News Release

NOMURA

Nomura Individual Investor Survey

October 2014

October 16, 2014

Global Research Division

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 declines 5.2pt m-m, to 43.2

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 43.2 for October, a decline of 5.2pt from 48.4 in September. The proportion of respondents expecting a “rise of about 1,000 points” was 46.6%, down 11.5ppt m-m and representing the largest m-m change among the range of responses. All other responses rose m-m, with an even spread across the range of responses.

(2) Rise in investor interest in forex

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The most-watched factor was once more international affairs, but the response rate fell 2.5ppt m-m. Meanwhile, forex trends saw the largest rise in response rate among all the factors, with a 9.6ppt m-m increase. We think this reflects the rapid fall in the yen versus the US dollar since August.

(3) Interest in automobiles rises, interest in materials and capital goods/other falls

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 (DI) for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was the most appealing sector, taking over from capital goods/other. The biggest m-m rise was for automobiles, which saw its DI rise 7.4pt, to 10.6. The DI for the capital goods/other sector fell 8.4pt m-m, marking the largest decline of all the sectors. The next-largest decline was for materials, which saw its DI fall 5.0pt m-m. We think the recent sharp depreciation in the yen versus the US dollar has heightened interest in export sectors.

(4) More investors see yen weakening versus the US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to weaken against the US dollar was 64.7%, up 17.0ppt from the previous month's total of 47.7%. The response rate for "fall of about ¥5 against the dollar" marked the largest m-m rise, of 10.2ppt, while the response rates for "fall of about ¥10 against the dollar" and "fall of more than ¥10 against the dollar" rose in total by 6.8ppt m-m, indicating that more investors are expecting small to moderate yen depreciation versus the greenback. The response rate for a rise of around ¥5 versus the dollar fell m-m, while the combined response rate for rises of around ¥10 and more than ¥10 rose only 1.6ppt.

(5) US dollar seen 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 DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The US dollar held the top spot, with a DI of 38.6. Its DI saw the largest m-m increase of any currency, rising 15.9pt m-m. Elsewhere, DIs rose slightly on a m-m basis for the euro and the Chinese yuan, but fell for all other currencies.

(6) Japanese equities seen as most appealing financial instrument, appeal of foreign equities rises

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. Japanese equities remained the most appealing financial instrument this month, although its DI declined 1.5pt m-m. Foreign equities saw the biggest DI rise, of 2.2pt m-m.

(7) Increase in investors expecting rise in prices one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 66.5% of respondents said they expected prices to rise, marking an increase of 4.2ppt from 62.3% the previous month. However, the proportion of respondents expecting prices to fall also rose, by 3.0ppt. The biggest m-m decline was in the proportion of respondents expecting prices to be unchanged. While the majority of investors expect some kind of change, there is a divergence in opinions about prices.

