News Release

NOMURA

Nomura Individual Investor Survey

August 2016

12 August 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 to 31.6 after one month of increase

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 31.6 in August 2016, down for the first time in two months. The Nikkei 225 reference level (1 August 2016 close) was 16,635.77, up 859.97 from the previous survey (4 July 2016 close of 15,775.80).

(2) Investor focus rankings of "forex" and "domestic interest rates" rise, that of "international affairs" falls

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 6.0ppt m-m to 36.7% and that for "domestic interest rates" increased 3.3ppt m-m. The response rate for "international affairs" declined 13.0ppt m-m to 36.5%.

(3) Appeal of automobile and financial sectors rises, that of pharmaceutical sector and transportation and utilities 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 automobile sector rose 8.6pt m-m to -4.7 and that for the financial sector increased 4.0pt m-m to -10.5, with the negative value shrinking in both cases. In contrast, the DI for the pharmaceutical sector declined 5.4pt m-m to 13.9, while that for the transportation and utilities sector fell 5.2pt to -2.8.

(4) Rise in percentage of respondents expecting modest weakening of yen versus 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 56.9%, up 9.0ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" rose 8.3ppt m-m to 44.0%, while that for "fall of about ¥10 against the dollar" increased 1.2ppt m-m. The response rate for "fall of more than ¥10 against the dollar" declined 0.5ppt m-m. The percentage of respondents expecting the yen to appreciate against the dollar, for all ranges of change, was 43.1%, down 9.0ppt from 52.1% in July. The response rate for “rise of about ¥5 against the dollar" dropped 2.8ppt to 36.5%, while the response rate for "rise of about ¥10 against the dollar" fell 4.4ppt and that for "rise of more than ¥10 against the dollar" declined 1.8ppt.

(5) Investment appeal of euro and pound sterling improves

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 pound sterling rose 11.5pt to -12.8 and that for the euro improved 8.1pt to -10.4. In contrast, the DI for the yuan fell 7.8pt m-m, the first drop in six months.

(6) Appeal of Japanese investment trusts and foreign 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 investment trusts rose 3.0pt m-m to 11.2, while that for foreign equities increased 3.1pt.

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

When asked for their outlook for prices of regularly purchased goods and services one year out, 22.1% of respondents selected one of the "fall" responses, down 4.7ppt from the previous month. The percentage of those selecting "no change" increased 3.1ppt to 47.6%, while the figure for those selecting one of the "rise" responses increased 1.6ppt m-m to 30.3%.

