News Release

NOMURA

Nomura Individual Investor Survey

February 2015

February 12, 2015

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 9.2pt m-m to 47.4

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 47.4 for February, a fall of 9.2pt from 56.6 in January. The Nikkei Average reference level (2 February 2015 close) was 17,558.04, up 149.33 from the previous survey (5 January close of 17,408.71), and the number of survey respondents expecting share prices to rise was smaller.

(2) Rise in investor interest in international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The most-watched factor, as last month, was international affairs, which saw a 6.4ppt m-m rise in its response rate. We attribute this to the impact of factors that include changes in Switzerland's forex and monetary policies, the introduction of a quantitative easing program by the European Central Bank (ECB), and the Greek general election. Forex saw the largest fall in response rate among all the factors, of 4.7ppt m-m.

(3) Automobiles the most appealing sector, sharp decline in appeal of electrical equipment/precision instruments

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." We think investors were attracted to the automobiles sector by the depreciation of the yen versus the dollar and by robust US new car sales. Electrical equipment/precision equipment slipped from fourth in January to seventh in February, registering the largest m-m decline of all the options, of 6.8pt. Consumer goods saw the largest rise, of 8.1pt.

(4) Higher proportion of investors expect yen to appreciate against dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 45.5%, up 5.3ppt from the previous month's 40.2%. The response rate for "rise of about ¥10 against the dollar" marked the largest m-m rise, of 3.6ppt. The response rate for "rise of about ¥5 against the dollar" was up 2.3ppt m-m. That for "fall of about ¥10 against the dollar" was down 3.7ppt m-m. More investors see the yen appreciating versus the US dollar.

(5) US dollar remains most appealing currency, appeal of euro declines further

We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The US dollar occupied the top spot with a DI of 37.9, but it also saw the greatest m-m fall of all the currency options, of 7.9pt. The euro continued to lose appeal, with its DI declining 6.3pt m-m.

(6) 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, but their DI fell 3.6pt m-m.

(7) Majority of investors continue to expect prices one year out to be higher

Asked for their outlook for prices of regularly purchased goods and services one year out, 60.6% of respondents said they expected prices to rise, a decline of 6.8ppt from 67.4% in the previous month. Meanwhile, the proportion of respondents expecting prices to fall rose 0.6ppt, from 13.1% in January to 13.7% in February. The response rate for no change rose 6.2ppt m-m.

(8) About Bank of Japan monetary policy

For this month's first spot question, we asked about the Bank of Japan's monetary policy. On the bank's inflation rate target of 2% in the projection period centered on FY15, about 40% of respondents said it was unattainable. On monetary policy in 2015, the highest response rate was for "no change," though many also selected the responses "additional easing by end of July" and "additional easing by end of October. Fewer than 5% of respondents answered that they expected tightening.

(9) About NISA (tax-exempt scheme for small investments)

Our second spot question this month concerned Nippon Individual Savings Accounts (NISAs). On the ease of use (investment) in NISAs, responses were split roughly evenly between "satisfied" and "not satisfied," at slightly over 40% for each. On areas where improvements to the current system are desired, almost half of respondents answered "inability to aggregate profits and losses between NISAs and general and specified accounts or to carry over exemptions."