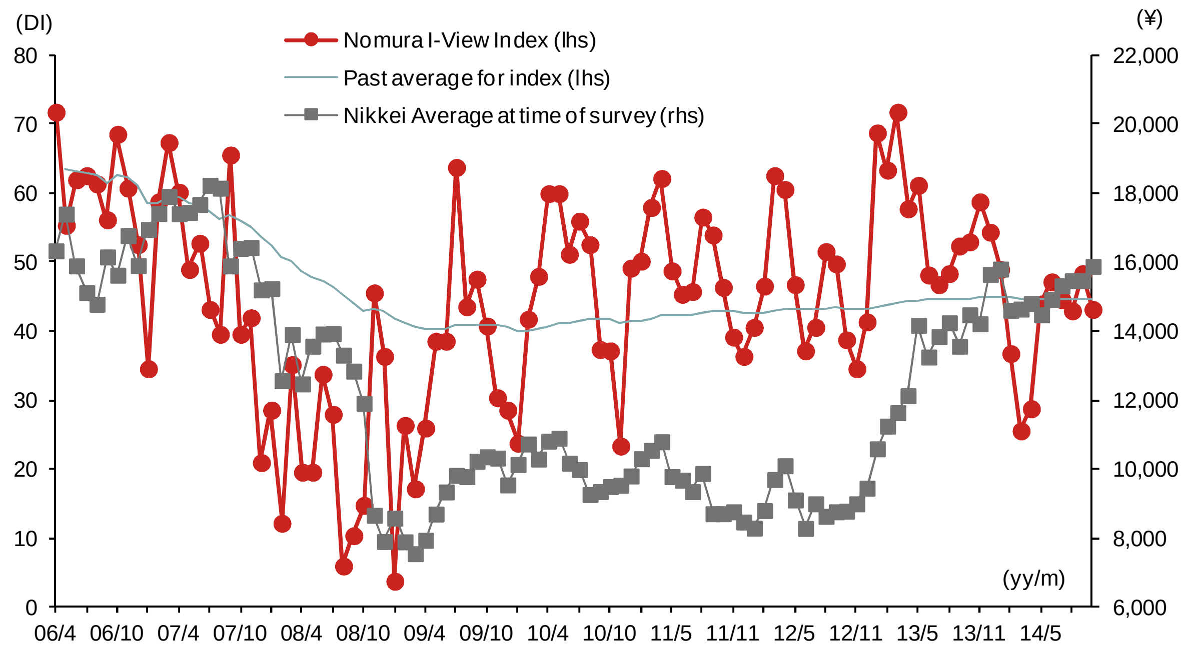
2. Survey results

(1) Nomura I-View Index declines 5.2pt m-m, to 43.2

The 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 43.2 for October, a decline of 5.2pt from 48.4 in September (Figure 1).

The Nikkei Average reference level (6 October 2014 close) was 15,890.95, up 414.35pt on the previous survey (1 September close of 15,476.60), and there looks to have been a slight increase in the number of respondents regarding share prices as overheated.

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 DI. 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 Jan 2010 used here excludes those respondents who projected that the Nikkei Average would be flat. (2) The Nomura I-View Index ranges from -100 to +100. The closer to +100, the more bullish the outlook held by individual investors. The closer to -100, 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 71.6%, down 2.6ppt on 74.2% in the last survey. The proportion of respondents expecting a “rise of about 1,000 points” was 46.6%, down 11.5ppt m-m and representing the largest m-m change among the range of responses. All other responses rose m-m, with an even spread across the range of responses (Figure 2).

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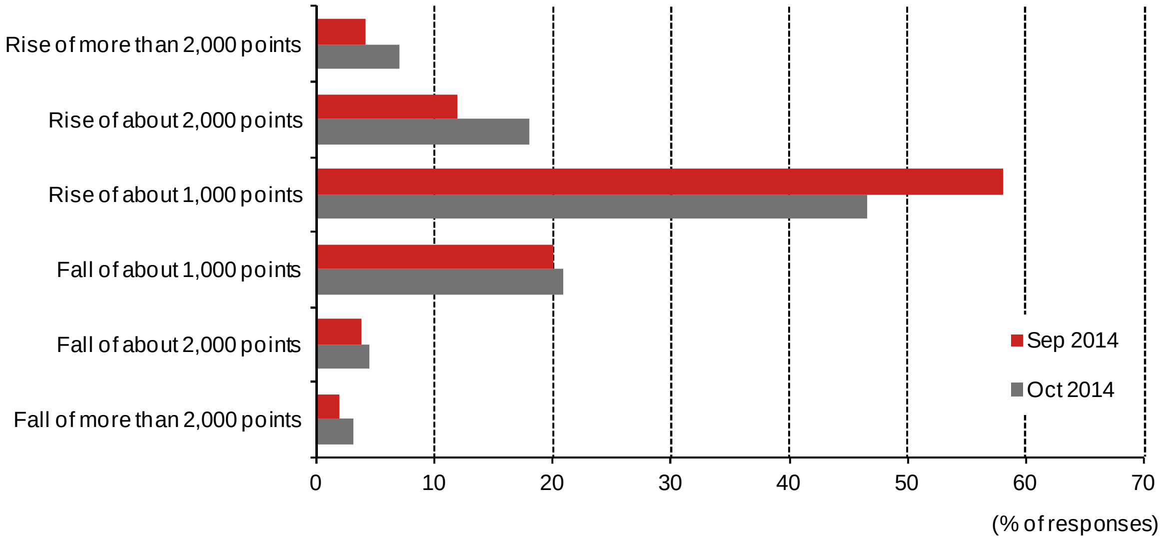
Fig. 2: Outlook for Nikkei Average during the next three months

