,000–¥4,999,999 (16.6%), ¥5,000,000–¥9,999,999 (15.9%), ¥10,000,000–¥29,999,999 (11.1%), ¥30,000,000 or more (3.5%)

Investment experience: Less than three years (7.6%), Three years to less than five years (12.4%), Five years to less than 10 years (27.8%), 10 years to less than 20 years (28.4%), 20 years or more (23.8%)

Investment plan for domestic stocks: Mainly for long-term holding (45.6%), Pursuit of gains from short-term appreciation (14.0%), Pursuit of dividends and shareholder perks (23.3%), No particular plan (17.1%)

Notice

The next Nomura Individual Investor Survey (May 2013) is scheduled for release on Friday, 10 May 2013.

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

Important Disclosures

The lists of issuers in which the Nomura Group holds 1% or more of any class of common equity securities and 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.

The following issuers have officers who concurrently serve as officers of Nomura Securities Co., Ltd.: Kameda Seika Co., Ltd. (2220), Seven & I Holdings Co., Ltd. (3382), Seiren Co., Ltd. (3569), Takeda Pharmaceutical Co., Ltd. (4502), Kobayashi Pharmaceutical Co., Ltd. (4967), Asahi Glass Co., Ltd. (5201), Nippon Steel & Sumitomo Metal Corporation (5401), Komatsu Ltd. (6301), Tokyo Electron Limited (8035), Sumitomo Corporation (8053).
The following issuers are affiliates or subsidiaries of Nomura Holdings Inc., the parent company of Nomura Securities Co., Ltd.: Nomura Real Estate Holdings, Inc. (3231), Sugimura Warehouse Co., Ltd. (9307), Nomura Research Institute, Ltd. (4307), JAFCO Co., Ltd. (8595), Takagi Securities Co., Ltd. (8625), Daiko Clearing Services Corporation (8692).

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. (“NIplc”) are registered with the Commodities Futures Trading Commission and the National Futures Association (NFA) as swap dealers. NGFP, NDPI, and NIplc 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. *Marketing Analysts* identified in some Nomura research reports are research analysts employed by Nomura International plc who are primarily responsible for marketing Nomura’s Equity Research product in the sector for which they have coverage. Marketing Analysts may also contribute to research reports in which their names appear and publish research on their sector.

Distribution of ratings (Global)

The distribution of all ratings published by Nomura Global Equity Research is as follows:
43% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 40% of companies with this rating are investment banking clients of the Nomura Group*.
46% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 48% of companies with this rating are investment banking clients of the Nomura Group*.
11% 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 31 March 2013. **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

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, 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

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. 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

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, quantitative analysis and short term trading ideas; 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. Clients outside of the US may access the Nomura Research Trading Ideas platform (Retina) at http://go.nomuranow.com/equities/tradingideas/retina/

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 NIplc. NIplc is authorised by the Prudential Regulation Authority ('PRA'), regulated by the Financial Conduct Authority and the PRA, and 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 NIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIHK. 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.

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 to clients other than 'professional clients' (as defined by the Dubai Financial Services Authority) in the United Arab Emirates ('UAE') by Nomura Saudi Arabia, NIplc 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 to any person other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' located in Saudi Arabia or to clients other than 'professional clients' in the UAE. 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 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.

 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 1.365% (tax included) of the transaction amount or a commission of ¥2,730 (tax included) 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 1.365% (tax included) of the transaction amount (or a commission of ¥2,730 (tax included) 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 0.9975% (tax included) 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 ¥7,455 tax included). 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 1.365% (tax included) of the transaction amount (or a commission of ¥2,730 (tax included) 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 1.05% (tax included) of the transaction amount (or a commission of ¥4,200 (tax included) if this would be less than ¥4,200). 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.

Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.25% (tax included) of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.25% (tax included, annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

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

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 ¥10,500 (tax included) 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