News Release

NOMURA

Nomura Individual Investor Survey

March 2016

17 March 2016

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 falls for second consecutive month, to 45.6

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 45.6 in March 2016, falling m-m for the second consecutive month. The Nikkei Average reference level (7 March 2016 close) was 16,911.32, down 953.91 from the previous survey (1 February close of 17,865.23).

(2) Greater investor interest in forex, reduced focus on domestic interest rates

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "forex trends" rose 8.3ppt to 23.1%. Meanwhile, the percentage of respondents selecting "domestic interest rates" fell 4.4ppt to 7.4%. This suggests to us that interest in the impact of the BOJ's negative interest rate policy has faded slightly.

(3) Increased investment appeal of transportation and utilities and financial sectors

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a diffusion index (DI) for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The transportation and utilities sector saw the greatest improvement in its DI, which rose 3.8pt m-m, to 4.6. Elsewhere, the DI for financials improved 2.2pt to -22.1. The sector that saw the steepest decline in its DI was automobiles, with a m-m drop of 4.4pt.

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

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 50.6%, up 5.8ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" fell 0.2ppt m-m to 39.0%, while the percentage of respondents expecting a "fall of about ¥10 against the dollar" rose 4.6ppt. The percentage of those looking for a "fall of more than ¥10 against the dollar" also came in higher, with a m-m rise of 1.4ppt. The combined percentage of respondents expecting the yen to appreciate against the US dollar was 49.4%, down 5.8ppt from the previous month (55.2%). The response rate for "rise of about ¥5 against the dollar" fell 6.5ppt m-m to 35.8%, while that for "rise of about ¥10 against the dollar" increased 0.5ppt m-m. The response rate for "rise of more than ¥10 against the dollar" also increased, by 0.2ppt m-m.

(5) US dollar remains most appealing currency

We then calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar remained at the top of the list, at 32.8, despite a m-m decline of 5.6pt. The euro's DI declined 2.7pt m-m to -5.2. Meanwhile, the yuan was the least appealing, at -53.1, but its DI rose 4.4pt m-m.

(6) Appeal of cash & deposits among financial instruments declines

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for cash & deposits fell 6.9pt m-m, to 21.4. Meanwhile, the DI for securities issued overseas (total of foreign equities, foreign investment trusts, and foreign bonds) rose 3.3pt to 17.4. The DI for gold climbed 3.0pt m-m to 12.2, to reach its highest level since September 2013.

(7) Lower percentage of respondents expect prices to be unchanged one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 43.2% of respondents selected the response "no change," down 2.4ppt from the previous month. The combined response rate for the "rise" options rose 0.6ppt m-m to 38.1% and that for the "fall" options rose 1.8ppt to 18.7%.

(8) Equity investment policy following BOJ's adoption of negative interest rate policy

For this month's spot question we asked respondents about their Japanese equities investment policy following the BOJ's adoption of negative interest rates. The most popular response, accounting for 25.4% of respondents was "For now I plan to keep a close eye on deposit rates and bond yields and will invest actively in Japanese equities if the gap with dividend yields widens." The next-most-popular response at 23.7% was those who were not really aware of this factor and therefore had no particular plans to change their investment policy. They were closely followed at 22.3% by those who expected no major impact on equity markets and therefore had no particular intention to change course in their investment policy.

