News Release

NOMURA

Nomura Individual Investor Survey

July 2016

14 July 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 rises for first time in six months, to 35.6

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 35.6 in July 2016, marking the first rise in six months. The Nikkei 225 reference level (4 July 2016 close) was 15,775.80, down 804.23 from the previous survey (6 June 2016 close of 16,580.03).

(2) Investor focus ranking of "international affairs" rises, that of "domestic politics" falls

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 18.5ppt m-m to 49.5%, while that for "domestic politics" declined 8.2ppt m-m to 8.6%.

(3) Appeal of transportation and utilities sector rises, that of automobiles sector 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 then calculated a diffusion index (DI) for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the transportation and utilities sector rose 3.5pt m-m to 2.4, moving into positive territory after registering -1.1 the previous month. In contrast, the DI for the automobile sector declined 6.6pt m-m to -13.3.

(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 47.9%, up 5.7ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" rose 2.4ppt m-m to 35.7%, while that for "fall of about ¥10 against the dollar" increased 2.6ppt m-m. The response rate for "fall of more than ¥10 against the dollar" rose 0.7ppt m-m. The percentage of respondents expecting the yen to appreciate against the dollar, for all ranges of change, was 52.1%, down 5.7ppt from 57.8% in June. The response rate for “rise of about ¥5 against the dollar" declined 6.9ppt to 39.3%, while the response rate for "rise of about ¥10 against the dollar" rose 0.2ppt and that for "rise of more than ¥10 against the dollar" increased 1.0ppt.

(5) Investment appeal of euro and pound sterling falls

On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the euro fell 15.0pt m-m to -18.5. The DI for the pound sterling dropped 22.1pt, marking the largest decline among all the currencies. With both currencies, this appears to reflect the UK's referendum decision to leave the EU. The DI for the yuan, meanwhile, which has been the lowest among the currency options, rose 21.3pt m-m, changing place in the rankings with the pound sterling.

(6) Appeal of Japanese equities and gold among financial instruments rises

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 Japanese equities rose 2.1pt m-m to 34.6. The DI for gold rose 2.3pt m-m. Meanwhile, the DI for securities issued overseas (total of foreign equities, foreign investment trusts, and foreign bonds) fell 6.3pt m-m.

(7) Higher percentage of respondents expect prices to be lower one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 26.8% of respondents selected one of the "fall" responses, up 3.9ppt from the previous month. The number of respondents selecting one of the "rise" responses declined 2.5ppt m-m to 28.7%.

