

Nomura Individual Investor Survey

June 2019

20 June 2019

Global Research Division
Nomura Securities Co., Ltd.

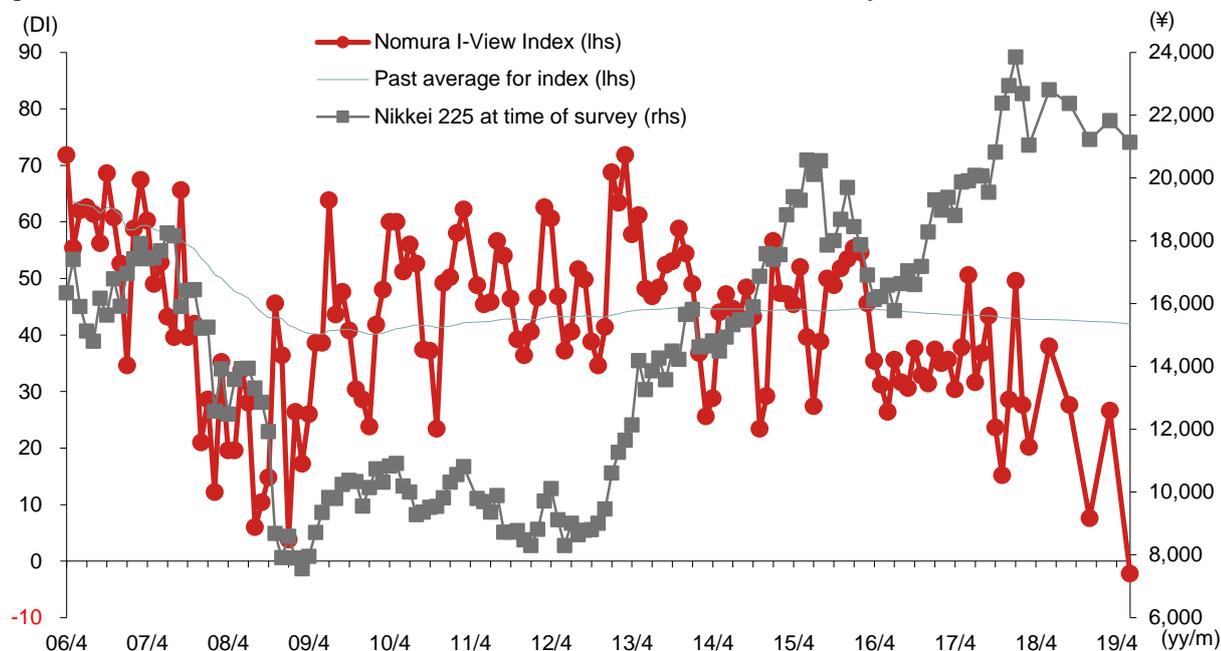
The Nomura Individual Investor Survey is a periodic survey conducted with the aim of better understanding investing activity by individuals and providing information on related trends.

1. Survey results

(1) Nomura I-View Index negative for first time since survey began in April 2006, at -2.2

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 -2.2 in June 2019, down 28.8pt versus the previous survey in March 2019, and the first negative reading since the survey began in April 2006. The Nikkei 225 reference level at the time of the survey (10 June 2019 close) was 21,134.42, down 687.62 versus the previous survey (4 March 2019 close of 21,822.04).