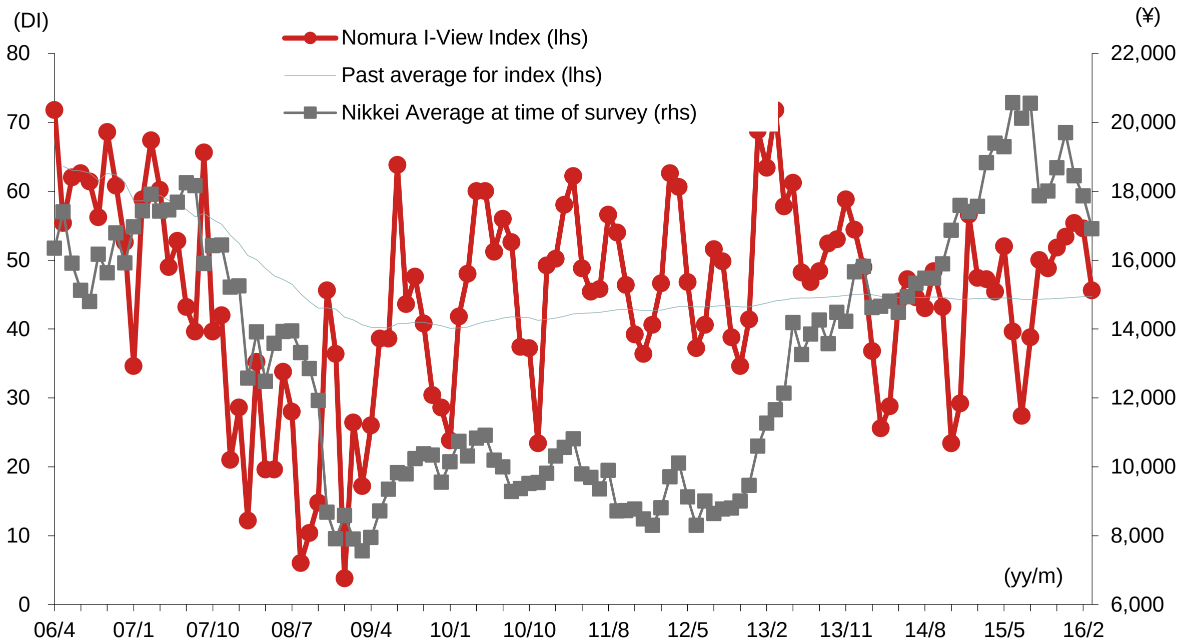
Elsewhere, 16.8% of respondents selected the option "I will refrain from (or have already refrained from) investing in Japanese equities as I expect a negative impact on the equity markets" and 11.4% said that they planned to invest proactively (or had already done so) as they expected a positive impact on equity markets.

2. Survey results

(1) Nomura I-View Index falls for second consecutive month, to 45.6

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 45.6 in March 2016, falling m-m for the second consecutive month. The Nikkei Average reference level (7 March 2016 close) was 16,911.32, down 953.91 from the previous survey (1 February close of 17,865.23).

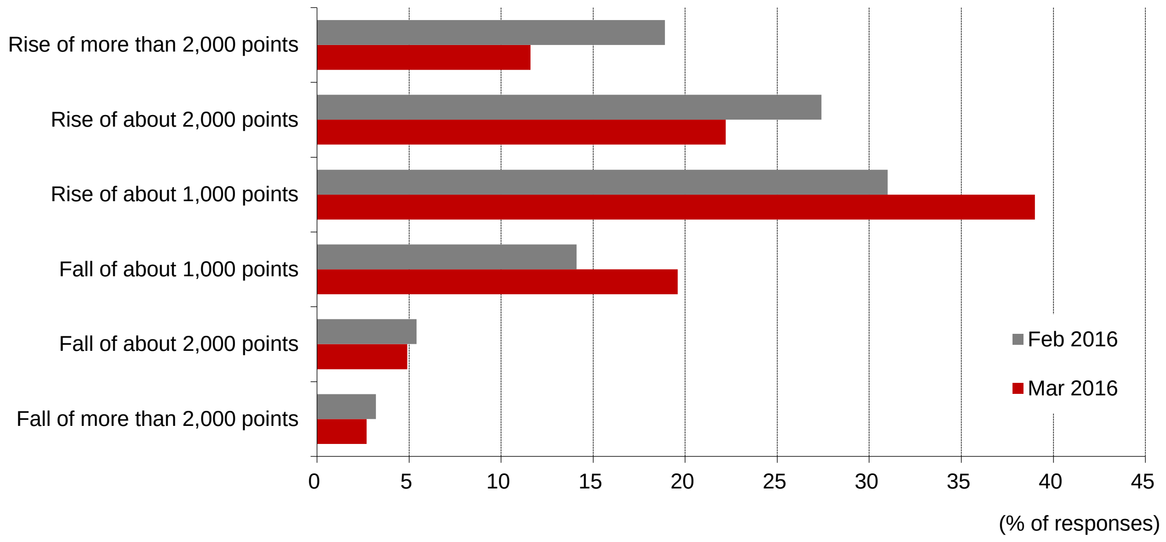
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 January 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 72.8%, down 4.5ppt from the last survey (77.3%). The proportion of respondents expecting a "rise of more than 2,000 points," was down 7.3ppt m-m at 11.6%, while the proportion responding "rise of about 2,000 points" fell 5.2ppt m-m to 22.2%. In contrast, the proportion selecting "rise of about 1,000 points" rose 8.0ppt to 39.0% (Figure 2).

