

Nomura Individual Investor Survey

October 2011

4 October 2011

Equity Research Department
Nomura Securities Co., Ltd.

1. Survey overview

(1) Nomura I-View Index at 46.4, down 7.6pt from previous survey

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 "rise" from that for "fall," was 46.4, down 7.6pt from 54.0 the previous month. The number of respondents anticipating a large increase in share prices fell markedly, with the proportion expecting the Nikkei Average to rise by around 2,000pt declining by 13.1ppt, the steepest decrease of the month. The Nikkei Average reference level (20 September close) was 8,721, close to that at the time of the previous survey (19 August close of 8,719).

(2) International affairs again seen as the factor most likely to impact the Japanese stock market

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The ranking of responses was unchanged from last month's survey. International affairs was again the most popular response, selected by 47.5% of respondents, but was down 3.0ppt from last month. Response ratios for all other factors changed by less than 1ppt from last month.

(3) Pharmaceuticals again the most appealing sector

We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The ranking of sectors was unchanged from last month. Pharmaceuticals was again the most appealing sector, but its DI declined 0.5ppt. The largest increase in DI was for capital goods/other (+2.7ppt), and the largest decline was for automobiles (-2.4ppt).

(4) Small rise in expectations of yen appreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the total percentage of respondents expecting the yen to strengthen against the dollar edged up to 43.6%, from 42.6% last month. While the proportion of respondents expecting a rise of about ¥5 increased 1.9ppt, the proportions expecting a rise of about ¥10 or a rise of more than ¥10 against the dollar were flat and down, respectively, compared with last month.

(5) Interest in the euro declines

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing." We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 21st straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). The euro's DI declined the most of any currency, and the currency fell to the bottom of the popularity ranking.

(6) Increased appetite for investment trusts

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. The DI for investment trusts was up 2.0pt m-m, the largest rise of any category of marketable security.

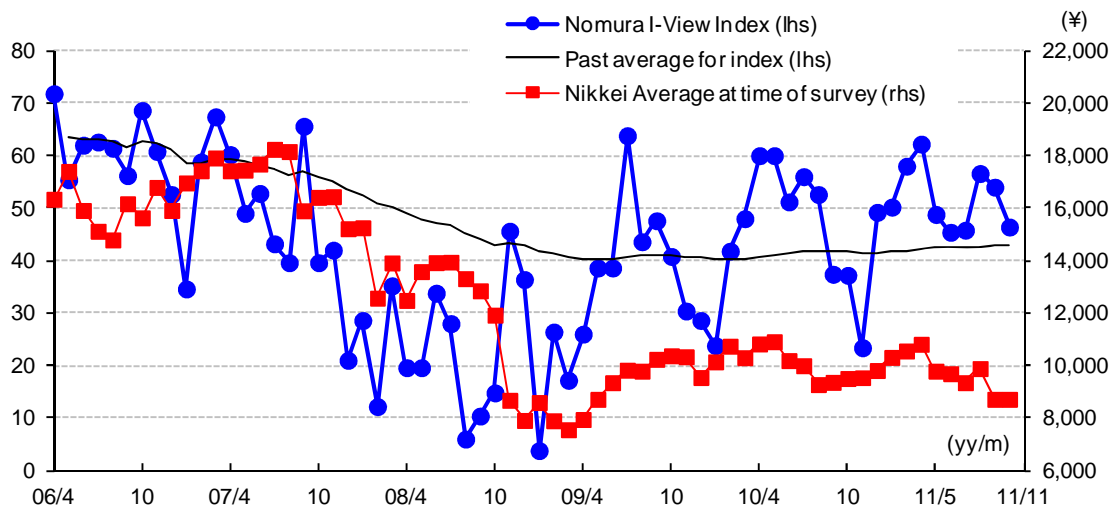
2. Survey results

(1) Nomura I-View Index at 46.4, down 7.6pt from previous survey

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 "rise" from that for "fall," was 46.4, down 7.6pt from 54.0 the previous month. A larger number of individual investors expected share prices to decline (Figure 1).

The Nikkei Average reference level (20 September close) was 8,721, close to that at the time of the previous survey (19 August close of 8,719).