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

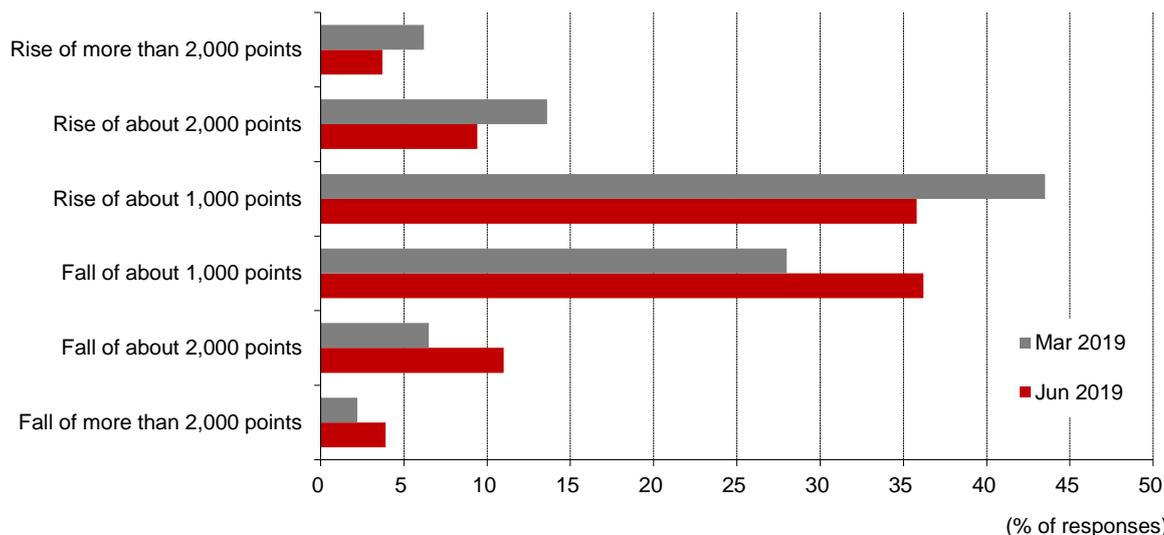


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: $\frac{((\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months}))}{\text{number of respondents}} \times 100$. 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 percentage of respondents expecting the Nikkei 225 to rise over the next three months was 48.9%, down 14.4ppt from 63.3% in the previous survey. The percentage of respondents expecting a "rise of about 1,000 points" was down 7.7ppt versus the previous survey at 35.8%. The percentage of respondents expecting a "rise of about 2,000 points" was down 4.2ppt at 9.4%, while the percentage expecting a "rise of more than 2,000 points" fell 2.5ppt to 3.7%.

The percentage expecting a "fall of about 1,000 points" rose 8.2ppt to 36.2%. The percentage expecting a "fall of about 2,000 points" was up 4.5ppt at 11.0%, while the percentage expecting a "fall of more than 2,000 points" was up 1.7ppt at 3.9% (Figure 2).

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

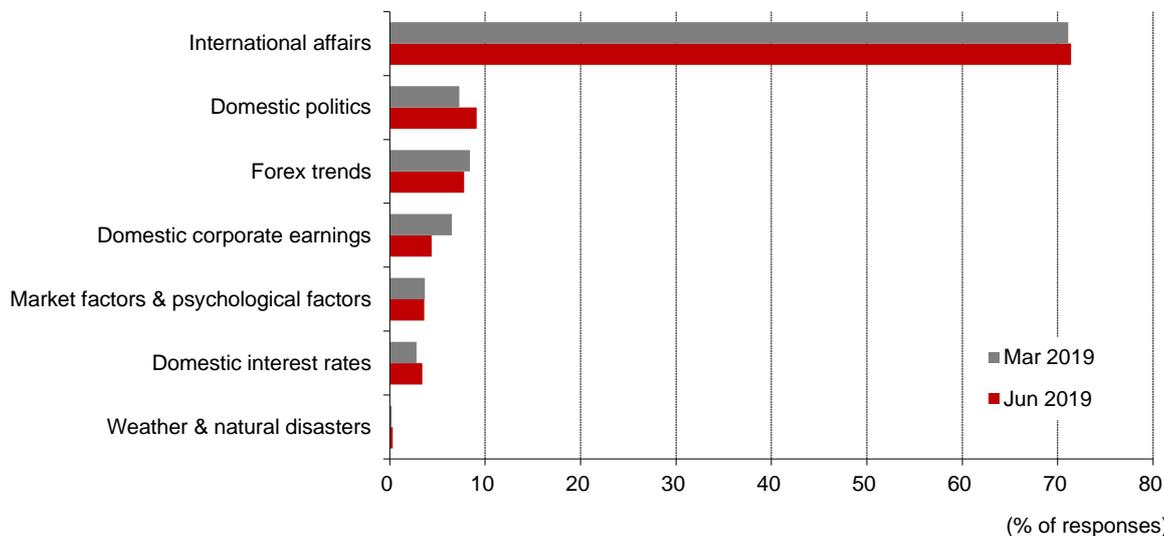


Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 10 June 2019 close of 21,134. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Stronger investor focus on domestic politics and 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 "domestic politics" rose 1.8ppt versus the previous survey to 9.1%, and the response rate for "domestic interest rates" rose 0.6ppt to 3.4%. Meanwhile, the response rate for "domestic corporate earnings" fell 2.1ppt to 4.4%.