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

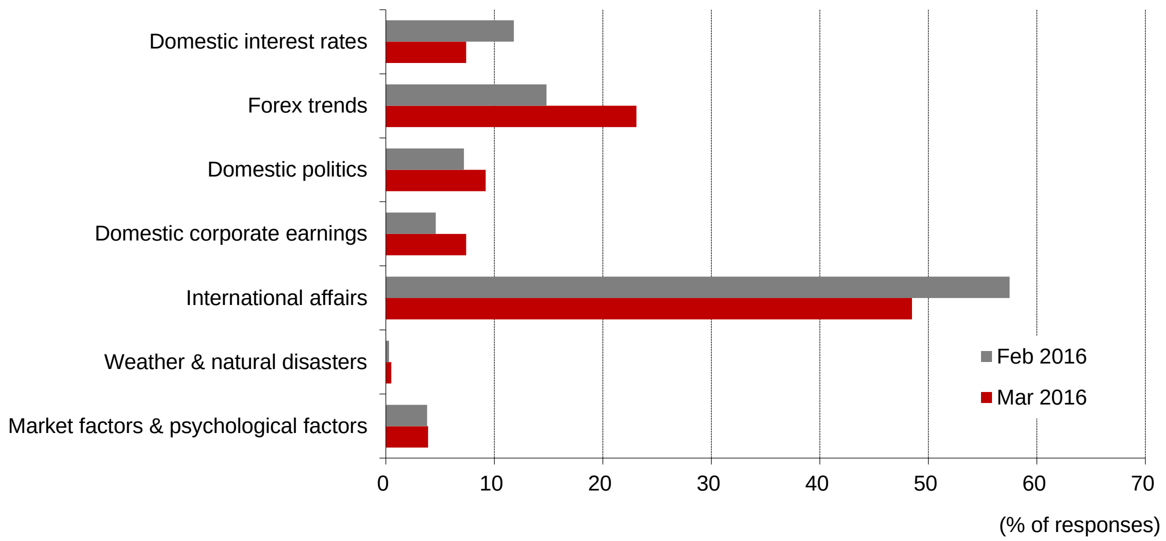


Note: Respondents were asked to share their outlook for the Nikkei Average over the next three months based on the 7 March 2016 close of 16,911. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Greater investor interest in forex, reduced focus on domestic interest rates

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "forex trends" rose 8.3ppt to 23.1%. Meanwhile, the percentage of respondents selecting "domestic interest rates" fell 4.4ppt to 7.4%. This indicates to us that interest in the impact of the BOJ's negative interest rate policy has faded slightly (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) Increased investment appeal of transportation and utilities and financial sectors