(8) Exercise of voting rights at general shareholders' meetings

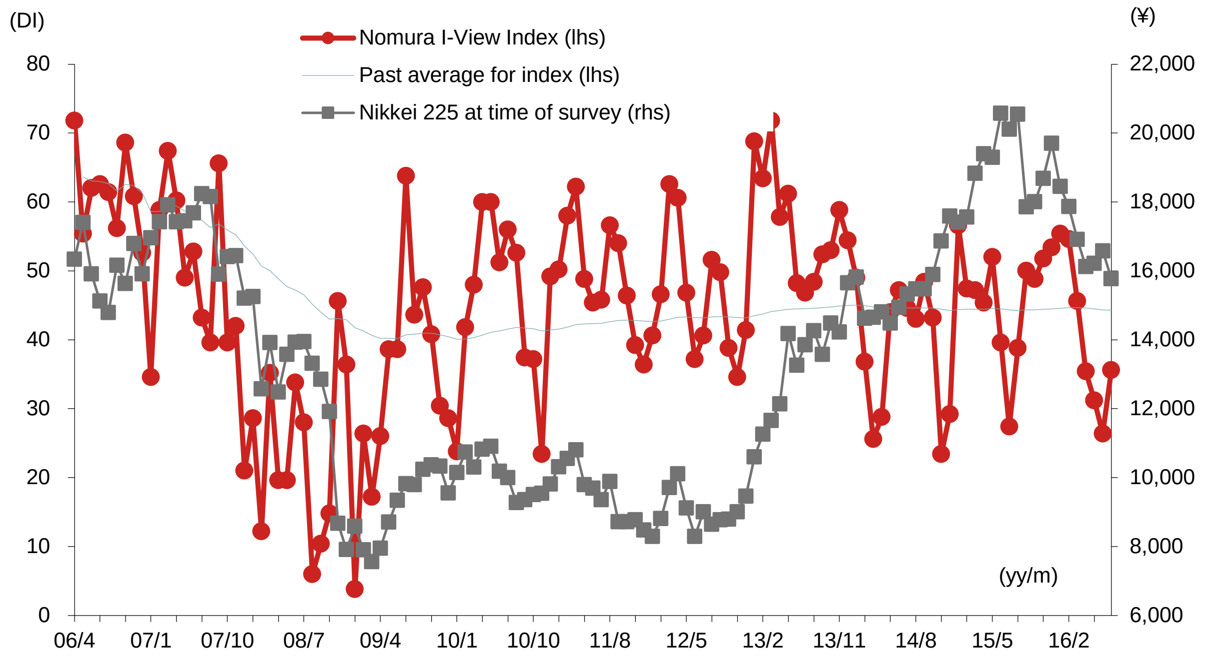
For this month's spot question, we asked investors about the exercise of voting rights at general shareholders' meetings in June 2016. Some 53.9% of respondents said that they had exercised voting rights at general shareholders' meetings in June 2016, up 2.1ppt on the figure in the survey a year ago. The proportion of respondents who exercised voting rights with regard to all companies in which they owned shares was 37.7%, down 1.8ppt from last year's survey. The proportion that said they had exercised voting rights for some stocks they owned was 16.2%, up 3.9ppt compared with the year-earlier survey. We also asked investors who said they had exercised voting rights whether they had voted in favor of or against the resolutions (multiple responses allowed). The proportion voting in favor of all resolutions at general shareholders' meetings in June 2016 was 59.9%, up 4.3ppt on the survey a year earlier. Among those resolutions they had voted against, the response rate was highest for "director compensation/bonuses," at 9.0%, followed by "retirement bonuses for directors," at 8.2%. We also asked respondents who had not exercised their voting rights to indicate why (multiple responses allowed). The most common reason given was "because it is a hassle" at 31.0%, down 3.0ppt on the survey a year earlier. The next most common response was "because the impact of my vote is small" at 30.4%, which was 1.2ppt higher than in last year's survey.

2. Survey results

(1) Nomura I-View Index rises for first time in six months, to 35.6

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 35.6 in July 2016, marking the first rise in six months. The Nikkei 225 reference level (4 July 2016 close) was 15,775.80, down 804.23 from the previous survey (6 June 2016 close of 16,580.03) (Figure 1).

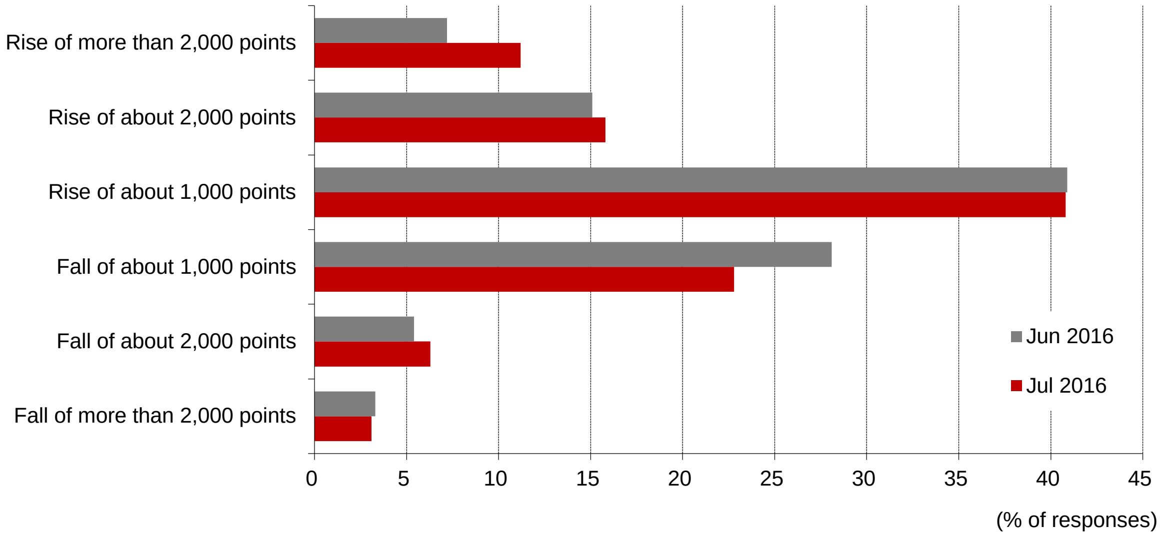
Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (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 225 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 percentage of respondents expecting the Nikkei 225 to rise over the next three months was 67.8%, up 4.6ppt from the previous month (63.2%). The proportion of respondents expecting a "rise of more than 2,000 points" increased 4.0ppt m-m to 11.2% and the proportion responding "rise of about 2,000 points" increased 0.7ppt m-m to 15.8%. In contrast, the proportion selecting "rise of about 1,000 points" fell 0.1ppt to 40.8% (Figure 2).

