News Release

NOMURA

Nomura Individual Investor Survey

June 2017

22 June 2017

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 second consecutive month, to 50.6

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 50.6 in June 2017, rising m-m for the second consecutive month to its highest level since February 2016. The Nikkei 225 reference level (12 June 2017 close) was 19,908.58, up 38.73 from the previous survey (15 May 2017 close of 19,869.85).

(2) Investor focus ranking of "domestic politics" rises, 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 "domestic politics" rose 3.4ppt m-m to 7.7%, while the response rate for "international affairs" fell 5.7ppt m-m to 56.0%.

(3) Appeal of electrical equipment/precision equipment sector rises, that of capital goods/other sector falls

On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the electrical equipment/precision equipment sector rose 4.5pt m-m to 2.9, thereby registering the second consecutive monthly rise and moving into positive territory for the first time since January 2015. In contrast, the DI for the capital goods/other sector fell 3.1pt m-m to 3.8, the first such decline in six months.

(4) Slight rise in number of investors expecting yen depreciation 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 38.6%, up 0.6ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" declined 0.1ppt to 32.8%, while the response rate for "fall of about ¥10 against the dollar" rose 0.7ppt to 4.5%. The response rate for "fall of more than ¥10 against the dollar" remained flat m-m at 1.3%.

The response rate for "rise of about ¥5 against the dollar" fell 0.9ppt m-m to 42.6%, while that for "rise of more than ¥10 against the dollar" fell 0.9ppt to 2.9%. The response rate for "rise of about ¥10 against the dollar" rose 1.2ppt m-m to 15.9%.

(5) Investment appeal of US dollar declines sharply

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 US dollar fell 10.6pt m-m to 22.3, while the DI for the yen rose 6.1pt to 31.7. The DIs for the Brazilian real and the Chinese yuan rose 4.6pt and 4.8pt respectively, taking them into shallower negative territory.

(6) Appeal of 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 foreign equities rose 1.1pt m-m to 10.3. In contrast, the DI for foreign bonds declined 1.7pt m-m to 2.2.

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

When asked for their outlook for prices of regularly purchased goods and services one year out, the percentage of respondents selecting one of the "rise" responses increased 2.4ppt m-m to 41.9%, while the percentage selecting one of the "fall" responses declined 1.8ppt m-m to 13.3%. The proportion of respondents selecting the "no change" response fell 0.6ppt m-m to 44.8%.

(8) Awareness of capital efficiency at Japanese companies

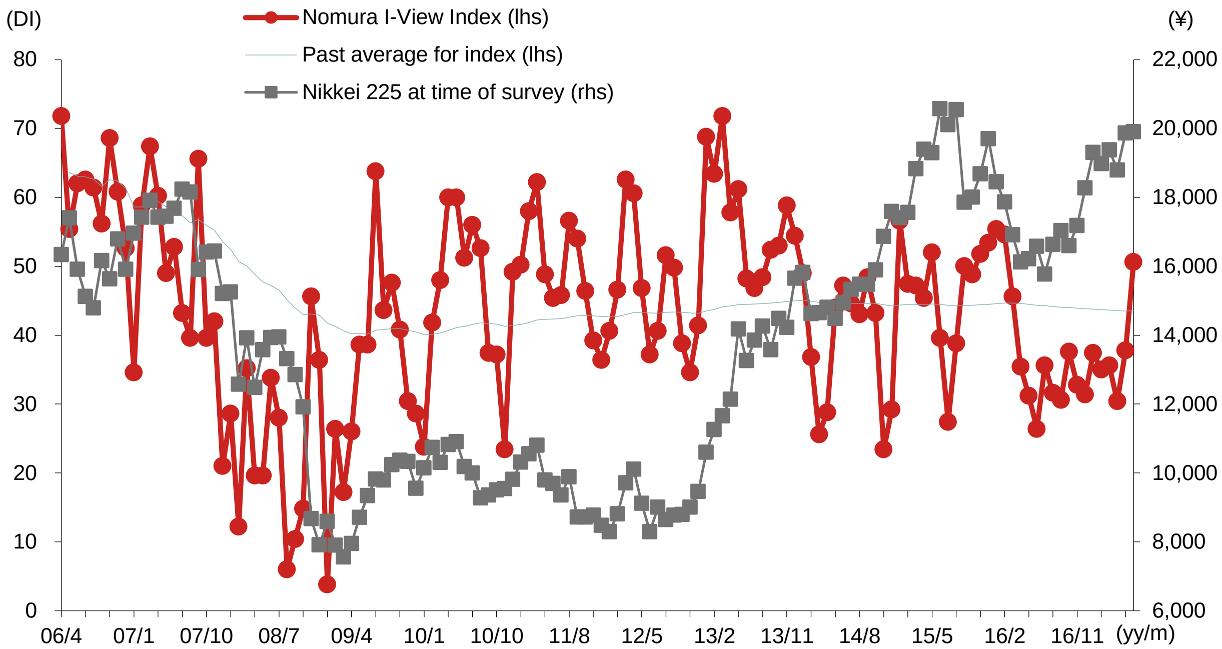
For this month's spot questions, we asked investors about (1) their stance on capital efficiency at Japanese companies and (2) what impact growth in the number of Japanese companies attempting to become more capital efficient might have on their investment approach. In response to our question, "do you think that Japanese companies have become more aware of capital efficiency considering the recent increase in the value of authorized share buyback programs in Japan?," the highest response rate, of 24.6%, was for the option "awareness has grown, but will not last long," followed by "awareness has grown and will do so more in the future" (24.5%, up 6.3ppt on a similar survey carried out in June 2016). In response to our second question, "if more Japanese companies adopt a stronger focus on capital efficiency, including dividend hikes and investment in new businesses as well as share buybacks, what impact will this have on your investment approach?," the highest response rate was for "no change in investment approach (no impact)," at 43.9%. However, "more active approach to equity investment" saw an 8.3ppt rise in its response rate versus the June 2016 survey, to 34.9%.