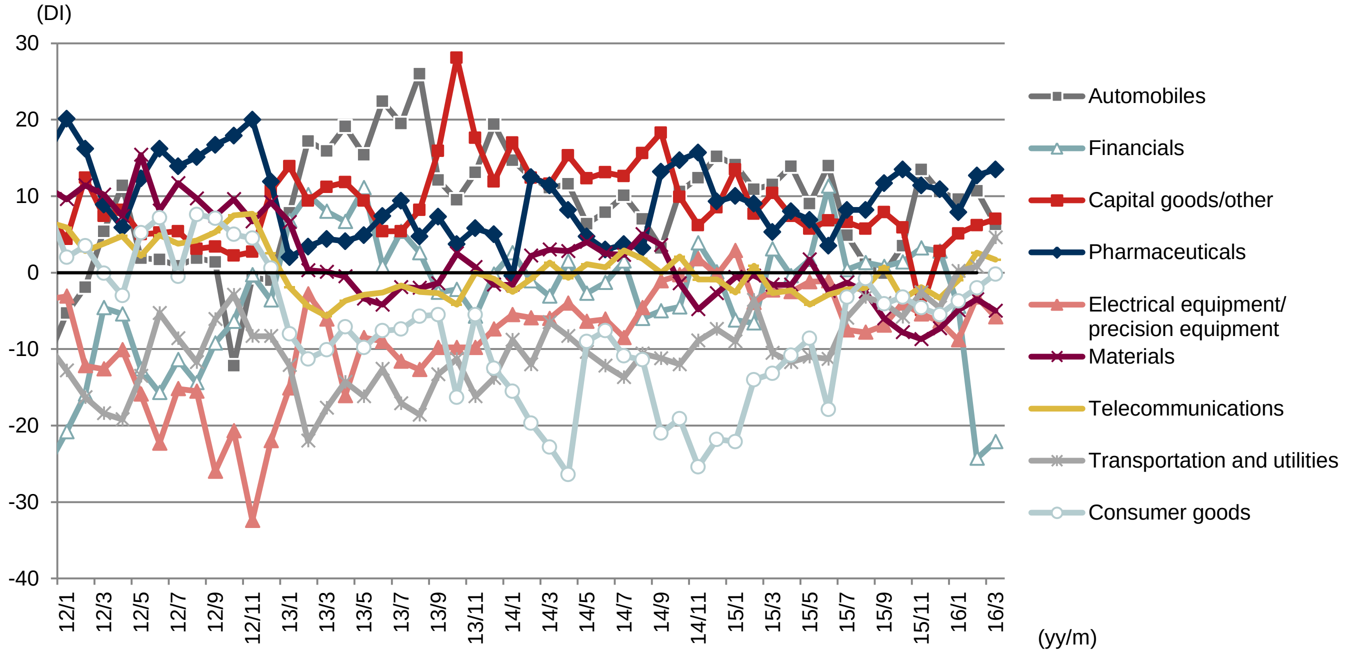
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a diffusion index (DI) for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Transportation and utilities saw the greatest improvement in its DI, which rose 3.8pt m-m to 4.6. Elsewhere, the DI for financials improved 2.2pt to -22.1. The sector that saw the steepest decline in its DI was automobiles, with a m-m drop of 4.4pt (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	13.5	18.0	4.5	12.7
Capital goods/other	7.0	11.5	4.5	6.2
Automobiles	6.3	13.3	7.0	10.7
Transportation and utilities	4.6	10.4	5.8	0.8
Telecommunications	1.7	5.7	4.0	2.6
Consumer goods	-0.2	12.2	12.4	-2.0
Materials	-5.0	10.1	15.1	-3.5
Electrical equipment/precision equipment	-5.8	7.5	13.3	-3.2
Financials	-22.1	11.3	33.4	-24.3

Note: Respondents were given nine sectors and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. For each sector, we calculated a DI by subtracting the percentage of responses for "unappealing" from that for "appealing." The material 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 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 found appealing. We show the most popular responses in Figure 6.