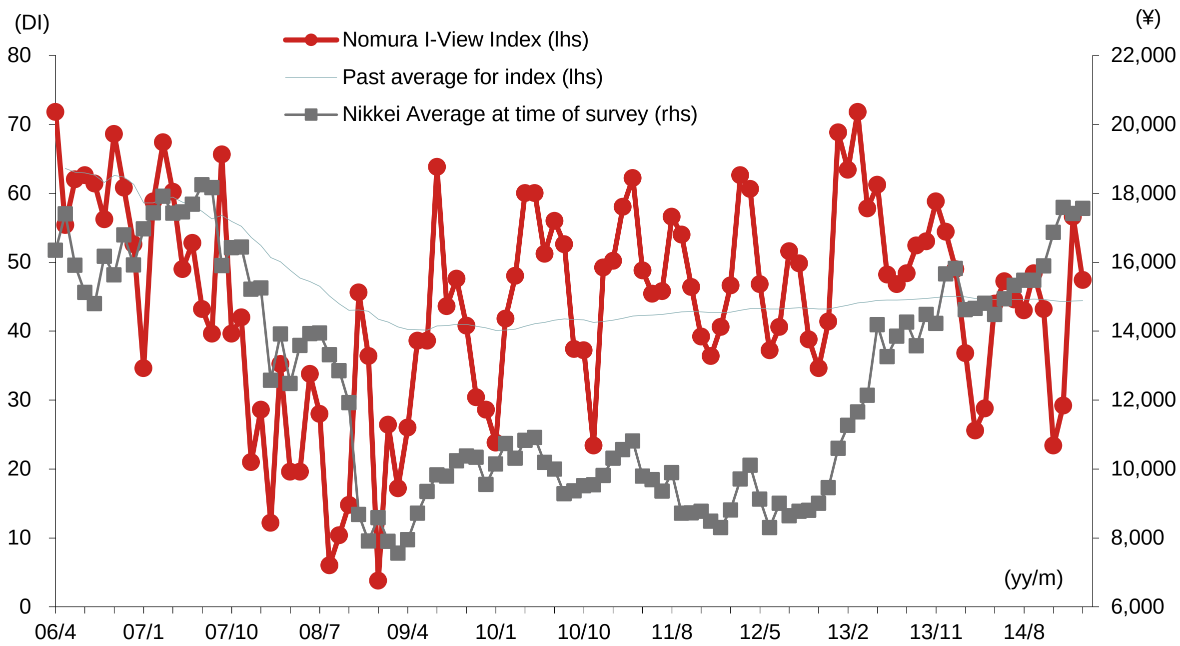
2. Survey results

(1) Nomura I-View Index declines 9.2pt m-m to 47.4

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 47.4 for February, a fall of 9.2pt from 56.6 in January.

The Nikkei Average reference level (2 February 2015 close) was 17,558.04, up 149.33 from the previous survey (5 January close of 17,408.71), and the number of survey respondents expecting share prices to rise was smaller.

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 73.7%, down 4.6ppt from 78.3% in the last survey. The proportion of respondents expecting a "rise of more than 2,000 points" fell 3.8ppt m-m, the largest decline for all the response options. "Fall of about 1,000 points" saw the largest m-m rise in response rate, of 4.1ppt m-m to 20.5% (Figure 2).

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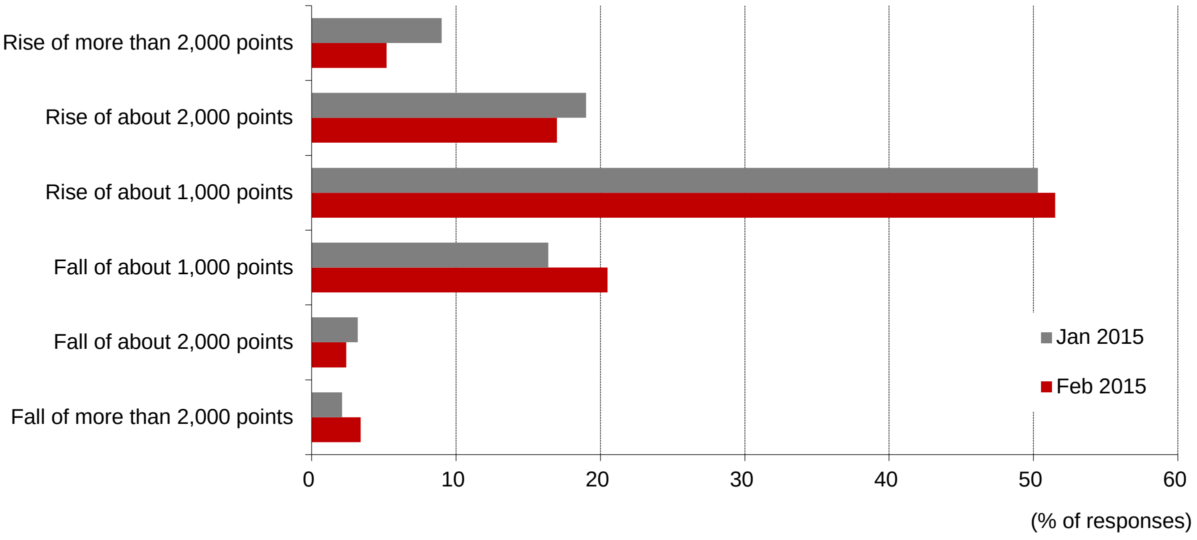
Fig. 2: Outlook for Nikkei Average during the next three months