2. Survey results

(1) Nomura I-View Index rises for second consecutive month, to 50.6

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 50.6 in June 2017, rising m-m for the second consecutive month to its highest level since February 2016. The Nikkei 225 reference level (12 June 2017 close) was 19,908.58, up 38.73 from the previous survey (15 May 2017 close of 19,869.85) (Figure 1).

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

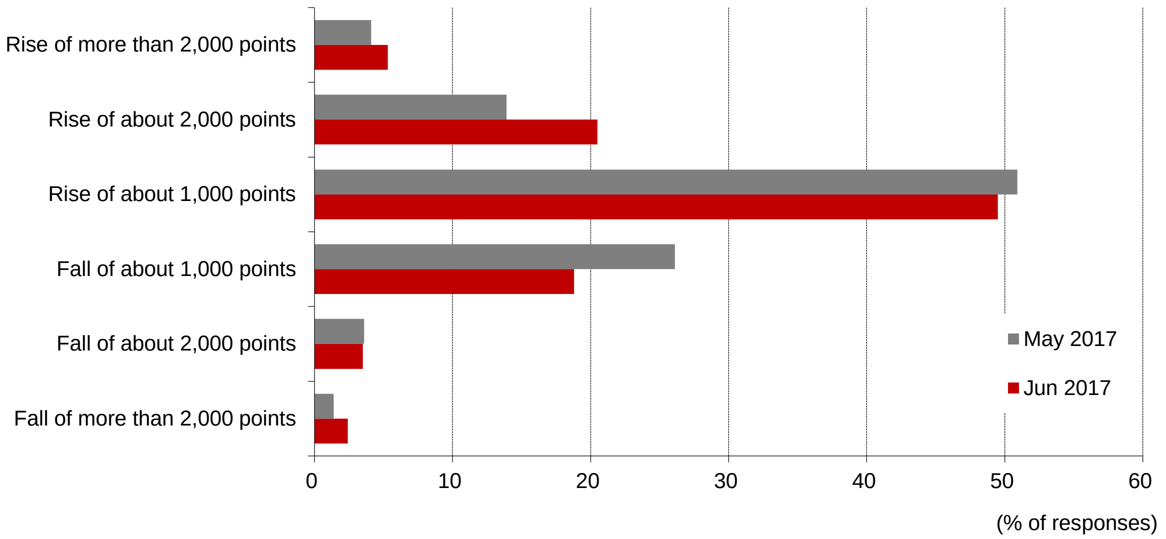


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: ([(number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share 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 proportion of respondents expecting the Nikkei 225 to rise over the next three months was 75.3%, up 6.4ppt from 68.9% the previous month. The proportion of respondents expecting a "rise of about 2,000 points" was 20.5%, up 6.6ppt m-m, while the proportion of respondents expecting a "rise of more than 2,000 points" was 5.3%, up 1.2ppt m-m. In contrast, the proportion selecting "rise of about 1,000 points" declined 1.4ppt to 49.5%.