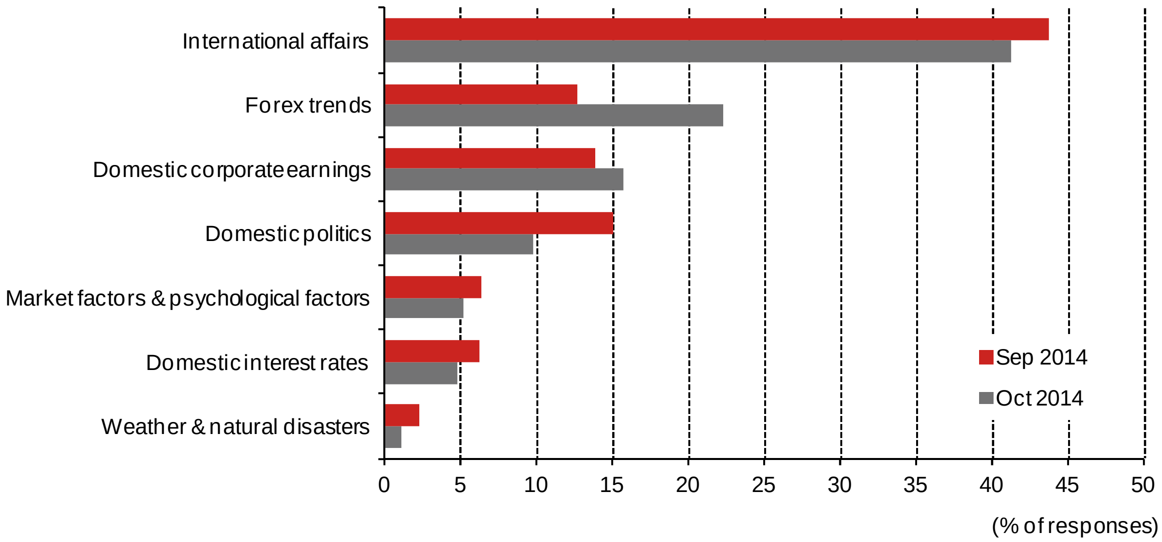


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 6 Oct closing figure of 15,890. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Rise in investor interest in forex

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The most-watched factor was once more international affairs, but the response rate fell 2.5ppt m-m. Meanwhile, forex trends saw the largest rise in response rate among all the factors, with a 9.6ppt m-m increase. We think this reflects the rapid depreciation in the yen versus the US dollar since August (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) Interest in automobiles rises, interest in materials and capital goods/other falls