(8) Use of margin trading and investment policies

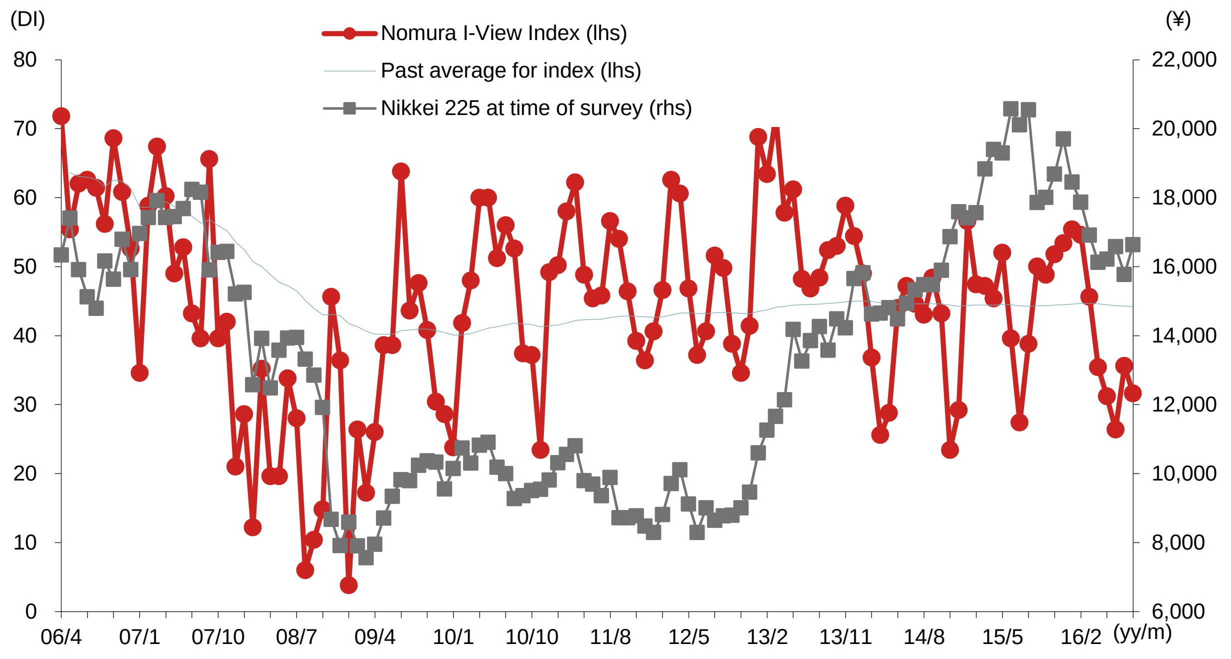
For this month's spot question, we asked investors about their use of margin trading and their policies for margin investment. While 10.1% of respondents said they currently used margin trading, 72.2% said that they had never used margin trading and had no plans to do so. We asked respondents using margin trading (including those saying they had used margin trading in the past or would like to do so in the future) about their policies for valuation gains or losses on those positions. For valuation losses, the most common response was that the investor had set loss-cutting rules ahead of time and would liquidate holdings to cover those positions once the valuation loss rate reached a certain level. For valuation gains, the most common response was that the investor had set no particular policy and would make decisions based on the circumstances.

2. Survey results

(1) Nomura I-View Index falls to 31.6 after one month of increase

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 31.6 in August 2016, down for the first time in two months. The Nikkei 225 reference level (1 August 2016 close) was 16,635.77, up 859.97 from the previous survey (4 July 2016 close of 15,775.80) (Figure 1).

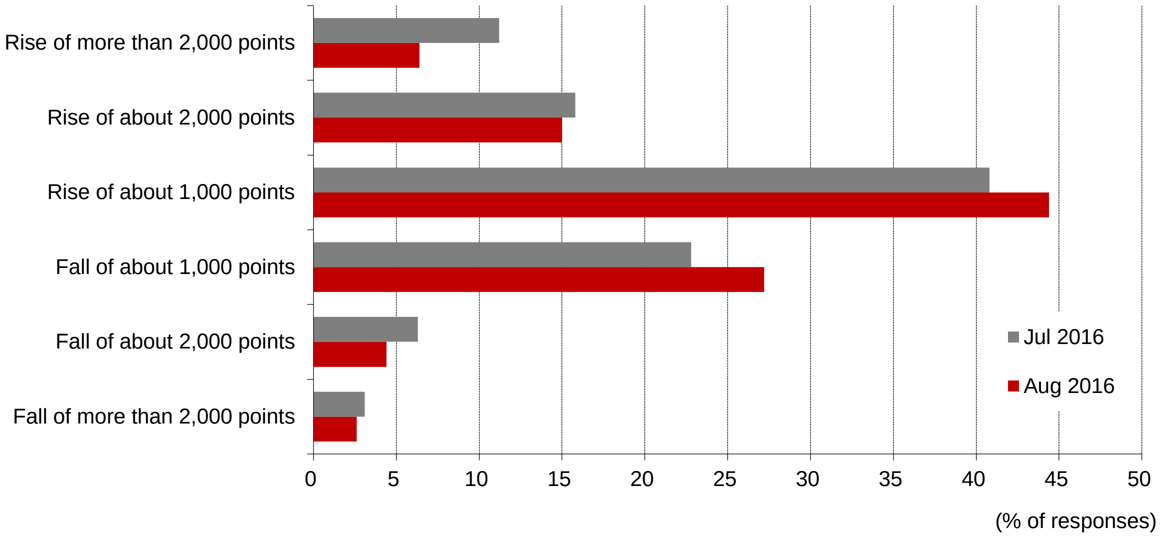
Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey



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 combined percentage of respondents expecting the Nikkei 225 to rise over the next three months was 65.8%, down 2.0ppt from the last survey (67.8%). The percentage of respondents expecting a "rise of at least 2,000 points" fell 4.8ppt m-m to 6.4%, while the percentage of those expecting a "rise of about 2,000 points" dropped 0.8ppt m-m to 15.0%. In constrast, the percentage of respondents expecting a "rise of about 1,000 points" increased 3.6ppt m-m, to 44.4% (Figure 2).