The proportion selecting a "fall of about 1,000 points" declined 7.3ppt to 18.8%, while the proportion selecting a "fall of about 2,000 points fell 0.1ppt to 3.5%. In contrast, the proportion of investors expecting a “fall of more than 2,000 points” was 2.4%, up 1.0ppt m-m (Figure 2).

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

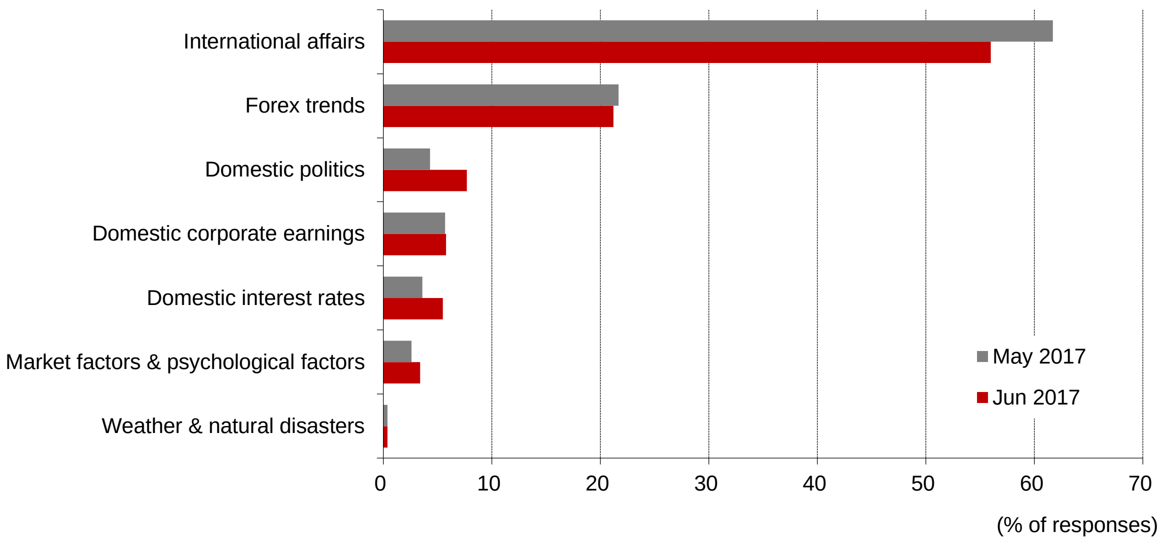


Note: Respondents were asked to share their outlook for the Nikkei 225 over the next three months based on the 12 June 2017 close of 19,908. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Investor focus ranking of "domestic politics" rises, 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 "domestic politics" rose 3.4ppt m-m to 7.7%, while the response rate for "international affairs" fell 5.7ppt m-m to 56.0% (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 electrical equipment/precision equipment sector rises, that of capital goods/other sector falls