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) Appeal of telecommunications sector increases, appeal of financial sector declines

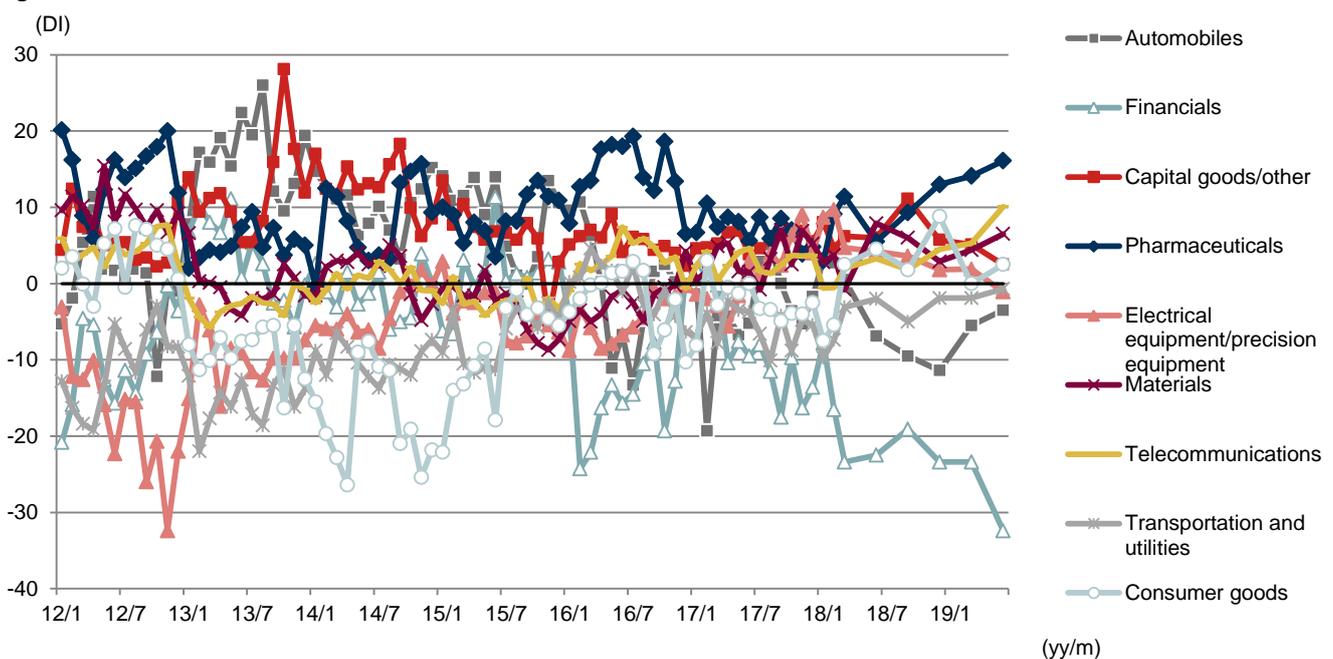
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) for each sector by subtracting the percentage of respondents viewing it as "unappealing" from the percentage of respondents viewing it as "appealing." The DI for the telecommunications sector increased 4.8pt versus the previous survey to 10.1. By contrast, the DI for the financial sector declined 9.0pt to -32.4 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	16.1	18.7	2.6	14.1
Telecommunications	10.1	13.9	3.8	5.3
Materials	6.5	14.3	7.8	4.4
Capital goods/other	2.5	7.7	5.2	5.1
Consumer goods	2.5	16.2	13.7	0.0
Transportation and utilities	-0.7	7.2	7.9	-1.9
Electrical equipment/precision equipment	-1.1	8.4	9.5	1.9
Automobiles	-3.5	9.3	12.8	-5.5
Financials	-32.4	4.3	36.7	-23.4

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 respondents viewing it as "unappealing" from those viewing it as "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 selected sectors



(4) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, regardless of whether their investment horizon is the short term or long term (including stocks actually held), or that they find appealing. We show the most popular responses in Figure 6.