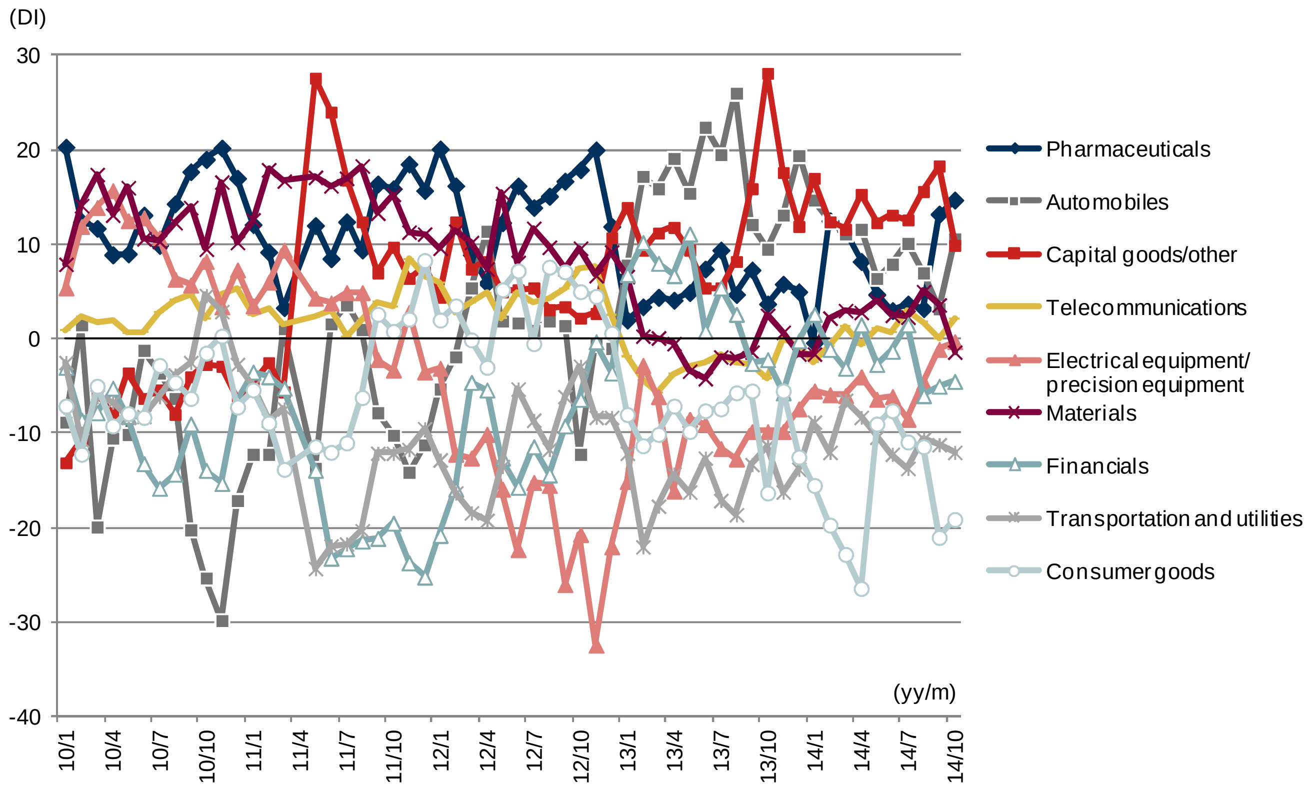
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was the most appealing sector, taking over from capital goods/other. The biggest m-m rise was for automobiles, which saw its DI rise 7.4pt, to 10.6. The DI for the capital goods/other sector fell 8.4pt m-m, marking the largest decline of all the sectors. The next-largest decline was for materials, which saw its DI fall 5.0pt m-m (Figures 4, 5). We think the recent sharp depreciation in the yen versus the US dollar has heightened interest in export sectors.

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	14.7	18.7	4.0	13.2
Automobiles	10.6	17.3	6.7	3.2
Capital goods/other	9.9	15.1	5.2	18.3
Telecommunications	2.1	6.8	4.7	0.0
Electrical equipment/precision equipment	-0.3	10.9	11.2	-1.1
Materials	-1.4	11.1	12.5	3.6
Financials	-4.5	7.6	12.1	-5.0
Transportation and utilities	-12.0	3.9	15.9	-11.2
Consumer goods	-19.1	8.6	27.7	-21.0

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 DI 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 financial sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/other 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 in Figure 6.