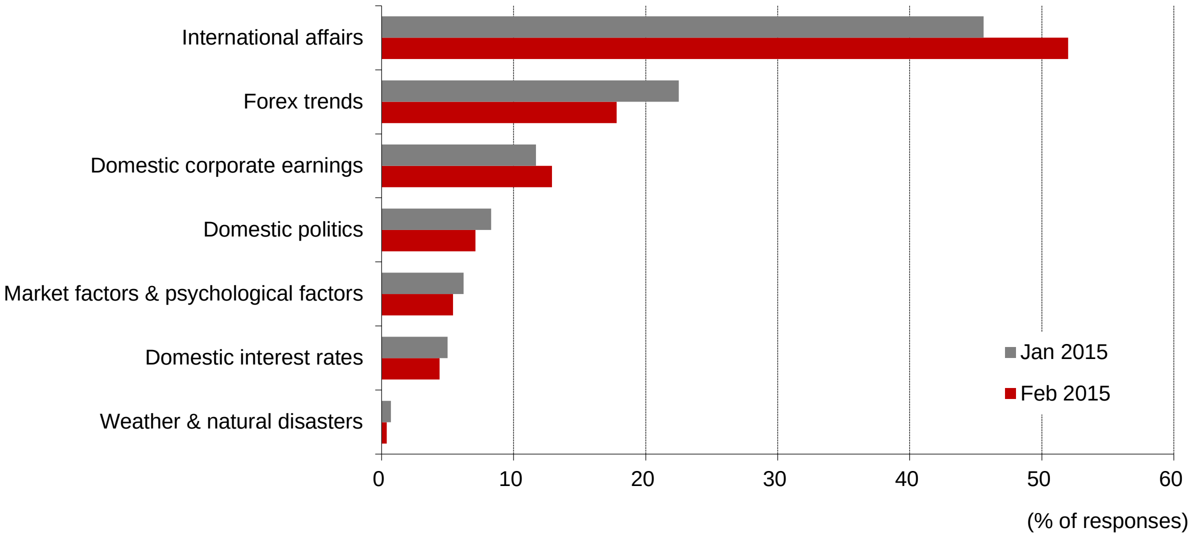


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on the 2 Feb close of 17,558. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Rise in investor interest in international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The most-watched factor, as last month, was international affairs, which saw a 6.4ppt m-m rise in its response rate. We attribute this to the impact of factors that include changes in Switzerland's forex and monetary policies, the introduction of a quantitative easing program by the European Central Bank (ECB), and the Greek general election. Forex saw the largest fall in response rate among all the factors, of 4.7ppt m-m (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 the most appealing sector, sharp decline in appeal of electrical equipment/precision instruments