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

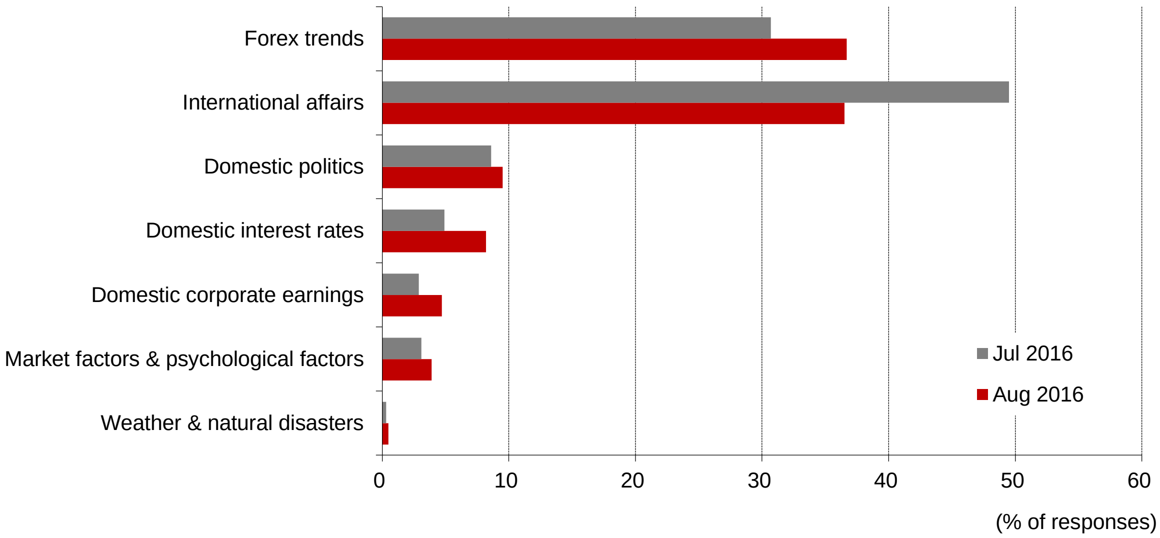


Note: Respondents were asked to share their outlook for the Nikkei 225 over the next three months based on the 1 August 2016 close of 16,635. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Investor focus rankings of "forex" and "domestic interest rates" rise, that of "international affairs" falls

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 6.0ppt m-m to 36.7% and that for "domestic interest rates" increased 3.3ppt m-m. The response rate for "international affairs" declined 13.0ppt m-m to 36.5% (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 automobile and financial sectors rises, that of pharmaceutical sector and transportation and utilities sector falls