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

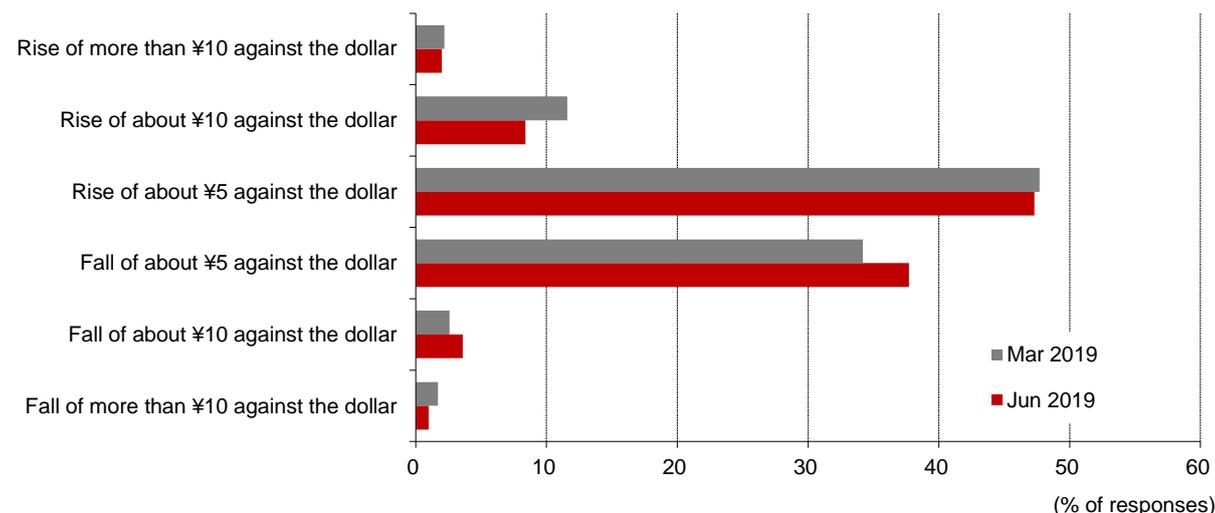
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	78	8058	Mitsubishi Corp	9
9984	SoftBank Group	34	9437	NTT Docomo	9
2897	Nissin Foods Holdings	25	4452	Kao	8
8267	Aeon	25	4503	Astellas Pharma	8
2914	Japan Tobacco	20	4901	Fujifilm Holdings	8
4502	Takeda Pharmaceutical	20	6981	Murata Manufacturing	8
9434	SoftBank Corp	20	8306	Mitsubishi UFJ Financial Group	8
4661	Oriental Land	17	8591	Orix	8
7201	Nissan Motor	15	2802	Ajinomoto	7
9202	ANA Holdings	15	6503	Mitsubishi Electric	7
6752	Panasonic	14	8031	Mitsui & Co	7
3197	Skylark Holdings	13	5401	Nippon Steel	6
9432	Nippon Telegraph and Telephone	13	5411	JFE Holdings	6
4755	Rakuten	10	6861	Keyence	6
6501	Hitachi	10	8411	Mizuho Financial Group	6
6758	Sony	10	9020	East Japan Railway	6
7751	Canon	10	9022	Central Japan Railway	6
3402	Toray Industries	9	9042	Hankyu Hanshin Holdings	6
7267	Honda Motor	9	9424	Japan Communications	6
7974	Nintendo	9	9433	KDDI	6

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

(5) Rise in percentage of investors expecting 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 42.3%, up 3.8ppt from the previous survey. The response rate for "fall of about ¥5 against the dollar" rose 3.5ppt versus the previous survey to 37.7%. The response rate for "fall of about ¥10 against the dollar" rose 1.0ppt to 3.6%, while that for "fall of more than ¥10 against the dollar" fell 0.7ppt to 1.0%.