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

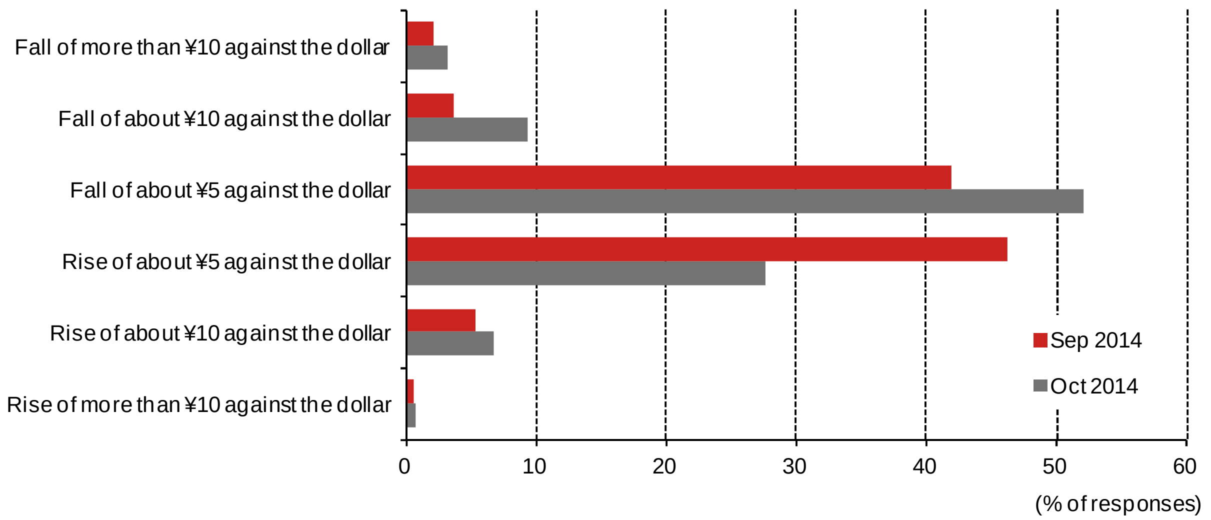
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	106	6501	Hitachi	9
9984	Softbank	30	6954	Fanuc	9
4901	Fujifilm Holdings	25	7261	Mazda Motor	9
8411	Mizuho Financial Group	24	9437	NTT Docomo	9
4502	Takeda Pharmaceutical	20	4523	Eisai	8
9202	ANA Holdings	19	6503	Mitsubishi Electric	8
8267	Aeon	18	6981	Murata Manufacturing	8
8058	Mitsubishi Corp	15	7267	Honda Motor	8
7751	Canon	14	8031	Mitsui & Co	8
4503	Astellas Pharma	13	1812	Kajima	7
5401	Nippon Steel & Sumitomo Metal	12	6301	Komatsu	7
8306	Mitsubishi UFJ Financial Group	11	6752	Panasonic	7
8604	Nomura Holdings	11	7270	Fuji Heavy Industries	7
7011	Mitsubishi Heavy Industries	10	7616	Colowide	7
4661	Oriental Land	9			

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

(5) More investors see yen weakening versus the US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to weaken against the US dollar was 64.7%, up 17.0ppt from the previous month's total of 47.7%. The response rate for "fall of about ¥5 against the dollar" marked the largest m-m rise, of 10.2ppt, while the response rates for "fall of about ¥10 against the dollar" and "fall of more than ¥10 against the dollar" rose in total by 6.8ppt m-m, indicating that more investors are expecting small to moderate yen depreciation versus the greenback. The response rate for a rise of around ¥5 versus the dollar fell m-m, while the combined response rate for rises of around ¥10 and more than ¥10 rose only 1.6ppt (Figure 7).

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



Note: Respondents were asked to share their outlook for USD/JPY over the next three months, referencing a 6 Oct 2014 indicative rate of 108.78. 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) US dollar seen as most appealing currency