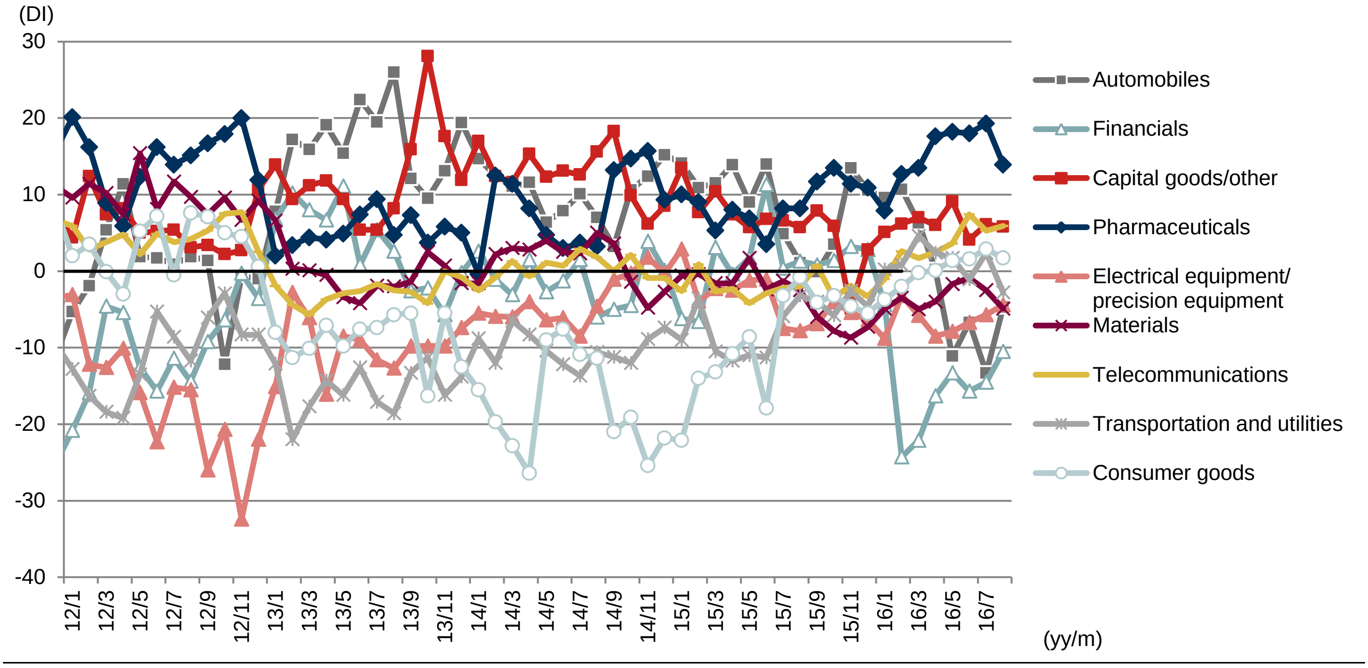
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We then calculated a diffusion index (DI) for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the automobile sector rose 8.6pt m-m to -4.7 and that for the financial sector increased 4.0pt m-m to -10.5, with the negative value shrinking in both cases. In contrast, the DI for the pharmaceutical sector declined 5.4pt m-m to 13.9, while that for the transportation and utilities sector fell 5.2pt to -2.8 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	13.9	18.1	4.2	19.3
Telecommunications	5.9	9.8	3.9	5.3
Capital goods/other	5.8	11.9	6.1	6.1
Consumer goods	1.7	15.3	13.6	2.9
Transportation and utilities	-2.8	6.2	9.0	2.4
Electrical equipment/precision equipment	-4.4	8.9	13.3	-5.7
Automobiles	-4.7	9.1	13.8	-13.3
Materials	-4.9	9.7	14.6	-2.5
Financials	-10.5	11.0	21.5	-14.5

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)