The response rate for "rise of about ¥5 against the dollar" declined 0.4ppt to 47.3%. The response rate for "rise of about ¥10 against the dollar" fell 3.2ppt to 8.4% and the response rate for "rise of more than ¥10 against the dollar" fell 0.2ppt to 2.0% (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 an indicative rate at noon on 10 June 2019 of 108.47. 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 Japanese yen rises

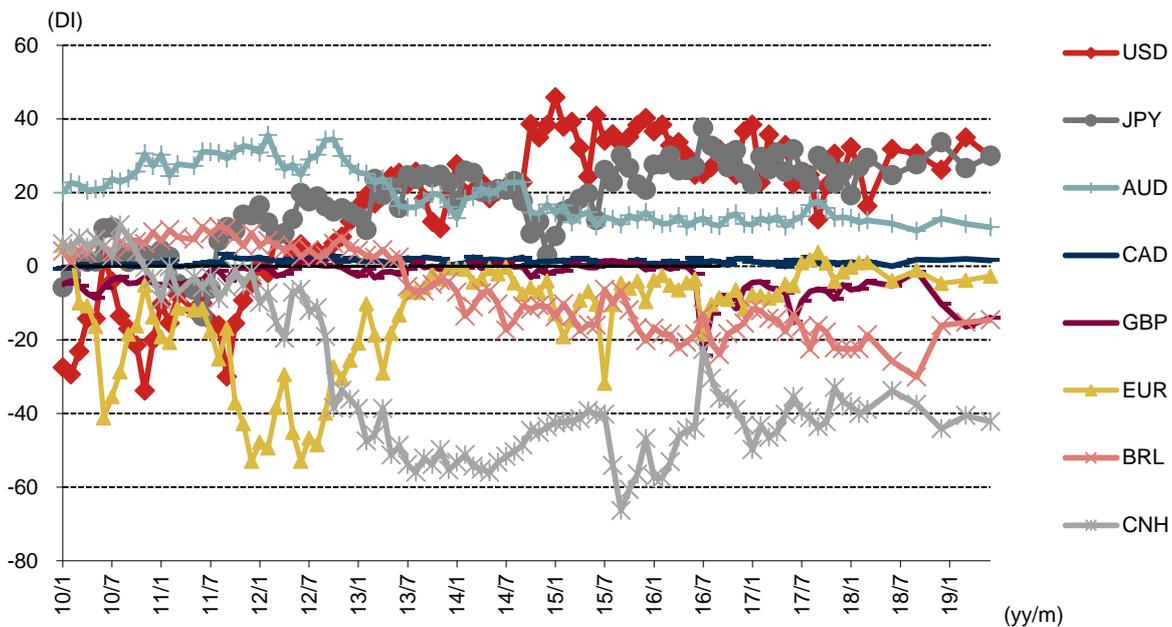
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of respondents viewing the currency as "unappealing" from the percentage viewing it as "appealing." The DI for "Japanese yen" rose 3.4pt from the previous survey to 30.0, and the DI for "pound sterling" rose 2.5pt to -13.9. In contrast, the DI for the US dollar declined by 5.1pt m-m to 29.8. (Figures 8 and 9)

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	30.0	38.2	8.2	26.6
US dollar	29.8	36.8	7.0	34.9
Australian dollar	10.6	12.3	1.7	11.5
Canadian dollar	1.6	2.1	0.5	2.0
Euro	-2.7	3.7	6.4	-3.8
Pound sterling	-13.9	1.6	15.5	-16.4
Brazilian real	-14.6	1.8	16.4	-15.2
Chinese yuan	-42.2	1.3	43.5	-40.5

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 Japanese investment trusts and Japanese bonds among financial instruments rises