Fig. 2: Outlook for Nikkei 225 during the next three months

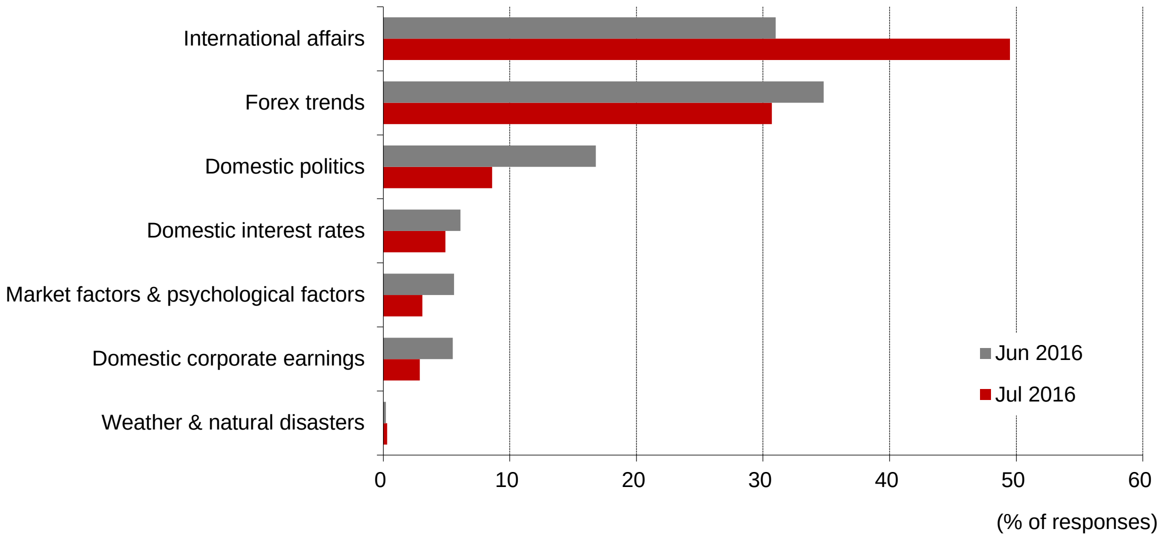


Note: Respondents were asked to share their outlook for the Nikkei 225 over the next three months based on the 4 July 2016 close of 15,775. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Investor focus ranking of "international affairs" rises, that of "domestic politics" falls

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 18.5ppt m-m to 49.5% while that for "domestic politics" declined 8.2ppt m-m to 8.6% (Figure 3).

Fig. 3: Impact of factors on the stock market



Note: Respondents were asked to choose one answer from seven possible responses concerning factors likely to impact the stock market over the next three months or so.

(3) Appeal of transportation and utilities sector rises, that of automobile sector falls