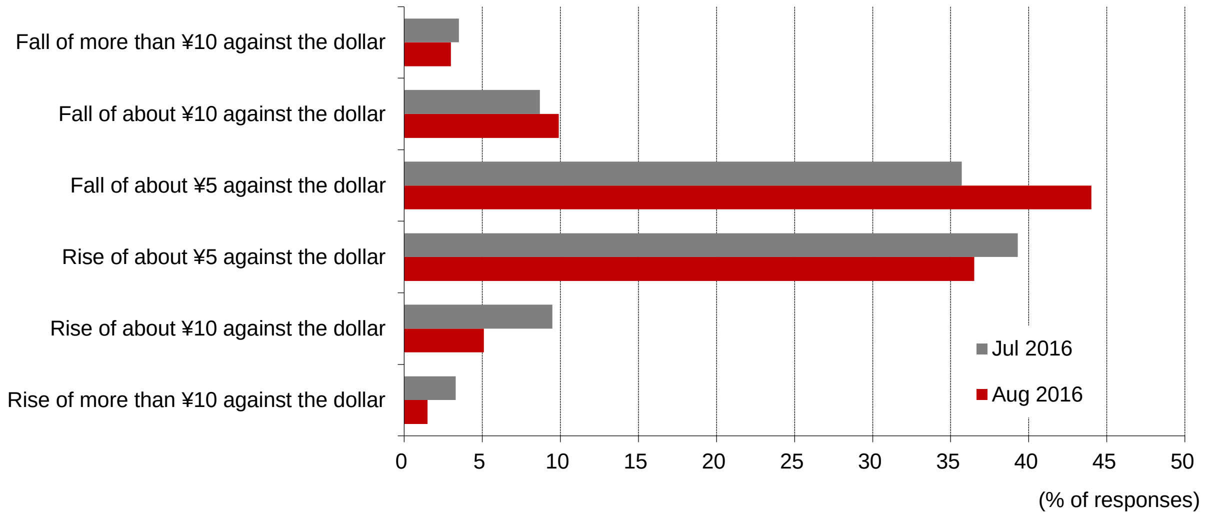
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	72	7201	Nissan Motor	11
9984	Softbank Group	35	7751	Canon	11
7974	Nintendo	34	6752	Panasonic	9
8267	Aeon	25	9437	NTT Docomo	9
6758	Sony	20	2327	NS Solutions	8
4661	Oriental Land	19	2702	McDonald's Holdings (Japan)	8
8411	Mizuho Financial Group	19	3938	Line	8
8306	Mitsubishi UFJ Financial Group	16	3543	Komeda Holdings	7
9202	ANA Holdings	16	6501	Hitachi	7
4502	Takeda Pharmaceutical	13	6902	Denso	7
4503	Astellas Pharma	12	7267	Honda Motor	7
			8473	SBI Holdings	7

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

(5) Higher percentage 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 56.9%, up 9.0ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" rose 8.3ppt m-m to 44.0%, while that for "fall of about ¥10 against the dollar" increased 1.2ppt m-m. The response rate for "fall of more than ¥10 against the dollar" dropped 0.5ppt m-m. The percentage of respondents expecting the yen to appreciate against the dollar, for all ranges of change, was 43.1%, down 9.0ppt from 52.1% in July. The response rate for “rise of about ¥5 against the dollar" declined 2.8ppt to 36.5%, while the response rate for "rise of about ¥10 against the dollar" fell 4.4ppt and that for "rise of more than ¥10 against the dollar" dropped 1.8ppt (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 1 August 2016 indicative rate of 102.57. 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 improves