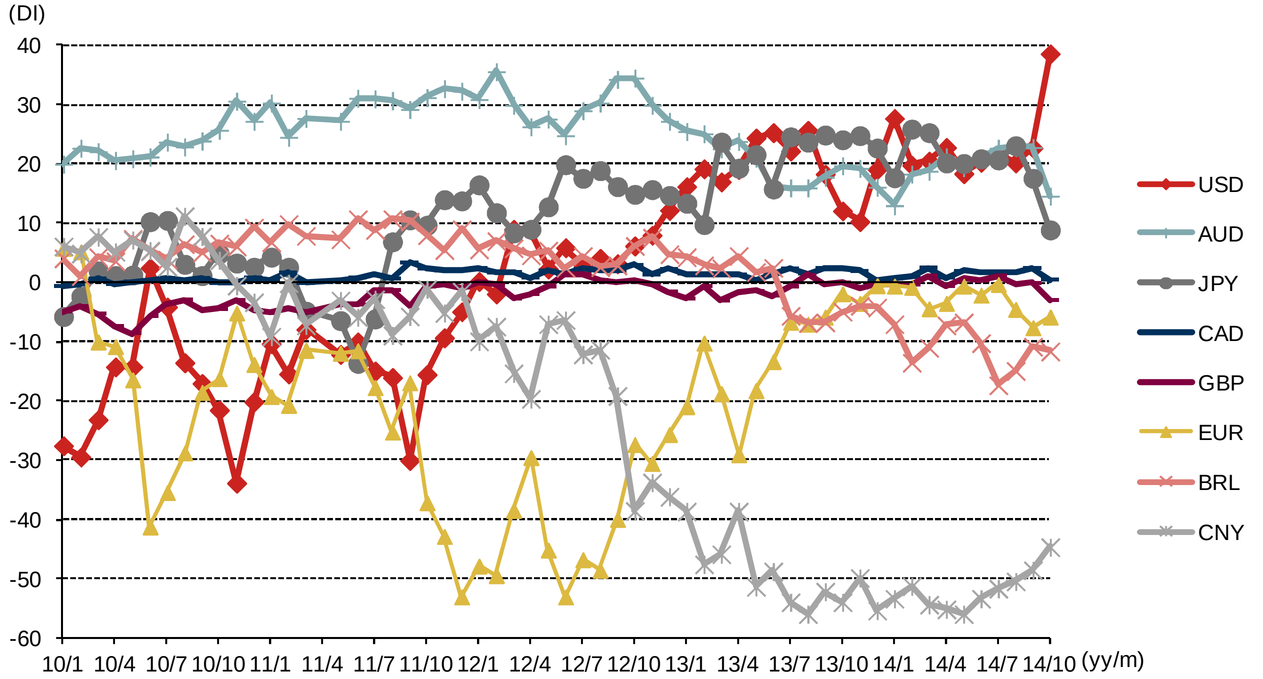
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The US dollar held the top spot, with a DI of 38.6. Its DI saw the largest m-m increase of any currency, rising 15.9pt m-m. Elsewhere, DIs rose slightly on a m-m basis for the euro and the Chinese yuan, but fell for all other currencies (Figures 8, 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	38.6	44.3	5.7	22.7
Australian dollar	14.6	17.5	2.9	22.8
Japanese yen	8.9	23.6	14.7	17.6
Canadian dollar	0.5	1.4	0.9	2.4
Pound sterling	-3.0	1.6	4.6	-0.1
Euro	-5.8	4.2	10.0	-7.6
Brazilian real	-11.6	3.4	15.0	-10.8
Chinese yuan	-44.6	1.5	46.1	-48.5

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 investment appeal of selected currencies