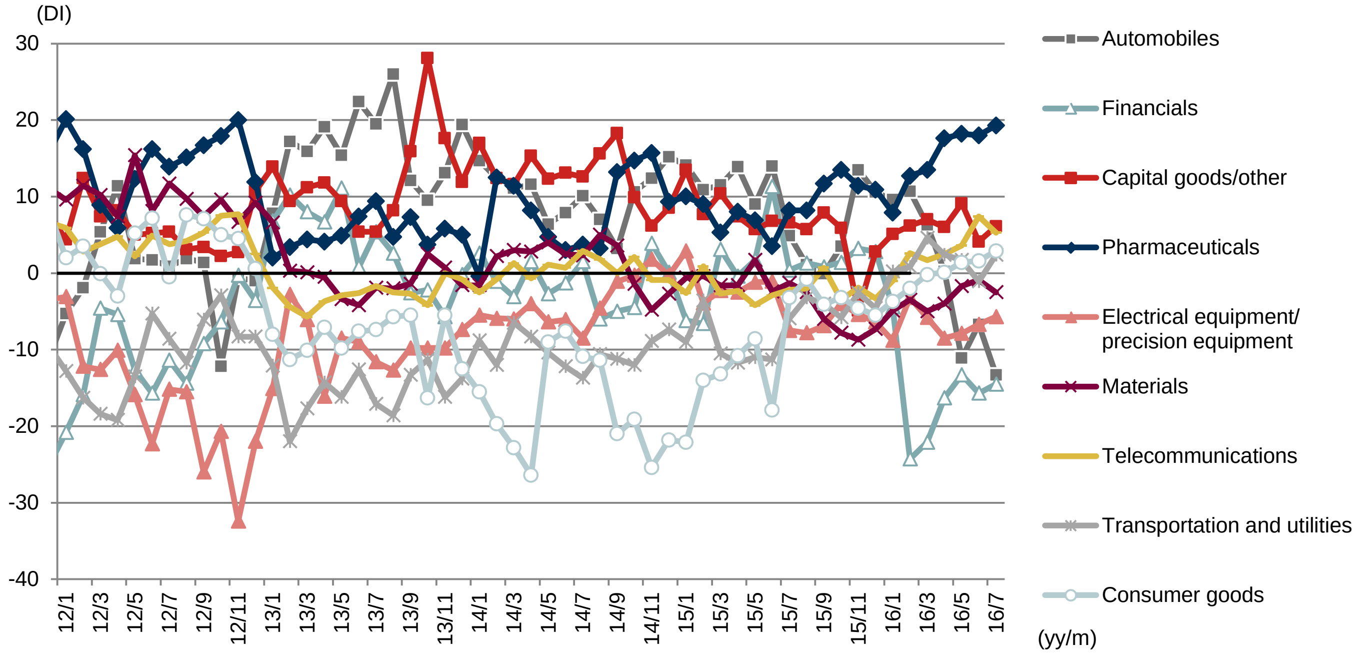
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a diffusion index (DI) for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the transportation and utilities sector rose 3.5pt m-m to 2.4, moving into positive territory after registering -1.1 the previous month. In contrast, the DI for the automobile sector declined 6.6pt m-m to -13.3 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	19.3	22.1	2.8	18.0
Capital goods/other	6.1	11.2	5.1	4.1
Telecommunications	5.3	8.2	2.9	7.4
Consumer goods	2.9	14.9	12.0	1.6
Transportation and utilities	2.4	7.7	5.3	-1.1
Materials	-2.5	9.7	12.2	-0.9
Electrical equipment/precision equipment	-5.7	7.6	13.3	-6.7
Automobiles	-13.3	9.2	22.5	-6.7
Financials	-14.5	9.4	23.9	-15.7

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 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 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)

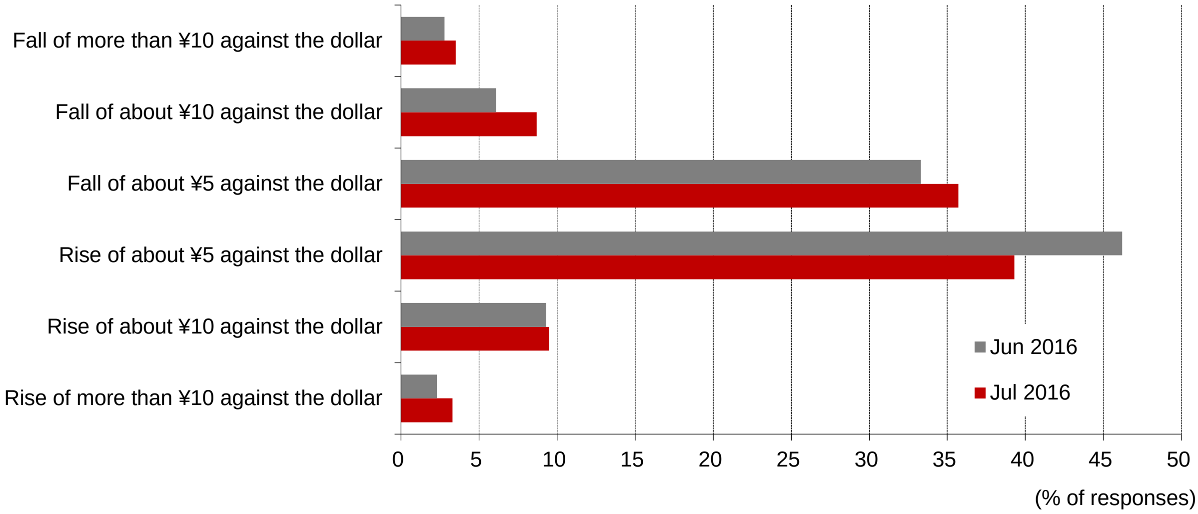
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	67	3543	Komeda Holdings	11
4502	Takeda Pharmaceutical	24	2811	Kagome	10
8267	Aeon	24	9437	NTT Docomo	10
8411	Mizuho Financial Group	24	1801	Taisei	9
9984	Softbank Group	23	3938	Line	9
4661	Oriental Land	18	4755	Rakuten	9
6758	Sony	17	6501	Hitachi	9
8306	Mitsubishi UFJ Financial Group	14	6752	Panasonic	9
4901	Fujifilm Holdings	12	7751	Canon	8
8604	Nomura Holdings	12	8058	Mitsubishi Corp	8
9202	ANA Holdings	12	9022	Central Japan Railway	8