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

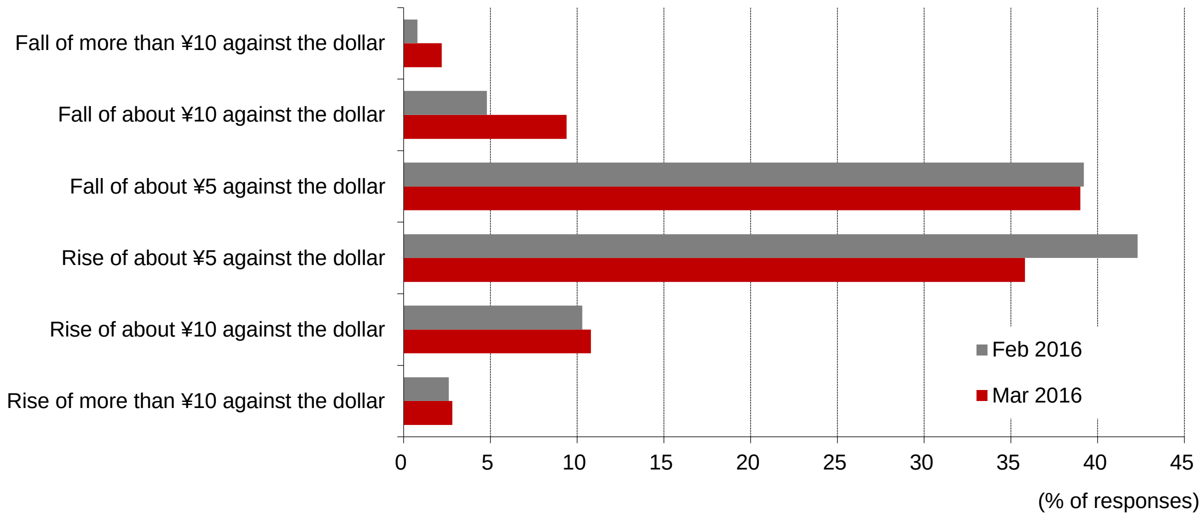
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	112	9020	East Japan Railway	9
9984	Softbank Group	27	6758	Sony	8
9202	ANA Holdings	24	9437	NTT Docomo	8
4502	Takeda Pharmaceutical	23	8591	Orix	8
4661	Oriental Land	19	4901	Fujifilm Holdings	8
4503	Astellas Pharma	19	3402	Toray Industries	8
8411	Mizuho Financial Group	17	8473	SBI Holdings	7
8306	Mitsubishi UFJ Financial Group	16	6501	Hitachi	7
8267	Aeon	12	5401	Nippon Steel & Sumitomo Metal	7
8316	Sumitomo Mitsui Financial Group	11	7201	Nissan Motor	7
9432	Nippon Telegraph and Telephone	11			
7011	Mitsubishi Heavy Industries	10			
7751	Canon	10			
8058	Mitsubishi Corp	10			
8031	Mitsui & Co	10			
4528	Ono Pharmaceutical	9			

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

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

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 50.6%, up 5.8ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" fell 0.2ppt m-m to 39.0%, while the percentage of respondents expecting a "fall of about ¥10 against the dollar" rose 4.6ppt. The percentage of those looking for a "fall of more than ¥10 against the dollar" also came in higher, with a m-m rise of 1.4ppt. The combined percentage of respondents expecting the yen to appreciate against the US dollar was 49.4%, down 5.8ppt from the previous month (55.2%). The response rate for "rise of about ¥5 against the dollar" fell 6.5ppt m-m to 35.8%, while that for "rise of about ¥10 against the dollar" increased 0.5ppt m-m. The response rate for "rise of more than ¥10 against the dollar" also increased, by 0.2ppt m-m (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 7 March 2016 indicative rate of 113.71. They could choose one answer from six possible 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