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

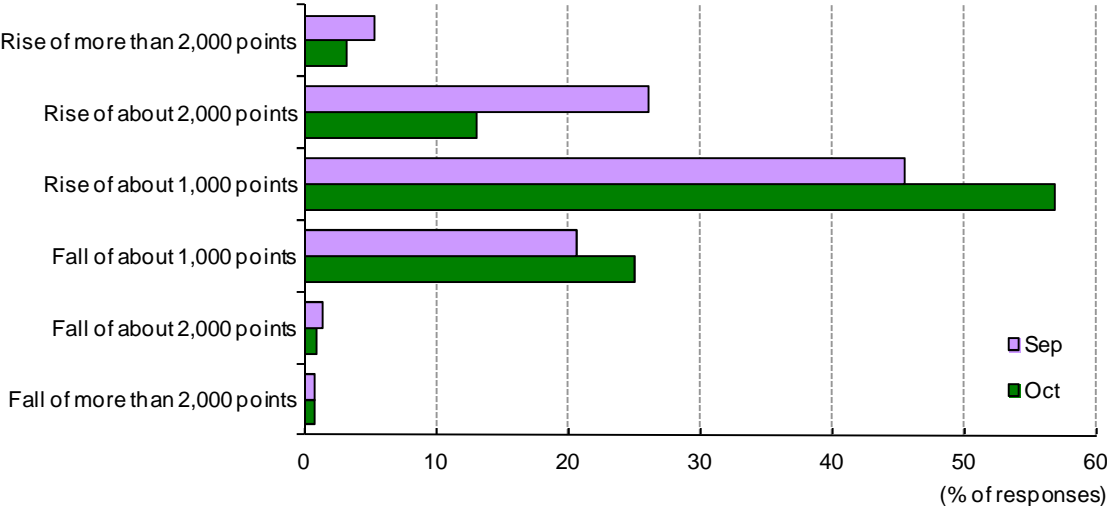


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index. The calculation method is as follows: [(Number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices in the next three months) divided by number of respondents] X 100. The figure for January 2010 used here excludes respondents who projected the Nikkei Average would be flat.

(2) The Nomura I-View Index ranges from -100 to +100. The closer to +100 the figure is, the more bullish the outlook held by individual investors. The closer to -100 the figure is, the more bearish the outlook held by individual investors.

The combined proportion of respondents expecting the Nikkei Average to rise over the next three months was 73.2%, down 3.8ppt from 77.0% as of the previous survey. The number of respondents anticipating a large increase in share prices fell markedly, with the proportion expecting the Nikkei Average to rise by around 2,000pt declining by 13.1ppt, the steepest decrease of the month. The proportion of respondents expecting the index to climb by more than 2,000pt declined 2.1ppt (Figure 2).

2. Outlook for Nikkei Average during the next three months

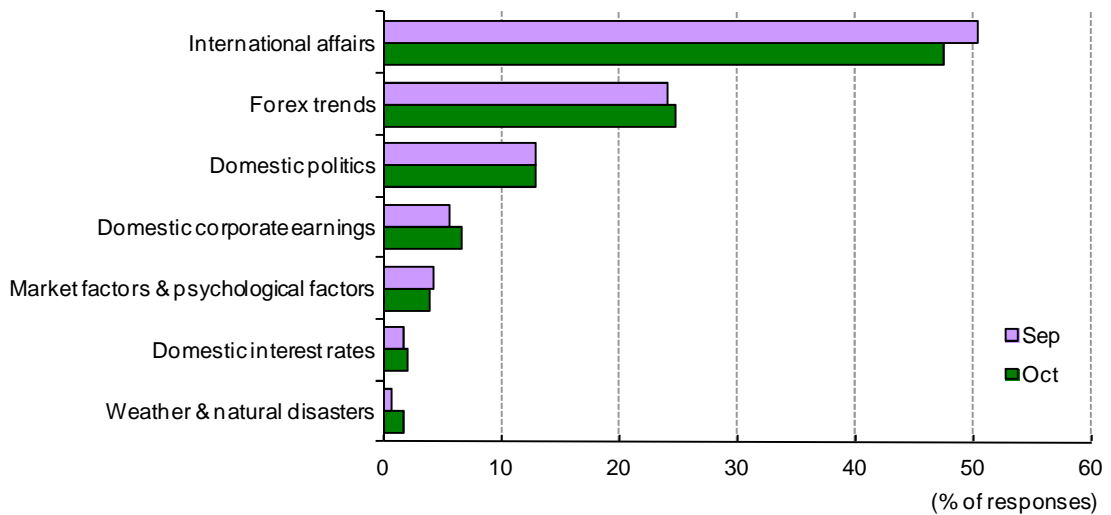


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 20 September closing figure of 8,721. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) International affairs again seen as the factor most likely to impact the Japanese stock market

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The ranking of responses was unchanged from last month's survey. International affairs was again the most popular response, selected by 47.5% of respondents, but was down 3.0ppt from last month. In second place was forex trends, which rose 0.8ppt from last month. Response ratios for all factors other than international affairs changed by less than 1ppt from last month (Figure 3).