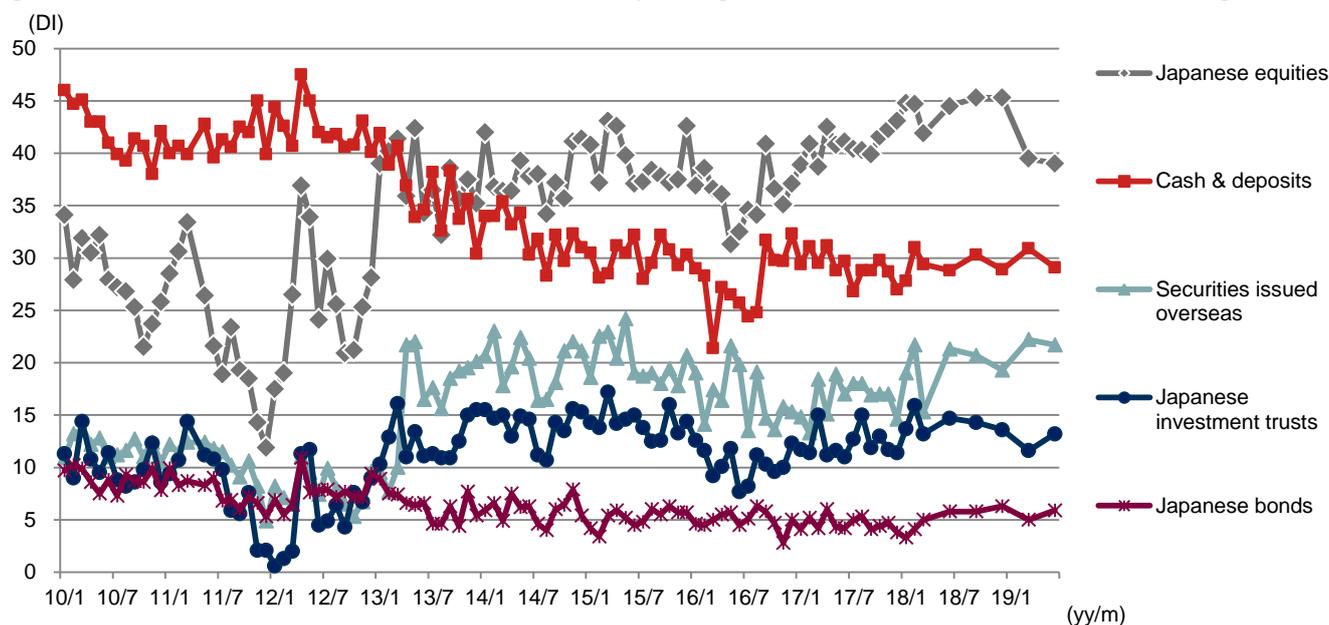
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese investment trusts rose 1.6pt versus the previous survey to 13.2, while the DI for Japanese bonds rose 0.9pt to 5.9 (Figure 10).

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	39.0	49.4	10.4	39.5
Cash & deposits	29.1	34.1	5.0	30.9
Japanese investment trusts	13.2	20.4	7.2	11.6
Foreign equities	12.3	12.9	0.6	12.2
Gold	6.9	7.0	0.1	8.7
Japanese bonds	5.9	8.0	2.1	5.0
Foreign investment trusts	5.5	6.8	1.3	5.5
Foreign bonds	3.9	5.1	1.2	4.5
Hybrid securities	2.3	2.5	0.2	2.0
Other	0.9	1.1	0.2	0.9
None	-47.3	30.3	77.6	-47.2

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, 53.1% of respondents selected a "rise" response, up 1.8ppt from last time. The percentage of respondents selecting a "no change" response was down 3.0ppt at 31.4%. The percentage of respondents selecting a "fall" response rose 1.2ppt to 15.5% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.6	3.2
2	Fall of 2% up to 5%	4.0	4.3
3	Fall of less than 2%	7.9	6.8
4	No change (0%)	31.4	34.4
5	Rise of less than 2%	28.4	31.6
6	Rise of 2% up to 5%	20.4	15.4
7	Rise of 5% or more	4.3	4.3
	Total	100	100

Note: Respondents were asked to select one response to the question: "How do you expect prices of regularly purchased goods and services to differ from current levels one year out?"

(9) Intentions regarding exercise of voting rights at general shareholders' meetings and views on US-China trade friction

For this month's spot questions, we asked investors about their intentions regarding the exercise of their voting rights at upcoming general shareholders' meetings and about their views on the trade friction between the US and China.