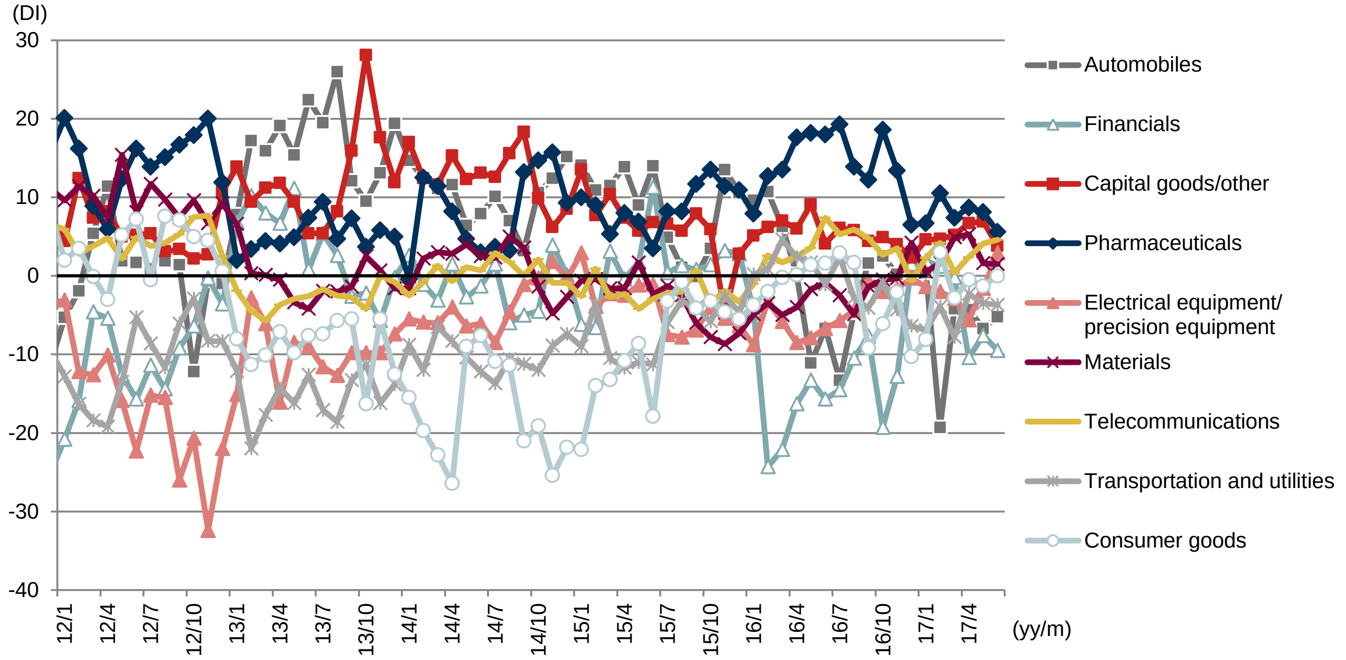
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the electrical equipment/precision equipment sector rose 4.5pt m-m to 2.9, thereby registering the second consecutive monthly rise and moving into positive territory for the first time since January 2015. In contrast, the DI for the capital goods/other sector fell 3.1pt m-m to 3.8, the first such decline in six months (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	5.6	11.8	6.2	8.1
Telecommunications	4.6	7.9	3.3	4.1
Capital goods/other	3.8	11.2	7.4	6.9
Electrical equipment/precision equipment	2.9	13.7	10.8	-1.6
Materials	1.5	12.7	11.2	1.6
Consumer goods	0.0	14.5	14.5	-1.3
Transportation and utilities	-3.7	6.9	10.6	-3.5
Automobiles	-5.2	11.1	16.3	-6.7
Financials	-9.5	10.2	19.7	-7.6

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 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: DIs for investment appeal of 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	75	9020	East Japan Railway	10
9984	Softbank Group	48	2702	McDonald's Holdings (Japan)	9
8267	Aeon	19	7974	Nintendo	9
9202	ANA Holdings	17	8316	Sumitomo Mitsui Financial Group	9
8411	Mizuho Financial Group	16	9437	NTT Docomo	9
6752	Panasonic	15	2327	NS Solutions	8
6758	Sony	15	3402	Toray Industries	8
8306	Mitsubishi UFJ Financial Group	15	6501	Hitachi	8
6502	Toshiba	14	7201	Nissan Motor	8
4502	Takeda Pharmaceutical	13	3197	Skylark	7
8058	Mitsubishi Corp	13	4901	Fujifilm Holdings	7
7751	Canon	12	5401	Nippon Steel & Sumitomo Metal	7
2811	Kagome	11	8604	Nomura Holdings	7
4661	Oriental Land	10	8750	Dai-ichi Life Holdings	7
6594	Nidec	10	9432	Nippon Telegraph and Telephone	7
7267	Honda Motor	10			