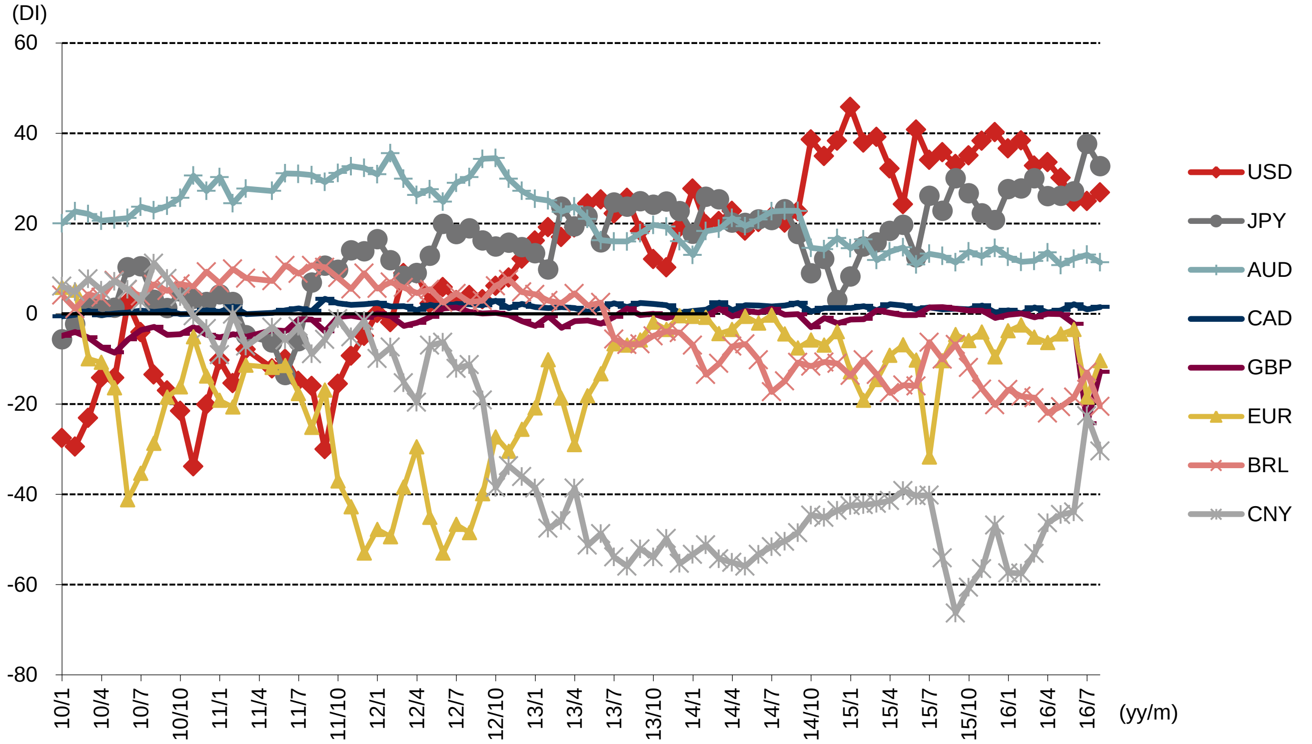
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the pound sterling rose 11.5pt to -12.8 and that for the euro improved 8.1pt to -10.4. In contrast, the DI for the yuan fell 7.8pt m-m, the first drop in six months (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	32.7	39.2	6.5	37.6
US dollar	26.9	32.9	6.0	25.0
Australian dollar	11.4	13.3	1.9	13.1
Canadian dollar	1.5	2.0	0.5	1.0
Euro	-10.4	2.8	13.2	-18.5
Pound sterling	-12.8	4.0	16.8	-24.3
Brazilian real	-20.5	3.1	23.6	-13.0
Chinese yuan	-30.4	0.9	31.3	-22.6

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 investment trusts and foreign equities among financial instruments rises