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 47.9%, up 5.7ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" rose 2.4ppt m-m to 35.7%, while that for "fall of about ¥10 against the dollar" increased 2.6ppt m-m. The response rate for "fall of more than ¥10 against the dollar" increased 0.7ppt m-m. The percentage of respondents expecting the yen to appreciate against the dollar, for all ranges of change, was 52.1%, down 5.7ppt from 57.8% in June. The response rate for “rise of about ¥5 against the dollar" declined 6.9ppt to 39.3%, while the response rate for "rise of about ¥10 against the dollar" rose 0.2ppt and that for "rise of more than ¥10 against the dollar" increased 1.0ppt (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 4 July 2016 indicative rate of 102.74. 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) Investment appeal of euro and pound sterling falls

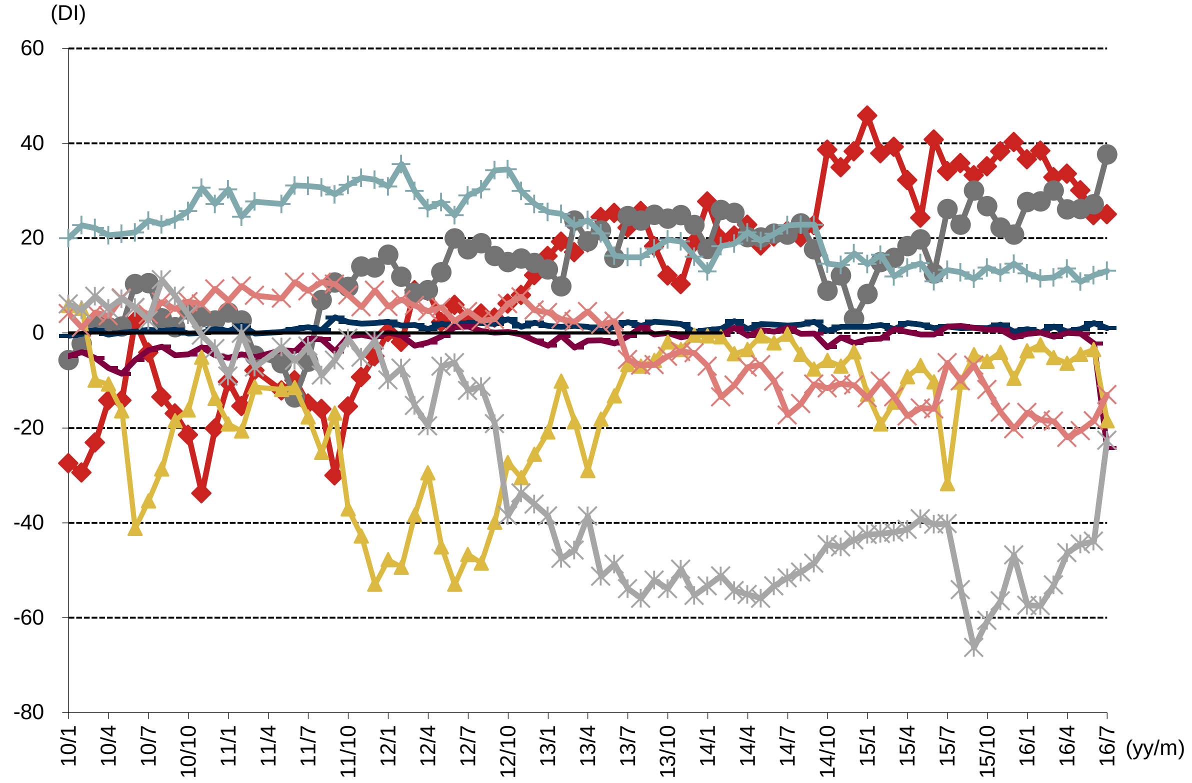
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the euro fell 15.0pt m-m to -18.5. The DI for the pound sterling dropped 22.1pt, marking the largest decline among all the currencies. With both currencies, this appears to reflect the UK's referendum decision to leave the EU. The DI for the yuan, meanwhile, which had been the lowest among the currency options, rose 21.3pt m-m, changing place in the rankings with the pound sterling (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	37.6	44.7	7.1	27.1
US dollar	25.0	29.7	4.7	24.8
Australian dollar	13.1	14.0	0.9	12.2
Canadian dollar	1.0	1.7	0.7	2.1
Brazilian real	-13.0	2.5	15.5	-18.5
Euro	-18.5	2.8	21.3	-3.5
Chinese yuan	-22.6	0.7	23.3	-43.9
Pound sterling	-24.3	1.9	26.2	-2.2