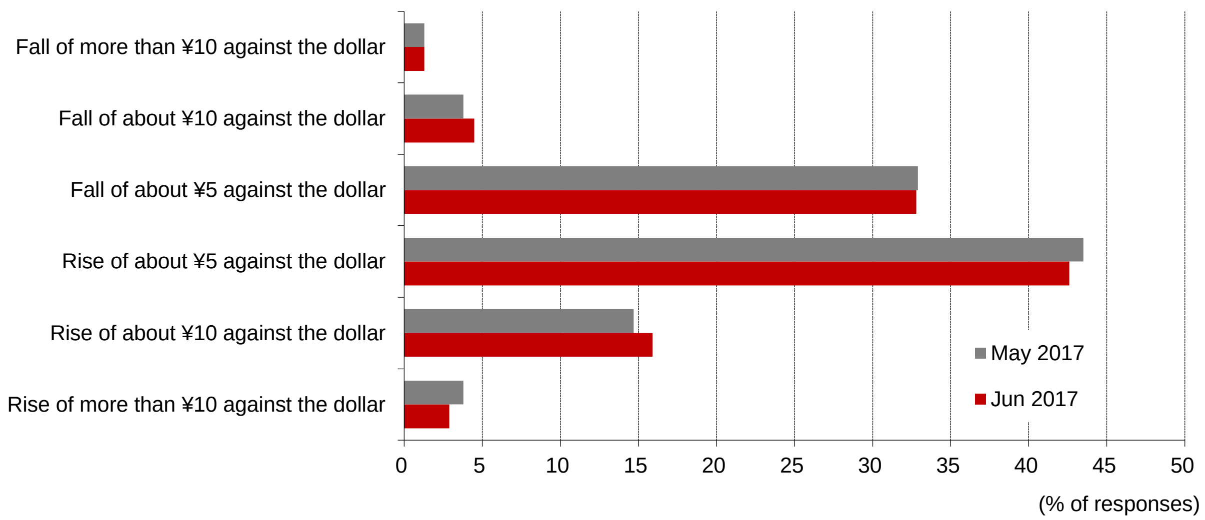
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

(5) Slight rise in number of investors expecting yen depreciation 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 38.6%, up 0.6ppt from the previous month. The response rate for "fall of about ¥5 against the dollar" declined 0.1ppt to 32.8%, while the response rate for "fall of about ¥10 against the dollar" rose 0.7ppt to 4.5%. The response rate for "fall of more than ¥10 against the dollar" remained flat m-m at 1.3%.

The response rate for "rise of about ¥5 against the dollar" fell 0.9ppt m-m to 42.6%, while that for "rise of more than ¥10 against the dollar" fell 0.9ppt to 2.9%. The response rate for "rise of about ¥10 against the dollar" rose 1.2ppt m-m to 15.9% (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 12 June 2017 indicative rate of 110.23. 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 US dollar declines sharply