(7) Japanese equities remain the most appealing financial instrument

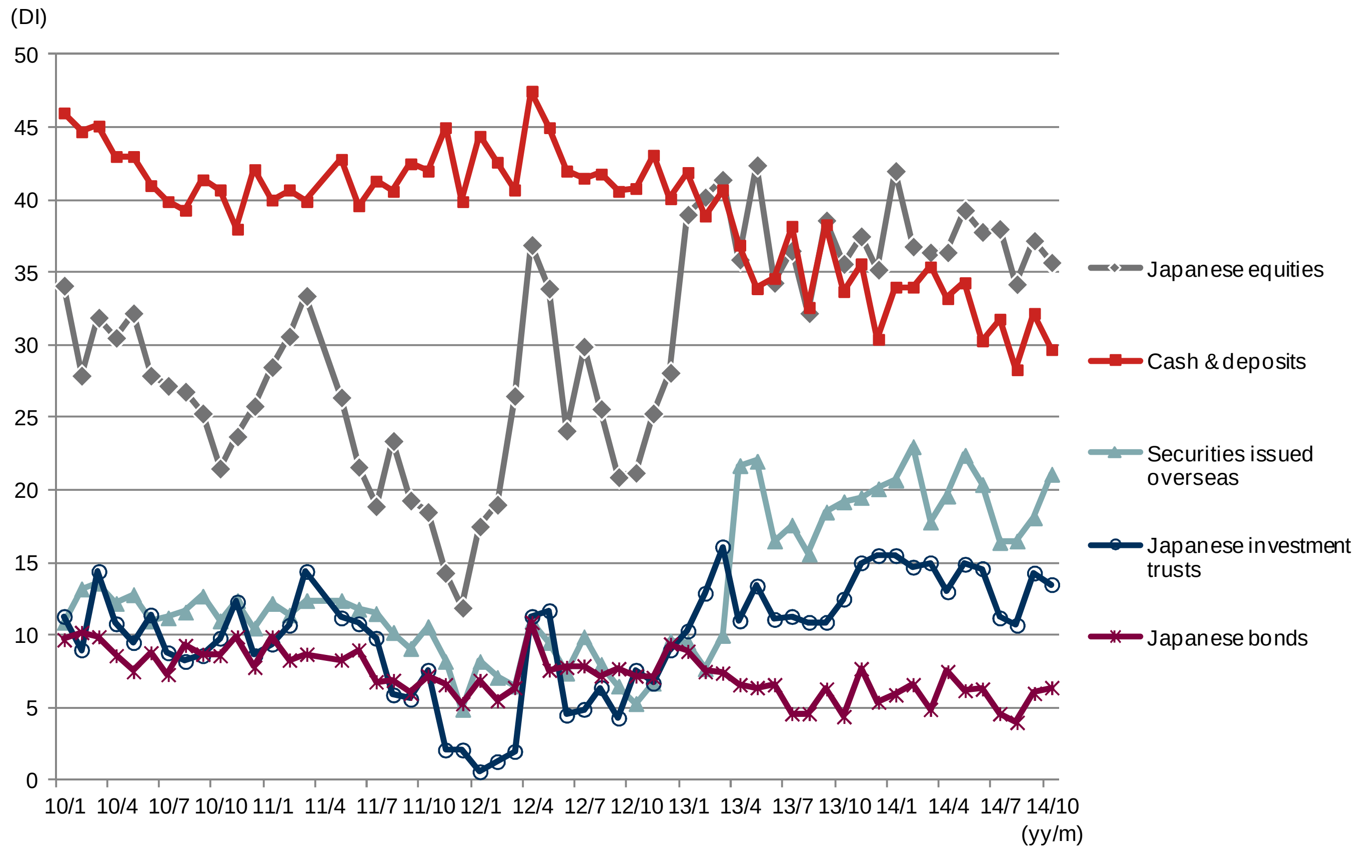
To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, although its DI declined 1.5pt m-m. Foreign equities saw the biggest DI rise, of 2.2pt m-m (Figures 10, 11).

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	
Japanese equities	35.7	48.8	13.1	37.2
Cash & deposits	29.7	34.3	4.6	32.2
Japanese investment trusts	13.5	19.0	5.5	14.3
Foreign equities	10.2	11.5	1.3	8.0
Gold	9.9	10.3	0.4	8.4
Japanese bonds	6.4	8.3	1.9	6.0
Foreign bonds	5.6	6.5	0.9	3.9
Foreign investment trusts	5.3	7.5	2.2	6.2
Hybrid securities	2.8	3.1	0.3	2.4
Other	0.8	0.8	0.0	0.6
None	-45.9	29.6	75.5	-47.4

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). "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 Feb 2012 survey. From the Apr 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

Fig. 11: Trend in DIs for financial instruments in which investors are either seeking to increase or decrease their holdings



Note: "Securities issued overseas" is the total for foreign equities, foreign investment trusts, and foreign bonds.