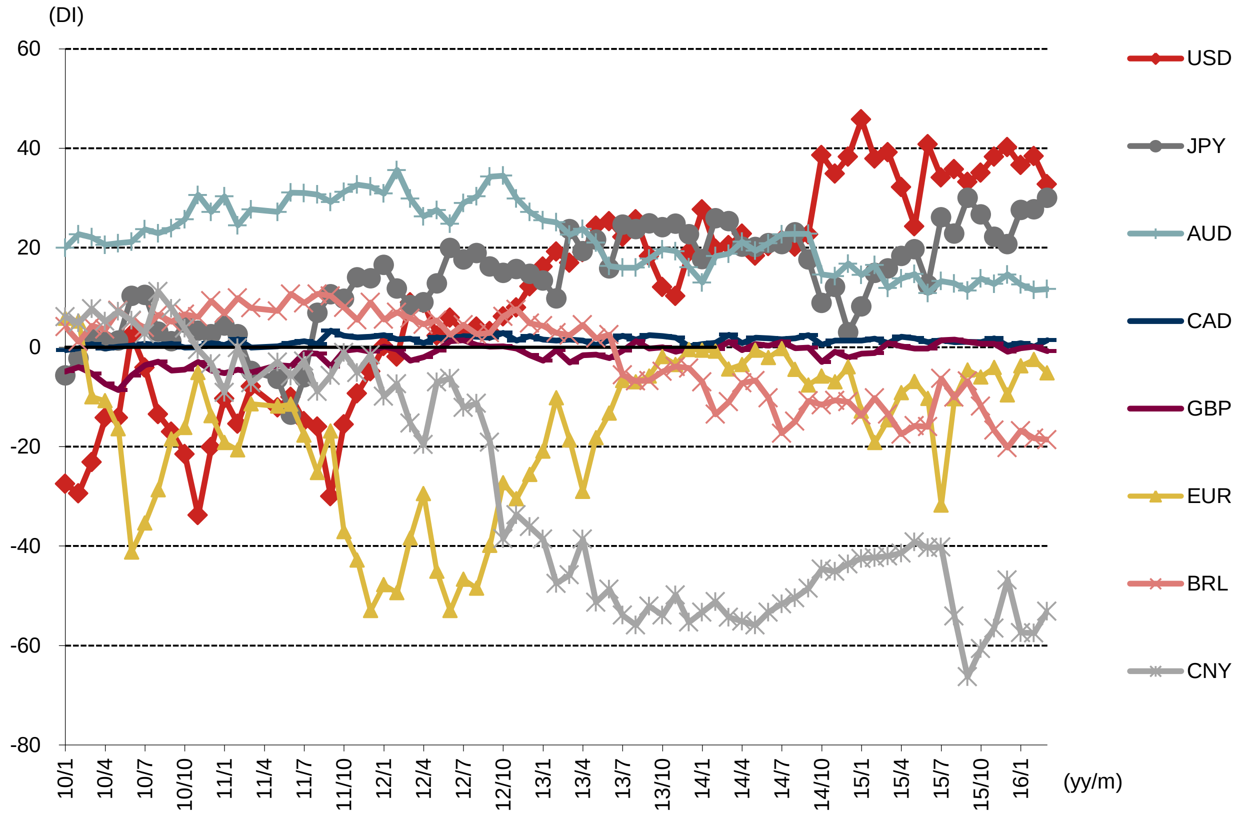
We then calculated a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar remained at the top of the list, at 32.8, despite a m-m decline of 5.6pt. The euro's DI declined 2.7pt m-m to -5.2. Meanwhile, the yuan was the least appealing at -53.1, but its DI rose 4.4pt m-m (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	32.8	37.0	4.2	38.4
Japanese yen	30.0	37.5	7.5	27.7
Australian dollar	11.7	13.7	2.0	11.5
Canadian dollar	1.4	1.5	0.1	0.1
Pound sterling	-0.8	1.7	2.5	0.1
Euro	-5.2	4.1	9.3	-2.5
Brazilian real	-18.6	1.7	20.3	-18.3
Chinese yuan	-53.1	1.0	54.1	-57.5

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. Those selecting "other" were asked to specify a currency.