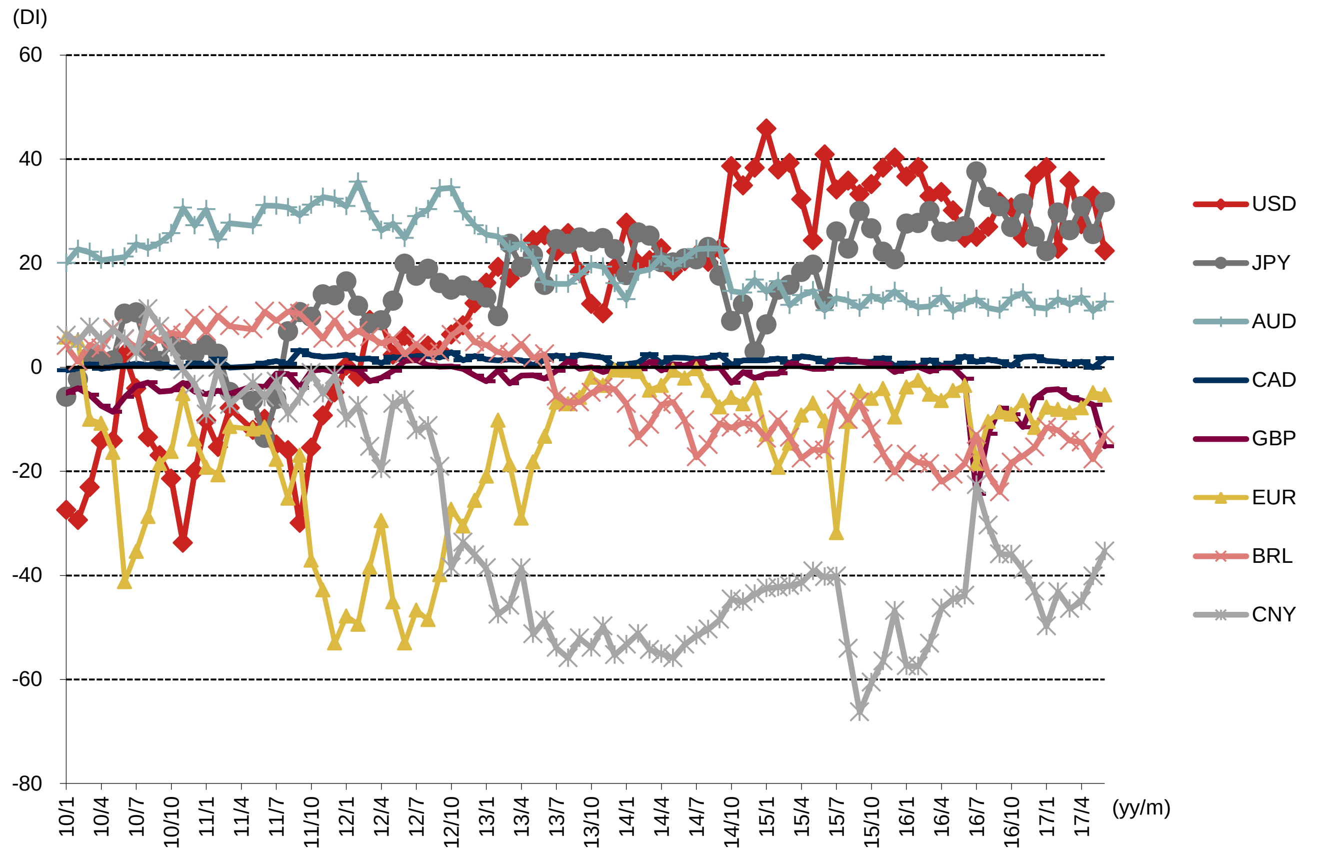
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the US dollar fell 10.6pt m-m to 22.3, while the DI for the yen rose 6.1pt to 31.7. The DIs for the Brazilian real and the Chinese yuan rose 4.6pt and 4.8pt respectively, taking them into shallower negative territory (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	31.7	38.2	6.5	25.6
US dollar	22.3	31.5	9.2	32.9
Australian dollar	12.5	14.5	2.0	10.8
Canadian dollar	1.7	2.6	0.9	-0.1
Euro	-5.3	5.6	10.9	-4.9
Brazilian real	-13.1	2.2	15.3	-17.7
Pound sterling	-15.2	1.8	17.0	-7.2
Chinese yuan	-35.4	2.4	37.8	-40.2

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 foreign equities among financial instruments rises