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) Pharmaceuticals again the most appealing sector

We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." The ranking of sectors was unchanged from last month. Pharmaceuticals was again the most appealing sector with a DI of 15.9, although this was down 0.5pt from last month. The largest increase in DI was for capital goods/other (+2.7ppt), and the largest decline was for automobiles (-2.4ppt). The DI for financials rose 1.6ppt but the sector continued to rank last in terms of appeal (Figure 4).

4. Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	15.9	16.9	1.0	16.4
Materials	15.3	21.2	5.9	13.3
Capital goods/other	9.7	14.9	5.2	7.0
Telecommunications	3.4	6.7	3.3	3.9
Consumer goods	0.8	13.8	13.0	2.6
Electrical equipment/precision equipment	-3.3	7.0	10.3	-2.2
Automobiles	-10.2	8.0	18.2	-7.8
Transportation and utilities	-12.1	5.4	17.5	-12.1
Financials	-19.5	6.1	25.6	-21.1

Note: Respondents were given nine sectors and asked to choose one viewed as an appealing investment target and one viewed as unappealing. For each sector we calculated a diffusion index 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 financials sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/others 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.

(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 find appealing. We show the most popular responses below (Figure 5).

5. Name a stock with appeal (1,000 valid responses)

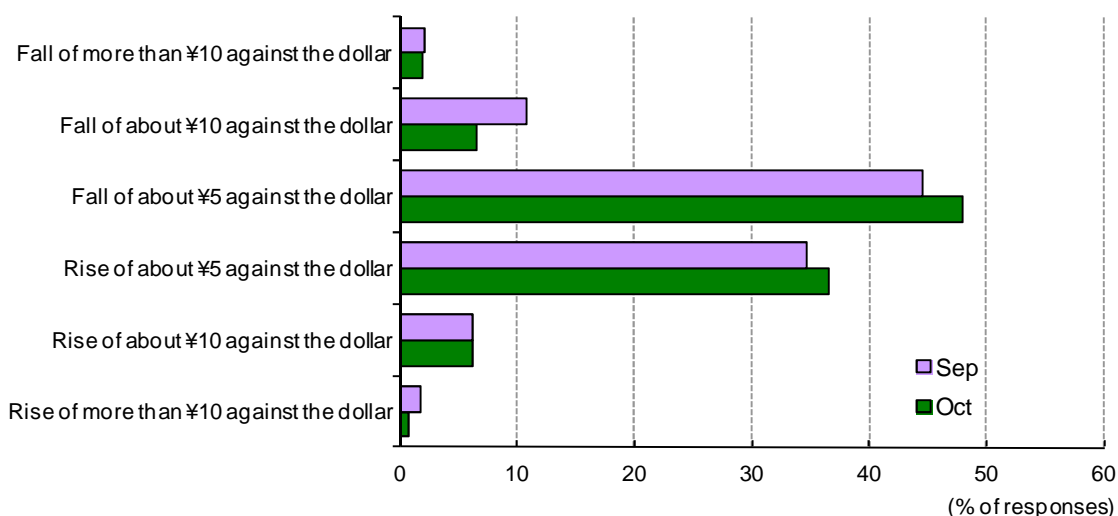
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	72	3402	Toray Industries	10
4502	Takeda Pharmaceutical	41	7201	Nissan Motor	10
9984	Softbank	24	9437	NTT Docomo	10
4661	Oriental Land	23	4755	Rakuten	9
8411	Mizuho Financial Group	18	6501	Hitachi	9
6301	Komatsu	16	6758	Sony	9
8306	Mitsubishi UFJ Financial Group	16	3632	Gree	8
2702	McDonald's Holdings (Japan)	15	4503	Astellas Pharma	8
7751	Canon	15	4523	Eisai	8
6752	Panasonic	13	4568	Daiichi Sankyo	8
8058	Mitsubishi Corp	13	5711	Mitsubishi Materials	8
1812	Kajima	12	5713	Sumitomo Metal Mining	8
2811	Kagome	12	6753	Sharp	8
5401	Nippon Steel	12	9202	All Nippon Airways	8
7550	Zensho	12	9501	Tokyo Electric Power	8
8267	Aeon	12			