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 Japanese equities among financial instruments rises

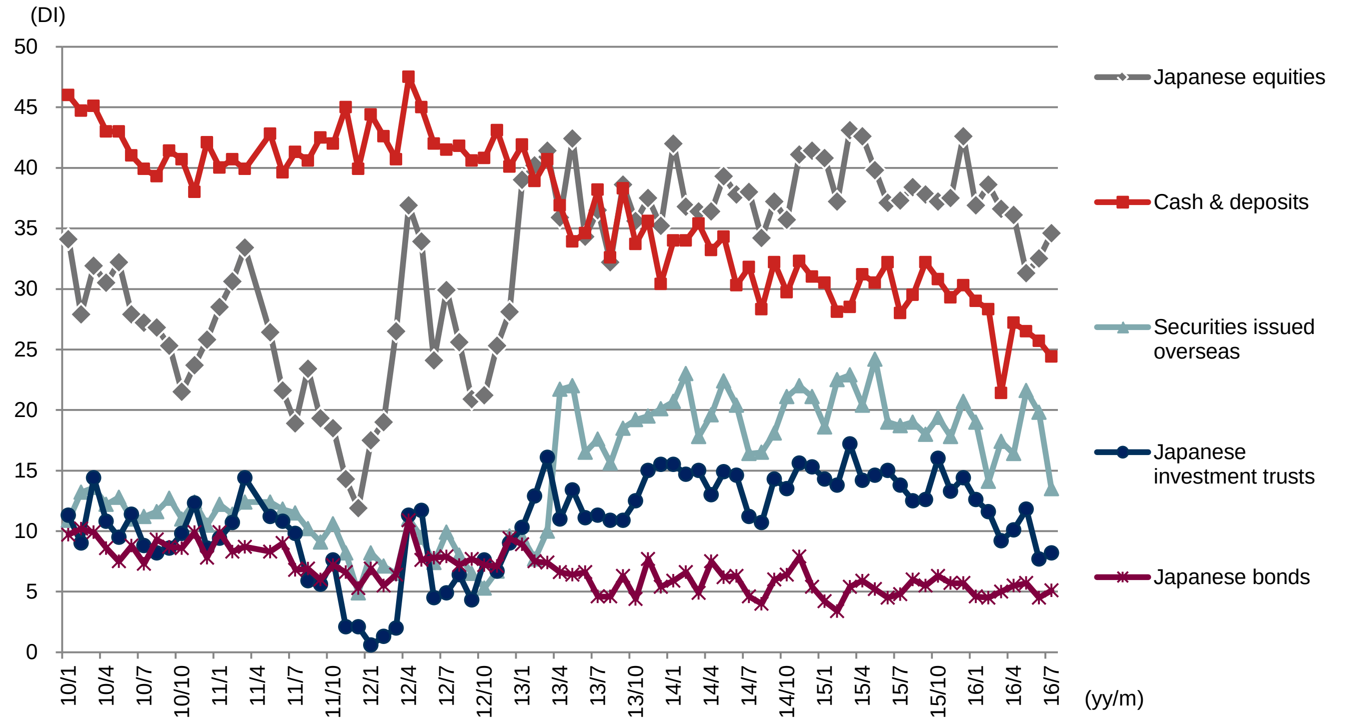
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 2.1pt m-m to 34.6. The DI for gold increased 2.3pt m-m. Meanwhile, the DI for securities issued overseas (total of foreign equities, foreign investment trusts, and foreign bonds) fell 6.3pt m-m (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	34.6	47.9	13.3	32.5
Cash & deposits	24.4	30.3	5.9	25.7
Gold	11.1	11.6	0.5	8.8
Japanese investment trusts	8.2	15.9	7.7	7.7
Foreign equities	7.9	9.7	1.8	9.8
Japanese bonds	5.1	6.7	1.6	4.5
Foreign investment trusts	2.8	5.1	2.3	6.9
Foreign bonds	2.8	4.5	1.7	3.1
Hybrid securities	2.4	2.8	0.4	1.8
Other	0.9	0.9	0.0	0.3
None	-40.6	32.6	73.2	-41.0