A total of 54.5% said they planned to exercise their voting rights (sum of responses 1 and 2 in Figure 13), more than the 27.0% who said they planned not to. The percentage saying they planned to exercise their voting rights (54.5%) was higher than the response rate of 53.6% for the same question in our June 2018 survey. The percentage saying they planned not to exercise their voting rights was, at 27.0%, down slightly from 27.6% in the June 2018 survey. The percentage of "undecided" responses fell 0.3ppt (Figure 13).

Fig. 13: Intentions regarding the exercise of voting rights at general shareholders' meetings

	Choices	No. of respondents	% of total
1	I plan to exercise my voting rights for all the companies in which I hold shares	382	38.2
2	I plan to exercise my voting rights for only some of the companies in which I hold shares	163	16.3
3	I plan not to exercise my voting rights for any of the companies in which I hold shares	270	27.0
4	Undecided	185	18.5
	Total	1,000	100.0

Note: Respondents were asked to select one of the four responses listed above to the question of whether they intended to exercise their voting rights at upcoming general shareholders' meetings.

Of the respondents saying they planned to exercise their voting rights (those selecting response 1 or 2 in Figure 13; 545 this time, versus 536 in June 2018), 41.7% said they intended to vote in favor of all resolutions, down from last year's figure of 43.3%. Of resolutions respondents said they might oppose (multiple responses allowed), response rates were highest for director compensation (27.5%), retirement bonuses for directors (26.4%), and dividends (use of surplus funds) (19.4%) (Figure 14).

Fig. 14: Resolutions investors may vote against

	Choices	No. of respondents	% of total
1	I plan to vote in favor of all resolutions (and oppose none)	227	41.7
2	Dividends (use of surplus funds)	106	19.4
3	Director compensation	150	27.5
4	Retirement bonuses for directors	144	26.4
5	Stock options	52	9.5
6	Appointment of directors/auditors (including auditors at companies with an audit board)	79	14.5
7	Takeover defense measures	42	7.7
8	Change in the number of directors (increase, decrease, setting of upper limit, etc)	57	10.5
9	Change in the maximum number of issuable shares	46	8.4
10	Share buybacks	14	2.6
11	Other	4	0.7
	Total	921	-

Note: Investors who chose response 1 or 2 to the question in Figure 13 ("I plan to exercise my voting rights for all the companies in which I hold shares" and "I plan to exercise my voting rights for only some of the companies in which I hold shares") were asked to select all of the resolutions from among those given that they might vote against (multiple responses allowed).

Of respondents who said they did not plan to exercise their voting rights (those selecting response 3 in Figure 13; 270 this time), the highest response rate for reasons why they did not plan to do so (multiple responses allowed) was for "Because my vote would have little impact, or would be meaningless" at 59.6%. There were also high response rates for "Because it is a hassle" (34.8%) and "Because I have no interest in exercising my voting rights" (21.9%) (Figure 15).

Fig. 15: Reasons for not planning to exercise voting rights

	Choices	No. of respondents	% of total
1	Because my vote would have little impact, or would be meaningless	161	59.6
2	Because it is a hassle	94	34.8
3	Because I have no interest in exercising my voting rights	59	21.9
4	Because none of the resolutions requires me to express an opinion	32	11.9
5	Because I cannot attend the general meeting or I have no time to complete the paperwork or internet forms	25	9.3
6	Because my investment style is mainly short term or aimed at capital gains, so I do not view exercising my voting rights as important	8	3.0
7	Because I do not have the time to study the resolutions	11	4.1
8	Because I do not understand the resolutions well	16	5.9
9	Other	1	0.4
	Total	407	-

Note: Investors who chose response 3 to the question in Figure 13 ("I plan not to exercise my voting rights for any of the companies in which I hold shares") were asked to select all of the answers from among those given above that described their reasons for not planning to exercise their voting rights.

We also asked investors how long they thought the current trade friction between the US and China would last, and about their investment behavior during the period of trade friction. In response to the question of how long they thought the current trade friction would last, 29.9% selected the response "The trade friction between the two countries will last for more than one year and will have a negative impact on the global economy" (Figure 16).