(8) Increase in investors expecting rise in prices one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 66.5% of respondents said they expected prices to rise (total of responses 5–7 in Figure 12), marking an increase of 4.2ppt from 62.3% the previous month. Meanwhile, the proportion of respondents saying they expected prices to rise (responses 1–3 in Figure 12) rose 3.0ppt m-m. The biggest m-m decline was in the proportion of respondents expecting prices to remain unchanged. While the majority of investors expect some kind of change, there is a divergence in opinions about prices (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	5.2	4.7
2	Fall of 2% up to 5%	6.8	4.3
3	Fall of less than 2%	4.1	4.1
4	No change (0%)	17.4	24.6
5	Rise of less than 2%	29.8	32.2
6	Rise of 2% up to 5%	29.4	24.8
7	Rise of 5% or more	7.3	5.3
	Total	100	100

Note: Respondents were asked to select one response to the question: "How do you expect prices of regularly purchased goods and services to differ from current levels one year out?"

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 6 October, with deadline for responses on 7 October.

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 outlook and attractive currencies, (5) financial instruments for which investors plan to change their holdings, and (6) inflation outlook (since July 2013). Respondents are also asked spot questions each month and queries about their personal profiles.

4. Nomura Individual Investor Survey (October 2014) respondents

Gender: Male (82.0%), Female (18.0%)

Age: Under 30 (1.3%), 30–39 (9.6%), 40–49 (25.8%), 50–59 (31.1%), 60 and above (32.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (6.9%), professional (physician/medical professional, lawyer, etc) (2.8%), company management/corporate officer (4.2%), company employee/public servant (51.7%), student (0.0%), full-time homemaker (9.4%), part-time worker/casual worker/job-hopper (4.8%), unemployed/pensioner (18.6%), other (1.6%)

Region: Kanto (46.2%), Kinki (20.8%), Tokai/Koshinetsu/Hokuriku (17.8%), Hokkaido/Tohoku (5.0%), Chugoku/Shikoku/Kyushu (10.2%)

Financial assets held: Less than ¥1,000,000 (5.2%), ¥1,000,000–¥2,999,999 (9.7%), ¥3,000,000–¥4,999,999 (12.9%), ¥5,000,000–¥9,999,999 (17.2%), ¥10,000,000–¥29,999,999 (31.6%), ¥30,000,000–¥49,999,999 (11.1%), ¥50,000,000 or more (12.3%)

Value of domestic stocks held: Less than ¥500,000 (10.9%), ¥500,000–¥999,999 (11.3%), ¥1,000,000–¥2,999,999 (24.7%), ¥3,000,000–¥4,999,999 (15.0%), ¥5,000,000–¥9,999,999 (17.1%), ¥10,000,000–¥29,999,999 (15.0%), ¥30,000,000 or more (6.0%)

Investment experience: Less than three years (2.1%), three years to less than five years (10.2%), five years to less than 10 years (26.2%), 10 years to less than 20 years (32.3%), 20 years or more (29.2%)

Investment plan for domestic stocks: Mainly for long-term holding (49.2%), pursuit of gains from short-term appreciation (13.6%), pursuit of dividends and shareholder perks (23.1%), no particular plan (14.1%)

Notice

The next Nomura Individual Investor Survey (November 2014) is scheduled for release on Friday, 14 November 2014.

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

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As at 30 September 2014. **The Nomura Group as defined in the Disclaimer section at the end of this report.*

Explanation of Nomura's equity research rating system in Europe, Middle East and Africa, US and Latin America, and Japan and Asia ex-Japan from 21 October 2013

The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst’s target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

STOCKS

A rating of **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of **'Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of **'Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan:** Russell/Nomura Large Cap.

SECTORS

A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are not assigned ratings. Benchmarks are as follows: **United States:** S&P 500; **Europe:** Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan:** Sector ratings are not assigned.

Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan prior to 21 October 2013

STOCKS

Stock recommendations are based on absolute valuation upside (downside), which is defined as (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.

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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

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