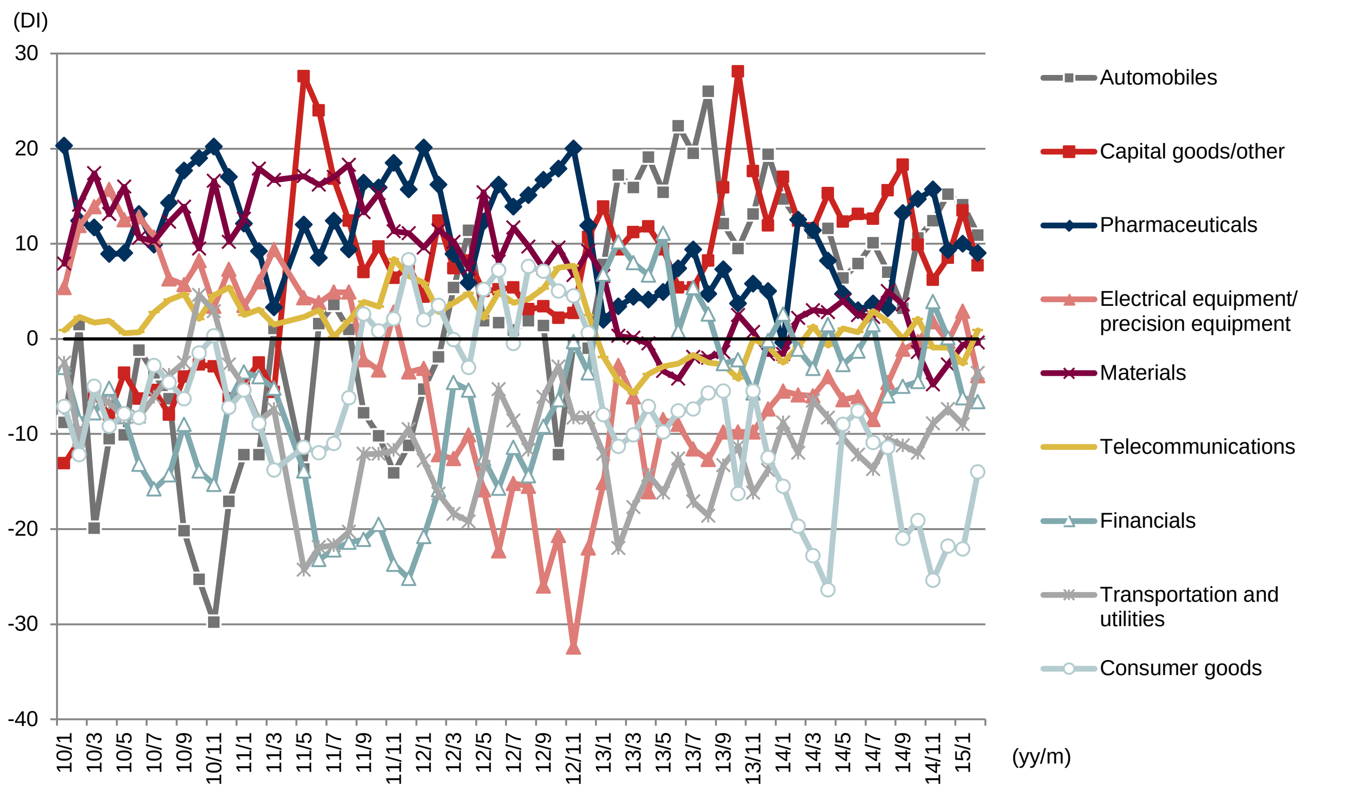
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Automobiles remained the most appealing sector. We think investors were attracted by the depreciation of the yen versus the dollar and by robust US new car sales. Electrical equipment/precision equipment slipped from fourth in January to seventh in February, registering the largest m-m decline of all the options, of 6.8pt. Consumer goods saw the largest rise, of 8.1pt (Figures 4 & 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Automobiles	10.9	18.2	7.3	14.1
Pharmaceuticals	9.0	13.3	4.3	10.0
Capital goods/other	7.7	13.2	5.5	13.5
Telecommunications	0.9	5.3	4.4	-2.6
Materials	-0.4	14.0	14.4	-0.6
Transportation and utilities	-3.6	8.8	12.4	-9.0
Electrical equipment/precision equipment	-3.9	7.3	11.2	2.9
Financials	-6.6	8.6	15.2	-6.2
Consumer goods	-14.0	11.3	25.3	-22.1

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 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)