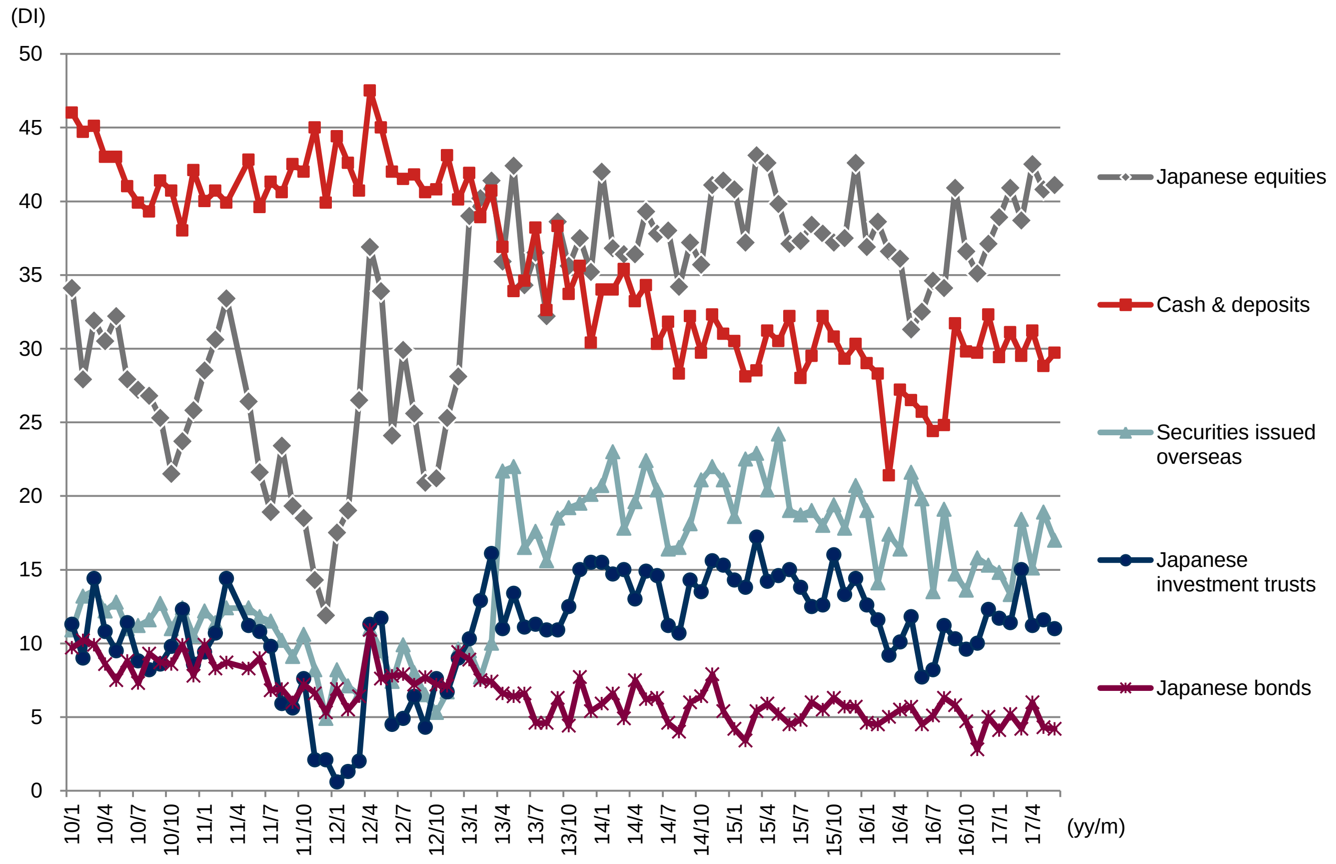
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for foreign equities rose 1.1pt m-m to 10.3. In contrast, the DI for foreign bonds declined 1.7pt m-m to 2.2 (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	41.1	51.3	10.2	40.8
Cash & deposits	29.7	34.7	5.0	28.8
Japanese investment trusts	11.0	18.2	7.2	11.6
Foreign equities	10.3	11.7	1.4	9.2
Gold	8.6	9.4	0.8	9.0
Foreign investment trusts	4.5	6.2	1.7	5.8
Japanese bonds	4.2	6.1	1.9	4.3
Foreign bonds	2.2	4.0	1.8	3.9
Hybrid securities	1.2	1.8	0.6	1.6
Other	1.1	1.3	0.2	0.7
None	-46.5	30.4	76.9	-45.9

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 higher one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, the percentage of respondents selecting one of the "rise" responses increased 2.4ppt m-m to 41.9%, while the percentage selecting one of the "fall" responses declined 1.8ppt m-m to 13.3%. The proportion of respondents selecting the "no change" response fell 0.6ppt m-m to 44.8% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.2	1.3
2	Fall of 2% up to 5%	3.3	4.5
3	Fall of less than 2%	7.8	9.3
4	No change (0%)	44.8	45.4
5	Rise of less than 2%	32.3	30.7
6	Rise of 2% up to 5%	8.1	7.7
7	Rise of 5% or more	1.5	1.1
	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) Awareness of capital efficiency at Japanese companies

For this month's spot question, we asked investors about their stance on capital efficiency at Japanese companies. In response to our question, "do you think that Japanese companies have become more aware of capital efficiency considering the recent increase in the value of authorized share buyback programs in Japan?," the highest response rate, of 24.6%, was for the option "awareness has grown, but will not last long," followed by "awareness has grown and will do so more in the future" (24.5%, up 6.3ppt on a similar survey carried out in June 2016) (Figure 13).