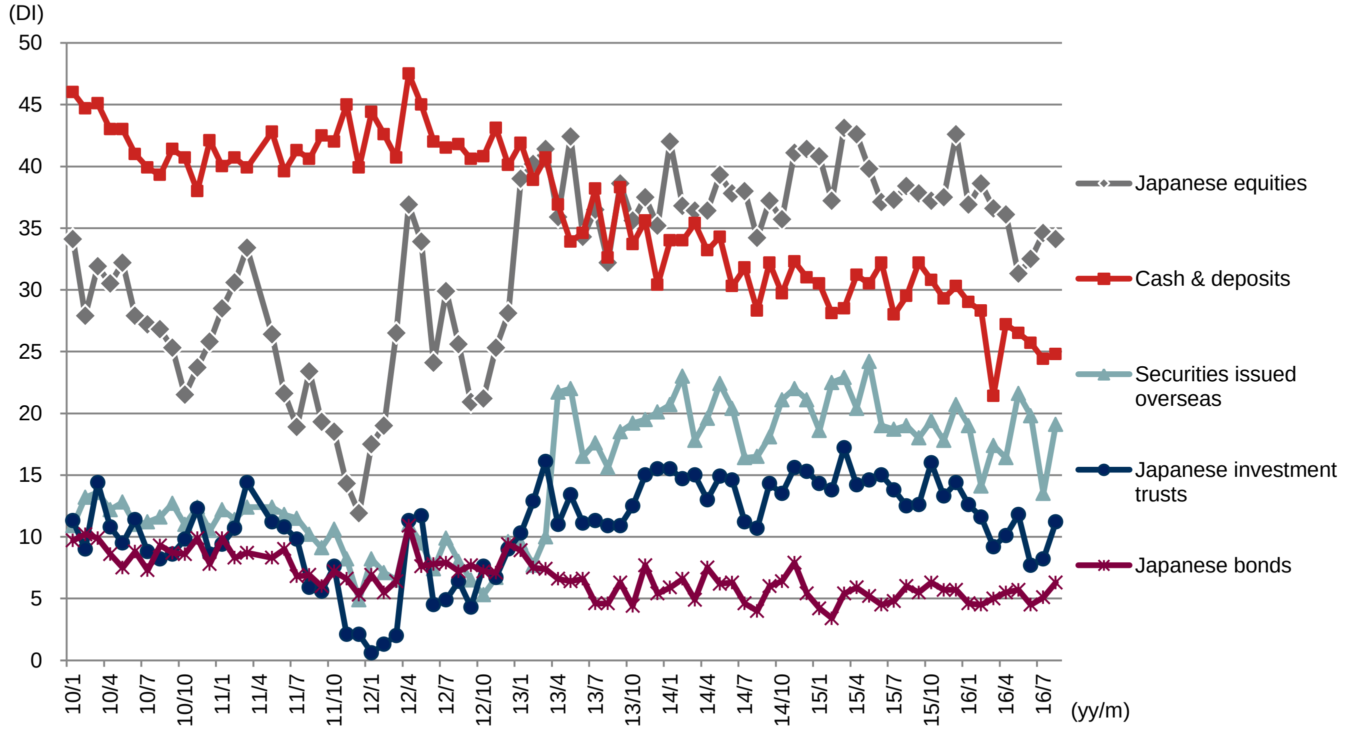
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese investment trusts rose 3.0pt m-m to 11.2, while that for foreign equities increased 3.1pt (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	34.1	48.7	14.6	34.6
Cash & deposits	24.8	30.7	5.9	24.4
Japanese investment trusts	11.2	17.5	6.3	8.2
Foreign equities	11.0	11.7	0.7	7.9
Gold	9.0	9.3	0.3	11.1
Japanese bonds	6.3	8.1	1.8	5.1
Foreign investment trusts	4.9	7.1	2.2	2.8
Foreign bonds	3.2	4.2	1.0	2.8
Hybrid securities	2.2	2.6	0.4	2.4
Other	0.4	0.6	0.2	0.9
None	-41.0	32.7	73.7	-40.6

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 fall one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 22.1% of respondents selected one of the "fall" responses, down 4.7ppt from the previous month. The percentage of those selecting "no change" increased 3.1ppt to 47.6%, while the figure for those selecting one of the "rise" responses increased 1.6ppt m-m to 30.3% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.2	3.5
2	Fall of 2% up to 5%	5.6	7.3
3	Fall of less than 2%	13.3	16.0
4	No change (0%)	47.6	44.5
5	Rise of less than 2%	23.5	19.6
6	Rise of 2% up to 5%	6.1	7.5
7	Rise of 5% or more	0.7	1.6
	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) Use of margin trading and investment policies

For this month's spot question, we asked investors about their use of margin trading and their policies for margin investment. Some 10.1% of respondents said they currently used margin trading, while 8.7% said they had engaged in margin trading in the past and 9.0% said they would like to try margin trading in the future. At the same time, 72.2% said that they had never used margin trading and had no plans to do so (Figure 13).

Fig. 13: Use of margin trading (1,000 responses)

	Choices	No. of responses	%
1	Currently engaged in margin trading	101	10.1
2	Not currently engaged in market trading but have used it in the past	87	8.7
3	No experience with margin trading but would like to try it	90	9.0
4	No experience with margin trading and no plans to try it (only engaged in cash trading)	722	72.2
	Total	1,000	100.0

Note: Respondents were asked to select one of the above options to describe their experience with margin trading.

We asked respondents who selected options 1 to 3 (278 respondents) about their policies regarding valuation gains or losses on these positions. For valuation losses, the most common response (30.6%) was that the respondents had set loss-cutting rules ahead of time and would liquidate holdings to cover those positions once the valuation loss rate reached a certain level. The second most common response (28.1%) was that the investor had set no particular policy and would make decisions based on the circumstances, while the third most common (23.7%) was that while they had no loss-cutting rules in place, they generally covered these positions before any additional margin would be required.