Fig. 9: DIs for investment appeal of selected currencies



(7) Appeal of cash & deposits among financial instruments declines

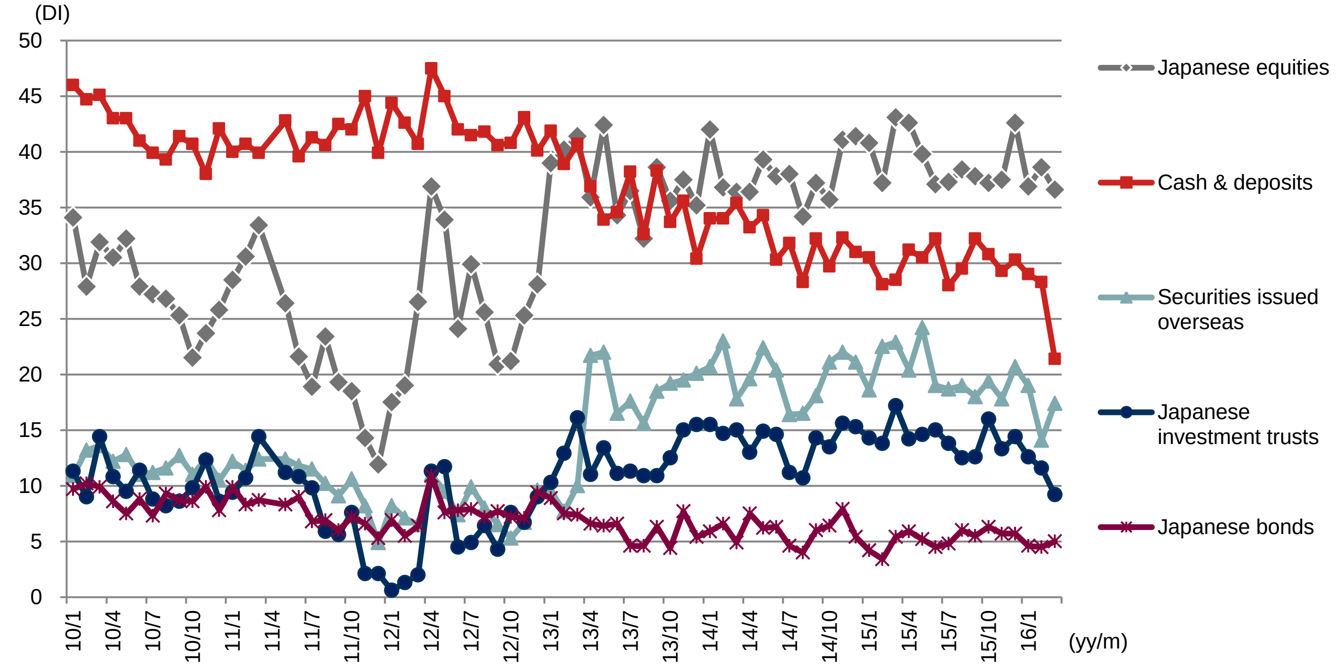
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for cash & deposits fell 6.9pt m-m to 21.4. Meanwhile, the DI for securities issued overseas (total of foreign equities, foreign investment trusts, and foreign bonds) rose 3.3pt to 17.4. The DI for gold climbed 3.0pt m-m to 12.2, to reach its highest level since September 2013 (Figures 10 and 11).

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

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	36.6	50.1	13.5	38.6
Cash & deposits	21.4	29.6	8.2	28.3
Gold	12.2	12.7	0.5	9.2
Japanese investment trusts	9.2	17.6	8.4	11.6
Foreign equities	9.1	10.3	1.2	7.9
Japanese bonds	5.0	7.0	2.0	4.5
Foreign investment trusts	4.6	7.2	2.6	3.1
Foreign bonds	3.7	5.0	1.3	3.1
Hybrid securities	1.4	2.4	1.0	2.0
Other	0.6	0.7	0.1	1.0
None	-40.4	30.9	71.3	-45.3

Note: Respondents were given a list of 11 responses and asked to choose those financial instruments 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 holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

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



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

(8) Lower percentage of respondents expect prices to be unchanged one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 43.2% of respondents selected the response "no change," down 2.4ppt from the previous month. The combined response rate for the "rise" options rose 0.6ppt m-m to 38.1% and that for the "fall" options rose 1.8ppt to 18.7% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.3	2.1
2	Fall of 2% up to 5%	4.4	4.4
3	Fall of less than 2%	11.0	10.4
4	No change (0%)	43.2	45.6
5	Rise of less than 2%	28.7	26.5
6	Rise of 2% up to 5%	8.2	8.1
7	Rise of 5% or more	1.2	2.9
	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) Equity investment policy following BOJ's adoption of negative interest rate policy

For this month's spot question we asked respondents about their Japanese equities investment policy following the BOJ's adoption of negative interest rates. The most popular response, accounting for 25.4% of respondents, was "For now I plan to keep a close eye on deposit rates and bond yields and will invest actively in Japanese equities if the gap with dividend yields widens." The next-most-popular response at 23.7% was those who were not really aware of this factor and therefore had no particular plans to change their investment policy. They were closely followed at 22.3% by those who expected no major impact on equity markets and therefore had no particular intention to change course in their investment policy.