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) Higher percentage of respondents expect prices to be lower one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 26.8% of respondents selected one of the "fall" responses, up 3.9ppt from the previous month. The number of respondents selecting one of the "rise" responses fell 2.5ppt m-m to 28.7% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.5	3.0
2	Fall of 2% up to 5%	7.3	7.0
3	Fall of less than 2%	16.0	12.9
4	No change (0%)	44.5	45.9
5	Rise of less than 2%	19.6	21.7
6	Rise of 2% up to 5%	7.5	7.8
7	Rise of 5% or more	1.6	1.7
	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) Exercise of voting rights at general shareholders' meetings

For this month's spot question, we asked investors about the exercise of voting rights at general shareholders' meetings in June 2016. We publish the results of our voting rights survey question each year in the month after general shareholders' meetings for companies with March year-ends are held.

Some 53.9% of respondents said that they had exercised voting rights at general shareholders' meetings in June 2016 (total for responses 1–8 in Figure 13), up 2.1ppt on the figure in the survey a year ago. The proportion of respondents who exercised voting rights with regard to all companies in which they owned shares was 37.7% (total of responses 1–4 in Figure 13), down 1.8ppt from last year's survey. The proportion that said they had exercised voting rights for some stocks they owned (total of responses 5–8 in Figure 13) was 16.2%, up 3.9ppt on the survey a year earlier (Figure 13).

Fig. 13: Exercise of voting rights at general shareholders' meetings

	Choices	2016 survey	2015 survey
		%	%
1	Attended general meeting and exercised rights for all stocks owned	2.9	2.6
2	Exercised rights for all stocks owned in writing (by post)	22.8	23.2
3	Exercised rights for all stocks owned electronically (by internet, mobile phone, smartphone)	8.3	9.4
4	Exercised rights for all stocks owned via a combination of methods listed in choices 1–3 above	3.7	4.3
5	Attended general meeting and exercised rights for some stocks owned	4.6	2.8
6	Exercised rights for some stocks owned in writing (by post)	7.5	6.6
7	Exercised rights for some stocks owned electronically (by internet, mobile phone, smartphone)	2.9	2.0
8	Exercised rights for some stocks owned via a combination of methods listed in choices 5–7 above	1.2	0.9
9	Did not exercise rights for any stocks owned	36.3	39.4
10	Held no stocks in subject companies	9.8	8.8
	Total	100.0	100.0

Note: We asked investors to select one of the above 10 options with regard to the exercise of voting rights at general shareholders' meetings for March year-end companies held in June 2016.

We asked respondents who exercised voting rights (those choosing responses 1–8 in Figure 13) to indicate whether they had voted for or against proposals by selecting from the multiple response choices in Figure 14. The proportion voting in favor of all resolutions at general shareholders' meetings in June 2016 was 59.9%, up 4.3ppt on the survey a year earlier. Among those resolutions they had voted against, the response rate was highest for "director compensation/bonuses," at 9.0%, followed by "retirement bonuses for directors," at 8.2% (Figure 14).