Fig. 14: Policies for valuation losses in margin trading

	Choices	No. of responses	%
1	Have set loss-cutting rules ahead of time to cover these positions once the valuation loss rate reaches a certain level	85	30.6
2	Have no loss-cutting rules in place but generally cover positions before additional margin is required	66	23.7
3	Cover positions when additional margin becomes necessary (without depositing additional margin)	29	10.4
4	Deposit additional margin when necessary and wait for improvement as long as time and funds permit	20	7.2
5	No particular policy, make decisions based on the circumstances	78	28.1
	Total	278	100.0

Note: Respondents were asked to select one of the above options to describe their policies for valuation losses in margin trading.

For valuation gains, the most common response (34.5%) was that the investor had set no particular policy and would make decisions based on the circumstances. The next most common response (33.8%) was generally to lock in profits for gains between 10% and 20%, while the third most common (18.3%) was to lock in profits for gains below 10% (Figure 15).

Fig. 15: Policies for valuation gains in margin trading

	Choices	No. of responses	%
1	Generally lock in profits of less than 10%	51	18.3
2	Generally lock in profits between 10% and 20%	94	33.8
3	Generally lock in profits between 20% and 30%	27	9.7
4	Generally lock in profits of 30% or more	10	3.6
5	No particular policy, make decisions based on the circumstances	96	34.5
	Total	278	100.0

Note: Respondents were asked to select one of the above options to describe their policies for valuation gains in margin trading.

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, Nomura Securities conducts a monthly survey—the Nomura Individual Investor Survey. The results of the survey have been published monthly since April 2006.

Survey method: Questionnaire conducted electronically using the internet monitor questionnaire service administered by Nomura Investor Relations Co., Ltd.

Survey target: Survey sent to 3,000 individual investors randomly selected from the approximately 24,000 with equity investment experience participating in Nomura Investor Relations' internet monitor questionnaire service.

Number of responses: 1,000 (survey closed when 1,000 responses received).

Survey period: Survey distributed on 1 August, with deadline for responses on 2 August.

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 (August 2016) respondents

Gender: Male (83.0%), female (17.0%)

Age: Under 30 (0.9%), 30–39 (8.4%), 40–49 (27.1%), 50–59 (31.1%), 60 and above (32.5%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.5%), professional (physician/medical professional, lawyer, etc) (2.1%), company management/corporate officer (3.8%), company employee/public servant (47.4%), student (0.3%), full-time homemaker (7.1%), part-time worker/casual worker/job-hopper (5.8%), unemployed/pensioner (22.6%), other (2.4%)

Region: Kanto (49.0%), Kinki (21.1%), Tokai/Koshinetsu/Hokuriku (14.6%), Hokkaido/Tohoku (5.6%), Chugoku/Shikoku/Kyushu (9.7%)

Financial assets held: Less than ¥1,000,000 (6.3%), ¥1,000,000–¥2,999,999 (8.8%), ¥3,000,000–¥4,999,999 (13.6%), ¥5,000,000–¥9,999,999 (18.8%), ¥10,000,000–¥29,999,999 (27.6%), ¥30,000,000–¥49,999,999 (12.0%), ¥50,000,000 or more (12.9%)

Value of domestic stocks held: Less than ¥500,000 (11.9%), ¥500,000–¥999,999 (10.5%), ¥1,000,000–¥2,999,999 (22.7%), ¥3,000,000–¥4,999,999 (17.2%), ¥5,000,000–¥9,999,999 (15.5%), ¥10,000,000–¥29,999,999 (15.3%), ¥30,000,000 or more (6.9%)

Investment experience: Less than three years (5.1%), three years to less than five years (9.1%), five years to less than 10 years (22.0%), 10 years to less than 20 years (32.5%), 20 years or more (31.3%)

Investment plan for domestic stocks: Mainly for long-term holding (43.7%), pursuit of gains from short-term appreciation (11.3%), pursuit of dividends and shareholder perks (27.2%), no particular plan (17.8%)

Notice

The next Nomura Individual Investor Survey (September 2016) is scheduled for release on Thursday, 15 September 2016.

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*.
6% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 10% of companies with this rating are investment banking clients of the Nomura Group*.
As at 30 June 2016. **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.

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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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Target Price

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