Fig. 16: Duration of US-China trade friction

	Choices	No. of respondents	% of total
1	The two countries will come to an agreement soon in view of the economic effects of the trade friction, and the friction will come to an end, for example with a lowering of tariffs, after around three months	74	7.4
2	Negotiations between the two countries will take some time, but the trade friction will come to an end before the end of 2019 (ie, after around six months)	195	19.5
3	The trade friction will continue until 2020 H2 (ie, around one year from now), when the US presidential election campaigns will get fully under way	295	29.5
4	The trade friction between the two countries will last for more than one year and will have a negative impact on the global economy	299	29.9
5	Don't know.	137	13.7
	Total	1,000	100

Note: Respondents were asked to select one response to the question: "How long do you think the current trade friction between the US and China will last?"

They were also asked about their investment behavior while this trade friction is ongoing (Figure 17). The most popular response, with a response rate of 68.3%, was "I have not done anything in particular".

Fig. 17: Investment behavior amid US-China trade friction

	Choices	No. of respondents	% of total
1	I have reduced my exposure to equities and other types of risk assets because of concerns about the impact of the trade friction on the global economy	122	12.2
2	I have increased my exposure to equities and other kinds of risk assets because I think that the US and China will reach an agreement soon in view of the economic impact of the trade friction	93	9.3
3	I have not done anything in particular because it is hard to predict how the trade friction will affect the global economy and the financial and equity markets	683	68.3
4	Other	102	10.2
	Total	1,000	100

Note: Respondents were asked to select the response that most closely reflected their investment behavior following the fall in share prices since May amid concerns about the negative impact of US-China trade friction.

2. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, Nomura Securities periodically conducts a survey—the Nomura Individual Investor Survey. The results of the survey have been published 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 10 June, with deadline for responses on 11 June 2019.

Survey content: Questions included each time 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 time and queried about their personal profiles.

3. Nomura Individual Investor Survey (June 2019) respondents

Gender: Male (84.7%), female (15.3%)

Age: Under 30 (0.4%), 30–39 (3.8%), 40–49 (18.6%), 50–59 (32.0%), 60 and above (45.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.5%), professional (physician/medical professional, lawyer, etc) (2.9%), company management/board member (5.7%), company employee/public servant (43.9%), student (0.2%), full-time homemaker (6.7%), part-time worker/casual worker/job-hopper (4.6%), unemployed/pensioner (26.4%), other (2.1%)

Region: Kanto (50.5%), Kinki (18.3%), Tokai/Koshinetsu/Hokuriku (15.0%), Hokkaido/Tohoku (4.6%), Chugoku/Shikoku/Kyushu (11.6%)

Financial assets held: Less than ¥1,000,000 (4.9%), ¥1,000,000–¥2,999,999 (8.0%), ¥3,000,000–¥4,999,999 (10.2%), ¥5,000,000–¥9,999,999 (15.9%), ¥10,000,000–¥29,999,999 (28.4%), ¥30,000,000–¥49,999,999 (15.0%), ¥50,000,000 or more (17.6%)

Value of Japanese stocks held: Less than ¥500,000 (8.6%), ¥500,000–¥999,999 (10.2%), ¥1,000,000–¥2,999,999 (22.3%), ¥3,000,000–¥4,999,999 (16.7%), ¥5,000,000–¥9,999,999 (17.1%), ¥10,000,000–¥29,999,999 (17.4%), ¥30,000,000 or more (7.7%)

Investment experience: Less than three years (1.6%), three years to less than five years (4.7%), five years to less than 10 years (17.0%), 10 years to less than 20 years (37.0%), 20 years or more (39.7%)

Investment plan for Japanese stocks: Mainly for long-term holding (44.3%), pursuit of gains from short-term appreciation (9.9%), pursuit of dividends and shareholder perks (33.1%), no particular plan (12.7%)

Notice

The next Nomura Individual Investor Survey (September 2019) is scheduled for release on Thursday, 12 September 2019.

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

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As at 31 March 2019.

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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:

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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

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When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.

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 J17 and subsequent issues, the maturity value shall not undercut the face amount.

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