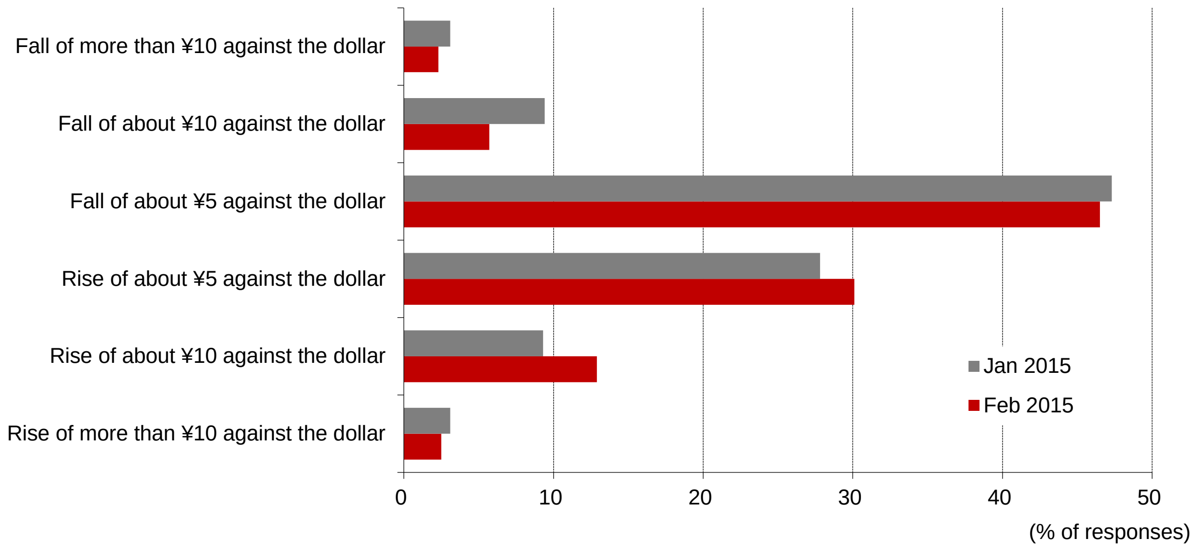
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	118	2931	Euglena	9
4502	Takeda Pharmaceutical	22	6502	Toshiba	9
4661	Oriental Land	22	6594	Nidec	9
9984	Softbank	21	7201	Nissan Motor	9
9202	ANA Holdings	19	6501	Hitachi	8
7751	Canon	16	8031	Mitsui & Co	8
8267	Aeon	15	6301	Komatsu	7
8411	Mizuho Financial Group	15	8058	Mitsubishi Corp	7
6758	Sony	14	9020	East Japan Railway	7
3402	Toray Industries	13	9432	Nippon Telegraph and Telephone	7
4901	Fujifilm Holdings	13	9437	NTT Docomo	7
7267	Honda Motor	12	3382	Seven & i Holdings	6
8306	Mitsubishi UFJ Financial Group	12	6752	Panasonic	6
5401	Nippon Steel & Sumitomo Metal	10	7261	Mazda Motor	6
9022	Central Japan Railway	10	9501	Tokyo Electric Power	6

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

(5) Higher proportion of investors expect yen to appreciate against dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 45.5%, up 5.3ppt from the previous month's 40.2%.The response rate for "rise of about ¥10 against the dollar" marked the largest m-m rise, of 3.6ppt. The response rate for "rise of about ¥5 against the dollar" was up 2.3ppt m-m. That for "fall of about ¥10 against the dollar" was down 3.7ppt m-m. More investors see the yen appreciating versus the US dollar (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 2 Feb 2015 indicative rate of 117.77. 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 remains most appealing currency, appeal of euro declines further