Fig. 14: Voting in favor of/against company proposals

	Choices	2016 survey		2015 survey	
		No. of responses	%	No. of responses	%
1	Voted in favor of all resolutions	385	59.9	361	55.6
2	Dividends (use of surplus funds)	48	7.5	61	9.4
3	Director compensation/bonuses	58	9.0	55	8.5
4	Retirement bonuses for directors	53	8.2	48	7.4
5	Grant of stock options	22	3.4	33	5.1
6	Selection of directors/auditors (including auditors at companies with an audit board)	39	6.1	48	7.4
7	Introduction of takeover defense measures	11	1.7	10	1.5
8	Change in the number of directors (reduction, establishment of upper limit)	12	1.9	15	2.3
9	Change in the maximum number of issuable shares	3	0.5	10	1.5
10	Share buybacks	12	1.9	8	1.2
	No. of responses	643	100.0	649	100.0

Note: We asked investors who selected responses 1–8 in Figure 13 which company resolutions they had voted against from the list of 10 (option 11 excluded) shown in Figure 14 (multiple responses allowed). Those who had voted in favor of all resolutions were asked to select option 1.

We also asked respondents who had not exercised their voting rights (those choosing response 9 in Figure 13) to indicate why (multiple responses allowed). The most common reason given was "because it is a hassle" at 31.0%, down 3.0ppt on the survey a year earlier. The next most common response was "because the impact of my vote is small" at 30.4%, which was 1.2ppt higher than in last year's survey (Figure 15).

Fig. 15: Reasons for not exercising voting rights

	Choices	2016 survey		2015 survey	
		No. of responses	%	No. of responses	%
1	Because it is a hassle	157	31.0	196	34.0
2	Because the impact of my vote is small	154	30.4	168	29.2
3	None of the resolutions required me to express an opinion	44	8.7	53	9.2
4	I did not have the time to study the resolutions	31	6.1	19	3.3
5	I could not attend the general meeting or I forgot to mail the voting card	14	2.8	28	4.9
6	My investment style is mainly short term or seeking capital gains, so I do not view exercising my voting rights as important	13	2.6	20	3.5
7	I have no interest in exercising voting rights	53	10.5	55	9.5
8	I did not understand the resolutions well	26	5.1	22	3.8
9	Other	15	3.0	15	2.6
	No. of responses	507	100.0	576	100.0

Note. We asked investors who selected option 9 in Figure 13 to select one or more responses in Figure 15 indicating why they had not exercised their voting rights.

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 4 July, with deadline for responses on 5 July.

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 (July 2016) respondents

Gender: Male (83.7%), female (16.3%)

Age: Under 30 (1.2%), 30–39 (7.3%), 40–49 (26.0%), 50–59 (29.8%), 60 and above (35.7%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.4%), professional (physician/medical professional, lawyer, etc) (2.5%), company management/corporate officer (5.6%), company employee/public servant (44.4%), student (0.3%), full-time homemaker (6.6%), part-time worker/casual worker/job-hopper (5.5%), unemployed/pensioner (24.6%), other (2.1%)

Region: Kanto (46.4%), Kinki (21.5%), Tokai/Koshinetsu/Hokuriku (16.3%), Hokkaido/Tohoku (5.2%), Chugoku/Shikoku/Kyushu (10.6%)

Financial assets held: Less than ¥1,000,000 (6.7%), ¥1,000,000–¥2,999,999 (9.6%), ¥3,000,000–¥4,999,999 (10.1%), ¥5,000,000–¥9,999,999 (19.1%), ¥10,000,000–¥29,999,999 (26.5%), ¥30,000,000–¥49,999,999 (12.1%), ¥50,000,000 or more (15.9%)

Value of domestic stocks held: Less than ¥500,000 (11.4%), ¥500,000–¥999,999 (9.8%), ¥1,000,000–¥2,999,999 (23.0%), ¥3,000,000–¥4,999,999 (17.0%), ¥5,000,000–¥9,999,999 (15.1%), ¥10,000,000–¥29,999,999 (15.5%), ¥30,000,000 or more (8.2%)

Investment experience: Less than three years (4.4%), three years to less than five years (8.2%), five years to less than 10 years (23.0%), 10 years to less than 20 years (31.6%), 20 years or more (32.8%)

Investment plan for domestic stocks: Mainly for long-term holding (46.1%), pursuit of gains from short-term appreciation (12.0%), pursuit of dividends and shareholder perks (29.1%), no particular plan (12.8%)

Notice

The next Nomura Individual Investor Survey (August 2016) is scheduled for release on Friday, 12 August 2016.

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

Important Disclosures

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STOCKS

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STOCKS

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