Elsewhere, 16.8% of respondents selected the option "I will refrain from (or have already refrained from) investing in equities as I expect a negative impact on the equity markets" and 11.4% said that they planned to invest proactively (or had already done so) as they expected a positive impact on equity markets (Figure 13).

Fig. 13: Equity investment policy following BOJ's adoption of negative interest rate policy

Choices	No. of respondents	% of responses
1. I expect this to have a positive impact on the equity markets and so plan to invest proactively (or have already started to invest proactively) in Japanese equities.	114	11.4
2. For now I plan to keep a close eye on deposit rates and bond yields and will invest actively in Japanese equities if the gap with dividend yields widens.	254	25.4
3. I have no particular plans to change my current investment policy as I do not expect any major impact on equity markets.	223	22.3
4. I will refrain from (or have already refrained from) investing in Japanese equities as I expect a negative impact on the equity markets.	168	16.8
5. I've not really been aware of this factor and so have no particular plans to change my investment policy.	237	23.7
6. Other	4	0.4
Total	1,000	100.0

Note: Respondents were asked to select one of the six listed responses to the following question: "The BOJ's Monetary Policy Committee decided on 29 January to introduce a negative interest rate policy for the first time in Japan. How do you see this affecting your Japanese equities investment policy?"

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 7 March, with deadline for responses on 8 March.

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 queried about their personal profiles.

4. Nomura Individual Investor Survey (March 2016) respondents

Gender: Male (83.2%), Female (16.8%)

Age: Under 30 (0.9%), 30–39 (7.8%), 40–49 (23.4%), 50–59 (31.6%), 60 and above (36.3%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.8%), professional (physician/medical professional, lawyer, etc) (2.8%), company management/corporate officer (3.9%), company employee/public servant (45.4%), student (0.1%), full-time homemaker (7.7%), part-time worker/casual worker/job-hopper (6.4%), unemployed/pensioner (23.9%), other (2.0%)

Region: Kanto (49.4%), Kinki (21.2%), Tokai/Koshinetsu/Hokuriku (14.2%), Hokkaido/Tohoku (5.4%), Chugoku/Shikoku/Kyushu (9.8%)

Financial assets held: Less than ¥1,000,000 (5.3%), ¥1,000,000–¥2,999,999 (7.9%), ¥3,000,000–¥4,999,999 (9.3%), ¥5,000,000–¥9,999,999 (16.4%), ¥10,000,000–¥29,999,999 (30.1%), ¥30,000,000–¥49,999,999 (16.2%), ¥50,000,000 or more (14.8%)

Value of domestic stocks held: Less than ¥500,000 (8.8%), ¥500,000–¥999,999 (9.8%), ¥1,000,000–¥2,999,999 (21.2%), ¥3,000,000–¥4,999,999 (17.7%), ¥5,000,000–¥9,999,999 (17.4%), ¥10,000,000–¥29,999,999 (19.1%), ¥30,000,000 or more (6.0%)

Investment experience: Less than three years (1.2%), three years to less than five years (5.1%), five years to less than 10 years (23.7%), 10 years to less than 20 years (33.3%), 20 years or more (36.7%)

Investment plan for domestic stocks: Mainly for long-term holding (46.6%), pursuit of gains from short-term appreciation (14.2%), pursuit of dividends and shareholder perks (27.1%), no particular plan (12.1%)

Notice

The next Nomura Individual Investor Survey (April 2016) is scheduled for release on Thursday, 14 April 2016.

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

Important Disclosures

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The distribution of all ratings published by Nomura Global Equity Research is as follows:
48% 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*.
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*.
9% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 18% of companies with this rating are investment banking clients of the Nomura Group*.
As at 31 December 2015. **The Nomura Group as defined in the Disclaimer section at the end of this report.*

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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.

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

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Target Price

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When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index.The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For JI17 and subsequent issues, the maturity value shall not undercut the face amount.
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