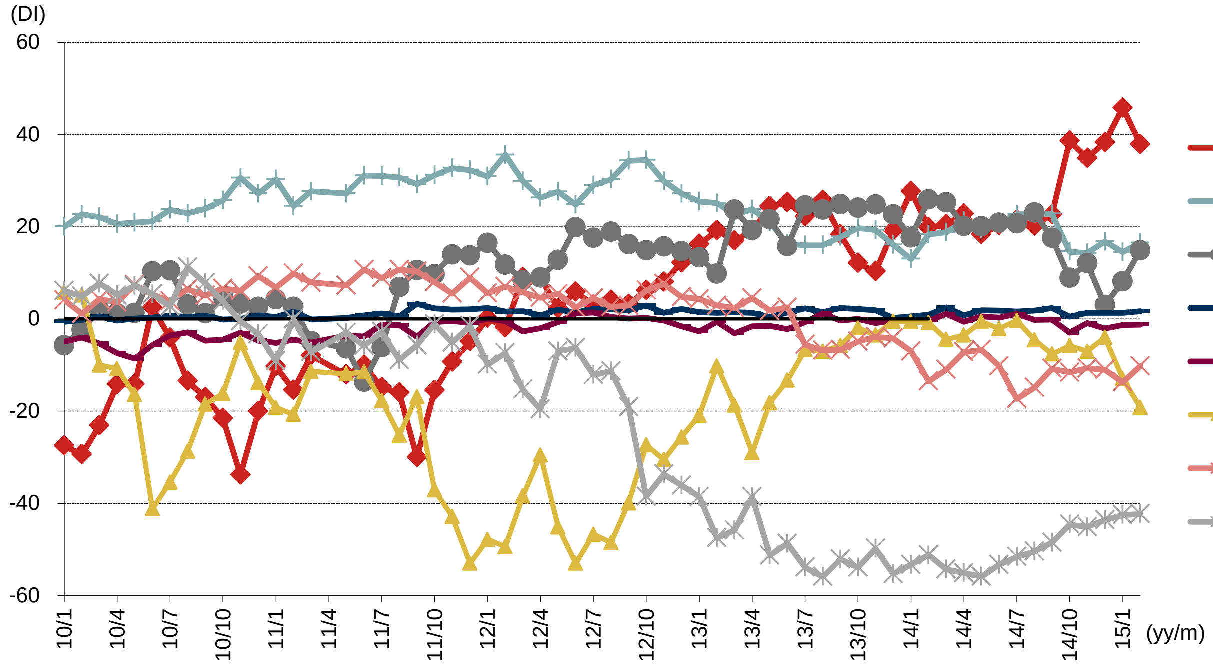
We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The US dollar occupied the top spot with a DI of 37.9, but it also saw the greatest m-m fall of all the currency options, of 7.9pt. The euro continued to lose appeal, with its DI declining 6.3pt m-m (Figure 8 & 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	37.9	42.5	4.6	45.8
Australian dollar	16.5	19.4	2.9	14.5
Japanese yen	14.9	23.7	8.8	8.2
Canadian dollar	1.7	2.4	0.7	1.3
Pound sterling	-1.2	1.0	2.2	-1.3
Brazilian real	-10.2	3.4	13.6	-13.7
Euro	-19.2	4.0	23.2	-12.9
Chinese yuan	-42.3	0.9	43.2	-42.5