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

(5) Small rise in expectations of yen appreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the total percentage of respondents expecting the yen to strengthen against the dollar edged up to 43.6%, from 42.6% last month. While the proportion of respondents expecting a rise of about ¥5 increased 1.9ppt, the proportions expecting a rise of about ¥10 or a rise of more than ¥10 against the dollar were flat and down 0.9ppt, respectively, compared with last month. A combined majority (56.4%) of respondents continued to expect the yen to weaken, but the ratio was down from 57.4% last month. The biggest increase in the percentage of respondents, of 3.4ppt versus last month, was for those expecting a fall of about ¥5 against the dollar, while the biggest decrease, of 4.2pt, was for those expecting a fall of about ¥10 against the dollar. In either direction, the proportion of respondents looking for large moves of ¥10 or more declined (Figure 6). At the time of the latest survey (20 September), the noon indicative USD/JPY rate was 76.45, essentially as strong as at the time of the previous survey (76.50, 19 August).

6. Respondents' three-month outlook for the US\$/¥ rate



Note: Respondents were asked to share their outlook for the USD/JPY rate during the next three months, referencing a 20 September indicative rate of US\$1=¥76.45. Respondents could choose one answer from a possible six responses ranging from a rise of ¥10 or more against the dollar to a fall of ¥10 or more against the dollar, with ¥5 increments in between.

(6) Interest in the euro declines

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing." We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 21st straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). The US dollar maintained a negative DI of -15.5, but moved off last month's position at the bottom of the popularity ranking with the largest DI increase of any currency (+14.5pt). The euro's DI declined the most of any currency (by 20.2pt), and the currency fell to the bottom of the ranking (Figure 7).

7. Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	31.2	31.9	0.7	29.2
Japanese yen	9.7	22.3	12.6	10.6
Brazilian real	8.0	12.2	4.2	10.3
Canadian dollar	2.3	3.2	0.9	3.3
Pound sterling	-0.7	1.5	2.2	-3.9
Chinese renminbi	-1.1	12.3	13.4	-5.7
US dollar	-15.5	9.0	24.5	-30.0
Euro	-37.1	4.2	41.3	-16.9

Note: Respondents were given nine currency options and asked to choose one viewed as an appealing investment target and one viewed as unappealing. Those selecting "other" were asked to specify a currency.

(7) Increased appetite for investment trusts

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Among marketable securities, DIs rose for securities issued overseas, investment trusts, and bonds. The DI for investment trusts was up 2.0pt m-m, the largest rise of any category of marketable securities (Figure 8).

8. Financial instruments for which investors are either seeking to increase or decrease their holdings

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Cash & deposits	42.0	45.5	3.5	42.5
Equities	18.5	43.0	24.5	19.3
Securities issued overseas	10.6	13.0	2.4	9.1
Investment trusts	7.6	20.4	12.8	5.6
Bonds	7.2	10.2	3.0	6.0
Other	1.2	1.5	0.3	2.5
None	-34.0	29.7	63.7	-36.8

Note: Respondents were given a selection of seven financial instruments and asked to choose those for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). In the exhibit, "plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holding, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holding.

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, the Equity Research Department of 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 11,800 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 20 September with deadline for responses on 21 September.

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 rate outlook and attractive currencies, and (5) financial instruments for which investors plan to change their holdings. Respondents are also queried each month on their personal profiles.

4. Nomura Individual Investor Survey (October 2011) respondents

Gender: Male (77.1%), Female (22.9%)

Age: Under 30 (0.9%), 30–39 (14.4%), 40–49 (28.7%), 50–59 (26.9%), 60 and above (29.1%)

Occupation: Self-employed/fisheries, agriculture, forestry (11.6%), Professional (physician/medical professional, lawyer, etc) (2.2%), Company management/corporate officer (6.1%), Company employee/public servant (44.8%), Housewife (11.9%), Part-time worker/casual worker/job-hopper (4.6%), Unemployed/pensioner (17.0%), Other (1.8%)