Fig. 13: Awareness of capital efficiency at Japanese companies

	Choices	% of responses	(Ref): % of responses in previous survey (Jun 2016)
1	Awareness has grown and will do so more in the future	24.5	18.2
2	Awareness has grown, but will not last long	24.6	26.3
3	Awareness has not grown, but will do so in the future	20.6	22.4
4	Awareness has not grown and will not do so in the future	10.3	10.6
5	Don’t know	20.0	22.5
	Total	100.0	100.0

Note: Respondents were asked to select one of the above five responses to the question: "Do you think that Japanese companies have become more aware of capital efficiency considering that share buybacks have been increasing?"

We then asked investors what impact growth in the number of Japanese companies attempting to become more capital efficient might have on their investment approach. In response to our second question, "if more Japanese companies adopt a stronger focus on capital efficiency, including dividend hikes and investment in new businesses as well as share buybacks, what impact will this have on your investment approach?," the highest response rate was for "no change in investment approach (no impact)," at 43.9%. However, "more active approach to equity investment" saw an 8.3ppt rise in its response rate versus the June 2016 survey, to 34.9% (Figure 14).

Fig. 14: Impact on investment approach if more Japanese companies adopt stronger focus on capital efficiency

	Choices	% of responses	(Ref): % of responses in previous survey (Jun 2016)
1	More active approach to equity investment	34.9	26.6
2	More passive approach to equity investment	7.7	15.2
3	No change in investment approach (no impact)	43.9	41.7
4	Don’t know	13.5	16.5
	Total	100.0	100.0

Note: Respondents were asked to select one of the above four responses to the question: "If more Japanese companies adopt a stronger focus on capital efficiency, including dividend hikes and investment in new businesses as well as share buybacks, what impact will this have on your investment approach? Please select the option that best describes the impact on your investment approach.”

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 12 June, with deadline for responses on 13 June 2017.

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 (June 2017) respondents

Gender: Male (84.6%), female (15.4%)

Age: Under 30 (1.1%), 30–39 (7.7%), 40–49 (21.7%), 50–59 (27.5%), 60 and above (42.0%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.6%), professional (physician/medical professional, lawyer, etc) (2.8%), company management/corporate officer (3.2%), company employee/public servant (45.2%), student (0.1%), full-time homemaker (8.2%), part-time worker/casual worker/job-hopper (5.7%), unemployed/pensioner (25.0%), other (2.2%)

Region: Kanto (49.9%), Kinki (20.9%), Tokai/Koshinetsu/Hokuriku (15.6%), Hokkaido/Tohoku (5.4%), Chugoku/Shikoku/Kyushu (8.2%)

Financial assets held: Less than ¥1,000,000 (5.3%), ¥1,000,000–¥2,999,999 (8.4%), ¥3,000,000–¥4,999,999 (10.5%), ¥5,000,000–¥9,999,999 (17.5%), ¥10,000,000–¥29,999,999 (30.7%), ¥30,000,000–¥49,999,999 (14.0%), ¥50,000,000 or more (13.6%)

Value of domestic stocks held: Less than ¥500,000 (10.5%), ¥500,000–¥999,999 (11.6%), ¥1,000,000–¥2,999,999 (22.8%), ¥3,000,000–¥4,999,999 (15.8%), ¥5,000,000–¥9,999,999 (16.4%), ¥10,000,000–¥29,999,999 (16.3%), ¥30,000,000 or more (6.6%)

Investment experience: Less than three years (2.7%), three years to less than five years (8.2%), five years to less than 10 years (21.8%), 10 years to less than 20 years (31.0%), 20 years or more (36.3%)

Investment plan for domestic stocks: Mainly for long-term holding (46.5%), pursuit of gains from short-term appreciation (12.1%), pursuit of dividends and shareholder perks (27.7%), no particular plan (13.7%)

Notice

The next Nomura Individual Investor Survey (July 2017) is scheduled for release on Friday, 21 July 2017.

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

Important Disclosures

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6% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; Instinet LLC has provided investment banking services to 0% of companies with this rating within the previous 12 months.

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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.

SECTORS

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

Target Price

A Target Price, if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

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