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

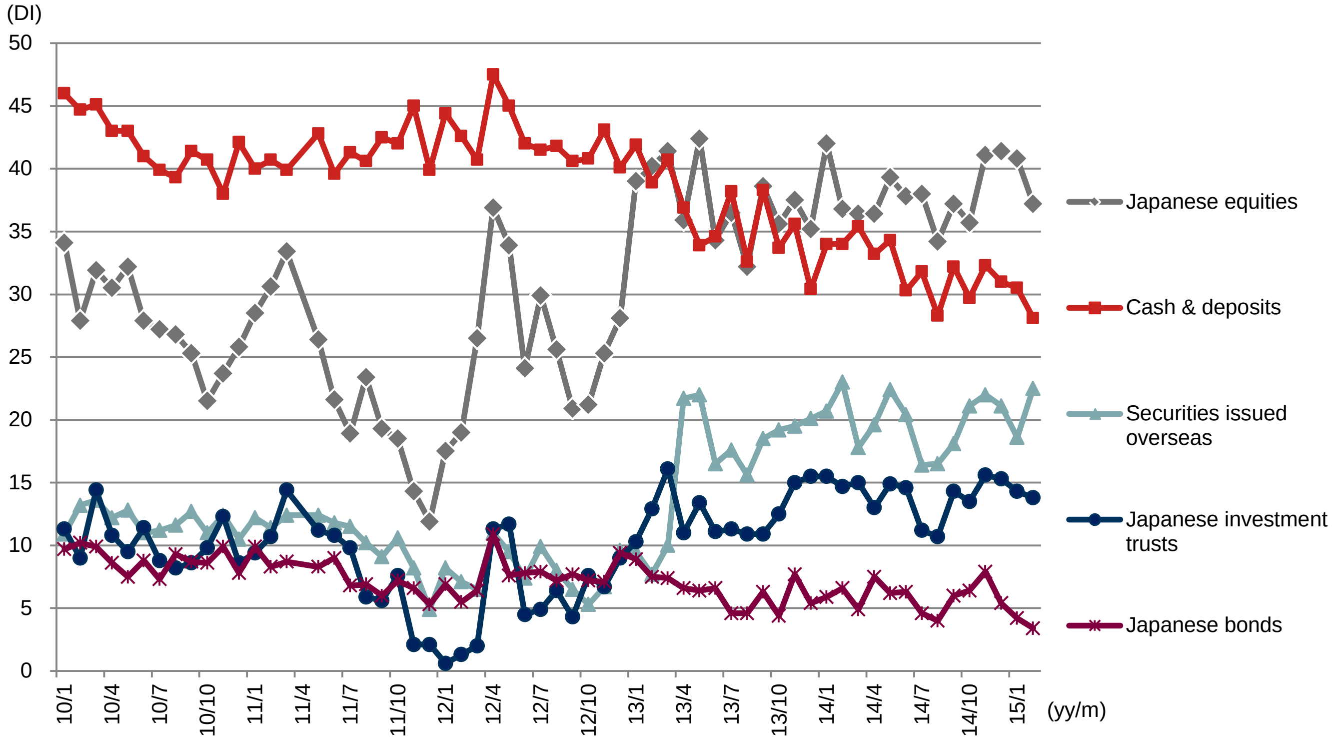
To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, but their DI fell 3.6pt 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	37.2	49.9	12.7	40.8
Cash & deposits	28.1	32.5	4.4	30.5
Japanese investment trusts	13.8	18.8	5.0	14.3
Foreign equities	9.3	10.0	0.7	8.3
Foreign investment trusts	7.9	8.7	0.8	6.4
Gold	7.5	7.7	0.2	10.2
Foreign bonds	5.3	6.4	1.1	3.9
Japanese bonds	3.4	6.3	2.9	4.2
Hybrid securities	2.3	2.5	0.2	2.9
Other	1.0	1.1	0.1	0.5
None	-49.1	26.9	76.0	-49.7

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) Majority of investors continue to expect prices one year out to be higher

Asked for their outlook for prices of regularly purchased goods and services one year out, 60.6% of respondents said they expected prices to rise, a decline of 6.8ppt from 67.4% in the previous month. Meanwhile, the proportion of respondents expecting prices to fall rose 0.6ppt, from 13.1% in January to 13.7% in February. The response rate for no change rose 6.2ppt m-m (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.7	3.6
2	Fall of 2% up to 5%	4.9	5.4
3	Fall of less than 2%	6.1	4.1
4	No change (0%)	25.7	19.5
5	Rise of less than 2%	37.8	35.9
6	Rise of 2% up to 5%	17.9	25.2
7	Rise of 5% or more	4.9	6.3
	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?"

(9) About Bank of Japan monetary policy

For this month's first spot question, we asked about the Bank of Japan's monetary policy. On the bank's inflation rate target of 2% in the projection period centered on FY15, about 40% of respondents said it was unattainable (Figure 13).

Fig. 13: Possibility of attaining BOJ inflation rate target of 2%

	Choices	No. of responses	% of responses
1	Attainable	279	27.9
2	Unattainable	401	40.1
3	Don't know	320	32.0
	Total	1,000	100.0

Note: Respondents were asked about their views on whether the bank's inflation rate target of 2% in the projection period centered on FY15 is attainable.

On monetary policy in 2015, the highest response rate was for "no change," though many also selected the responses "additional easing by end of July" and "additional easing by end of October. Fewer than 5% of respondents answered that they expected tightening (Figure 14).