Region: Kanto (44.2%), Kinki (21.5%), Tokai/Koshinetsu/Hokuriku (17.9%), Hokkaido/Tohoku (5.6%), Chugoku/Shikoku/Kyushu (10.8%)

Financial assets held: Less than ¥1,000,000 (6.9%), ¥1,000,000–¥2,999,999 (9.3%), ¥3,000,000–¥4,999,999 (11.7%), ¥5,000,000–¥9,999,999 (20.1%), ¥10,000,000–¥29,999,999 (28.9%), ¥30,000,000–¥49,999,999 (11.6%), ¥50,000,000 or more (11.5%)

Value of domestic stocks held: Less than ¥500,000 (12.5%), ¥500,000–¥999,999 (13.6%), ¥1,000,000–¥2,999,999 (23.0%), ¥3,000,000–¥4,999,999 (15.1%), ¥5,000,000–¥9,999,999 (16.5%), ¥10,000,000–¥29,999,999 (14.6%), ¥30,000,000 or more (4.7%)

Investment experience: Less than three years (2.2%), Three years to less than five years (8.7%), Five years to less than 10 years (31.3%), 10 years to less than 20 years (29.4%), 20 years or more (28.4%)

Investment plan for domestic stocks: Mainly for long-term holding (48.7%), Pursuit of gains from short-term appreciation (11.8%), Pursuit of dividends and shareholder perks (25.9%), No particular plan (13.6%)

Notice

The next Nomura Individual Investor Survey (November 2011) is scheduled for release on Wednesday, 2 November 2011.

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

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As at 30 June 2011.

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The rating system is a relative system indicating expected performance against a specific benchmark identified for each individual stock. Analysts may also indicate absolute upside to target price defined as (fair value - current price)/current price, subject to limited management discretion. In most cases, the fair value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as discounted cash flow or multiple analysis, etc.

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 in certain circumstances including, but not limited to, when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.

Benchmarks are as follows: **United States/Europe**: Please see valuation methodologies for explanations of relevant benchmarks for stocks (accessible through the left hand side of the Nomura Disclosure web page: <http://go.nomuranow.com/research/globalresearchportal>); **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology.

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.

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Benchmarks are as follows: **United States**: S&P 500; **Europe**: Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia.

Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published from 30 October 2008 and in Japan from 6 January 2009

STOCKS

Stock recommendations are based on absolute valuation upside (downside), which is defined as (Target Price - Current Price) / Current Price, subject to limited management discretion. In most cases, the Target Price will equal the analyst's 12-month intrinsic valuation of the stock, based on an appropriate valuation methodology such as discounted cash flow, multiple analysis, etc.

A **'Buy'** recommendation indicates that potential upside is 15% or more.

A **'Neutral'** recommendation indicates that potential upside is less than 15% or downside is less than 5%.

A **'Reduce'** recommendation indicates that potential downside is 5% or more.

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Explanation of Nomura's equity research rating system in Japan published prior to 6 January 2009 (and ratings in Europe, Middle East and Africa, US and Latin America published prior to 27 October 2008)

STOCKS

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A rating of '3' or **'Neutral'**, indicates that the analyst expects the stock to either outperform or underperform the Benchmark by less than 5% over the next six months.

A rating of '4' or **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark by 5% or more but less than 15% over the next six months.

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A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next six months.

Benchmarks are as follows: **Japan:** TOPIX; **United States:** S&P 500, MSCI World Technology Hardware & Equipment; **Europe,** by sector - *Hardware/Semiconductors:* FTSE W Europe IT Hardware; *Telecoms:* FTSE W Europe Business Services; *Business Services:* FTSE W Europe; *Auto & Components:* FTSE W Europe Auto & Parts; *Communications equipment:* FTSE W Europe IT Hardware; **Ecology Focus:** Bloomberg World Energy Alternate Sources; **Global Emerging Markets:** MSCI Emerging Markets ex-Asia.

Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published prior to 30 October 2008

STOCKS

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A **'Strong buy'** recommendation indicates that upside is more than 20%.

A **'Buy'** recommendation indicates that upside is between 10% and 20%.

A **'Neutral'** recommendation indicates that upside or downside is less than 10%.

A **'Reduce'** recommendation indicates that downside is between 10% and 20%.

A **'Sell'** recommendation indicates that downside is more than 20%.

SECTORS

A **'Bullish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation.

A **'Neutral'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation.

A **'Bearish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

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