Fig. 14: Outlook for BOJ monetary policy in 2015

	Choices	No. of responses	% of responses
1	Additional easing by end of April	91	9.1
2	Additional easing by end of July	155	15.5
3	Additional easing by end of October	129	12.9
4	Additional easing by end of December	97	9.7
5	Tightening by end of April	13	1.3
6	Tightening by end of July	6	0.6
7	Tightening by end of October	12	1.2
8	Tightening by end of December	10	1.0
9	No change	292	29.2
10	Don't know	195	19.5
	Total	1,000	100.0

Note: Respondents were asked to select the response that most closely reflected their view on the outlook for the Bank of Japan's monetary policy in 2015.

(10) About NISA (tax-exempt scheme for small investments)

Our second spot question this month concerned Nippon Individual Savings Accounts (NISAs). We asked investors who have set up NISA on their ease of use (investment). Responses were split roughly evenly between "satisfied" and "not satisfied," at slightly over 40% for each.

Fig. 15: Satisfaction with NISA system

	Choices	No. of responses	% of responses
1	Satisfied	180	43.5
2	Not satisfied	181	43.7
3	Don't know	53	12.8
	Total	414	100.0

Note: The question asked if people were satisfied with the ease of use (investment) of NISAs.

We asked the respondents who answered "not satisfied" to the previous question what areas they identified as needing improvement in terms of ease of use (investment) with NISAs. Almost half responded "inability to aggregate profits and losses between NISAs and general and specified accounts or to carry over exemptions" (Figure 16)

Fig. 16: Areas where current system should be changed

	Choices	No. of responses	% of responses
1	Tax-exempt limit	52	28.7
2	Five-year tax-exempt period	39	21.5
3	Inability to aggregate profits and losses between NISAs and general and specified accounts or to carry over exemptions	89	49.2
4	Other	1	0.6
	Total	181	100.0

Note: Respondents were asked what changes the would most like to see to the current NISA system might make it easier to use (invest), one response allowed

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 2 February, with deadline for responses on 3 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 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 (February 2015) respondents

Gender: Male (81.6%), Female (18.4%)

Age: Under 30 (0.5%), 30–39 (7.0%), 40–49 (23.2%), 50–59 (31.2%), 60 and above (38.1%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.9%), professional (physician/medical professional, lawyer, etc) (2.5%), company management/corporate officer (4.1%), company employee/public servant (45.6%), student (0.0%), full-time homemaker (10.2%), part-time worker/casual worker/job-hopper (5.0%), unemployed/pensioner (22.1%), other (1.6%)

Region: Kanto (46.5%), Kinki (22.0%), Tokai/Koshinetsu/Hokuriku (16.1%), Hokkaido/Tohoku (4.6%), Chugoku/Shikoku/Kyushu (10.8%)

Financial assets held: Less than ¥1,000,000 (5.8%), ¥1,000,000–¥2,999,999 (8.8%), ¥3,000,000–¥4,999,999 (11.2%), ¥5,000,000–¥9,999,999 (18.8%), ¥10,000,000–¥29,999,999 (29.7%), ¥30,000,000–¥49,999,999 (13.0%), ¥50,000,000 or more (12.7%)

Value of domestic stocks held: Less than ¥500,000 (10.3%), ¥500,000–¥999,999 (11.2%), ¥1,000,000–¥2,999,999 (21.7%), ¥3,000,000–¥4,999,999 (17.6%), ¥5,000,000–¥9,999,999 (18.0%), ¥10,000,000–¥29,999,999 (15.0%), ¥30,000,000 or more (6.2%)

Investment experience: Less than three years (2.7%), three years to less than five years (6.1%), five years to less than 10 years (29.1%), 10 years to less than 20 years (29.9%), 20 years or more (32.2%)

Investment plan for domestic stocks: Mainly for long-term holding (48.3%), pursuit of gains from short-term appreciation (14.3%), pursuit of dividends and shareholder perks (25.0%), no particular plan (12.4%)

Notice

The next Nomura Individual Investor Survey (March 2015) is scheduled for release on Thursday, 12 March 2015.

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

Important Disclosures

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43% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 54% of companies with this rating are investment banking clients of the Nomura Group*.
8% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 26% of companies with this rating are investment banking clients of the Nomura Group*.
As at 31 December 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

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

STOCKS

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SECTORS

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Target Price

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