

Nomura Individual Investor Survey

May 2012

18 May 2012

Equity Research Department
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 down 13.8pt m-m at 46.8

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 46.8 for May, down 13.8 point from the previous month. Fewer individual investors said they expect share prices to increase. The proportions of respondents expecting rises of "about 1,000 points," "about 2,000 points" and "more than 2,000 points" all declined, while among responses from investors expecting share prices to fall, the largest m-m rise was for the proportion expecting a decline of "about 1,000 points."

(2) Greatly increased focus on international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was selected by 53.2% of respondents, a sharp climb of 15.3ppt from last month. Responses for all other factors were down from the previous month, except for a small increase for weather & natural disasters. The ranking of all factors has remained unchanged since September 2011.

(3) Materials becomes most attractive sector

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over the next three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Materials moved into first place this month, while the largest rise in DI, of 8.2pt m-m, was for consumer goods. Autos dropped out of first place with a 9.5pt decline, the largest of any sector this month, and its position in the ranking fell sharply too.

(4) Rising 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 was 48.7%, up 15.9ppt from last month. The individual response with the largest increase this month (up 12.4ppt from the previous month) was a "rise of about ¥5 against the dollar," while the biggest decline (down 12.7ppt) was for a "fall of about ¥5 against the dollar."

(5) Sharp decrease in euro's appeal

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over the next three months. 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 28th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), and its DI also rose from the previous month. The largest advancer was the renminbi, although its DI remained negative. The euro's DI was the biggest decliner, falling 15.6pt from the previous month.

(6) Decreased appetite for financial instruments other than 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 DIs for all financial instruments fell from the previous month, with the exception of a slight increase for investment trusts.

(7) Intentions regarding exercising voting rights at general shareholders' meetings

For this month's spot question, we asked individual investors about their views on exercising voting rights at upcoming general shareholders meetings: 38.7% of respondents said they intended to exercise their rights, while 30.6% said they planned not to. Of the respondents saying they planned to exercise their voting rights, 25.8% said they intended to vote in favor of all resolutions, down from 28.0% that said so in the May 2011 survey. Of resolutions respondents said they might oppose, as in May 2011 the highest response ratios were for retirement bonuses for directors, director compensation, and dividends (use of surplus funds).

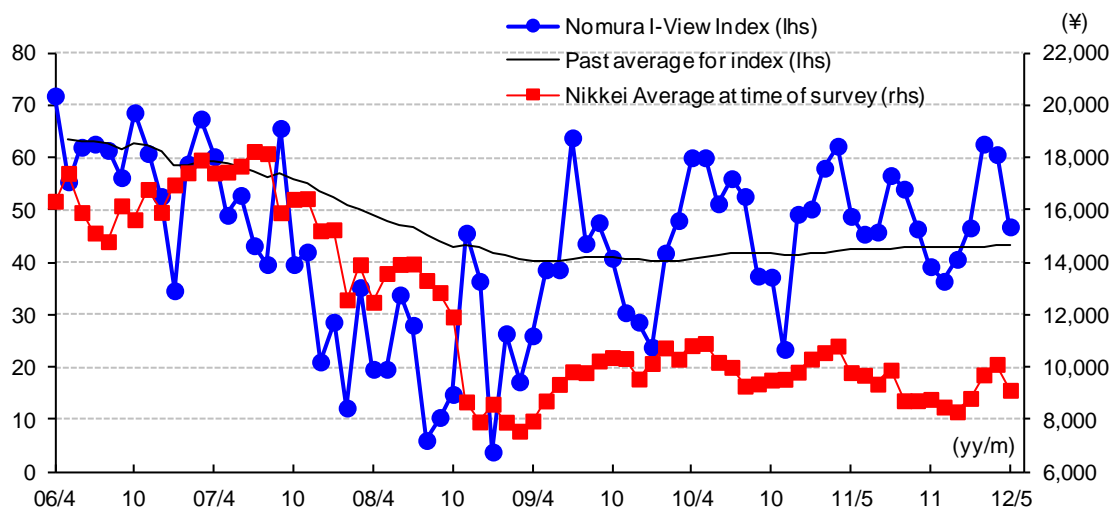
2. Survey results

(1) Nomura I-View Index down 13.8pt m-m at 46.8

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 46.8 for May, down 13.8 point from the previous month. As discussed below, fewer individual investors said they expected share prices to rise (Figure 1).

The Nikkei Average reference level (7 May close) was 9,119, down 990pt from the previous survey (2 April close of 10,109).

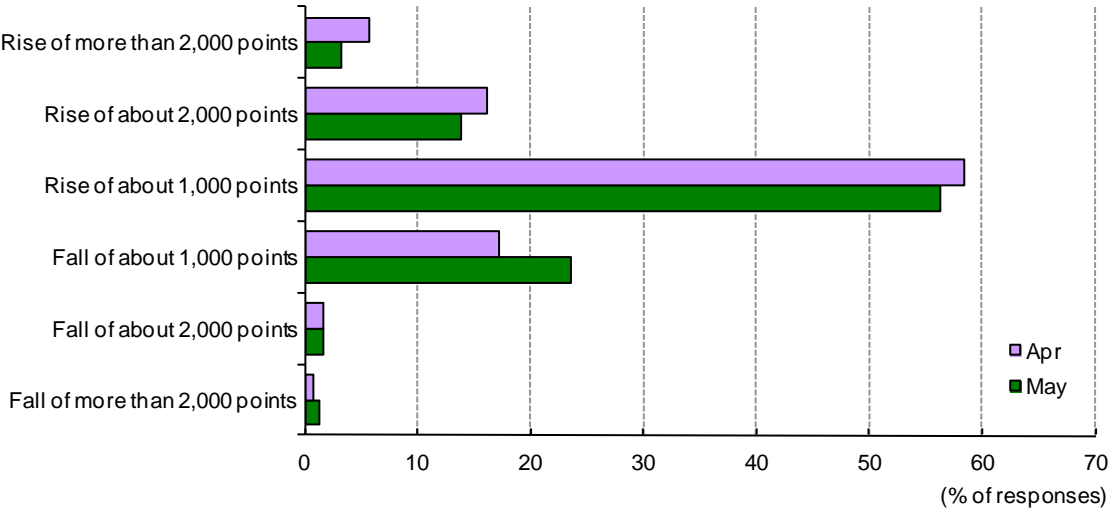
1. The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 projecting the Nikkei Average would rise over the next three months was 73.4%, down 6.9ppt from 80.3% the previous month. The proportions of respondents expecting rises of "about 1,000 points," "about 2,000 points" and "more than 2,000 points" all declined. Meanwhile, the proportion of investors expecting share prices to fall by "about 1,000 points" increased the most, by 6.3ppt from last month (Figure 2).

2. Outlook for Nikkei Average during the next three months

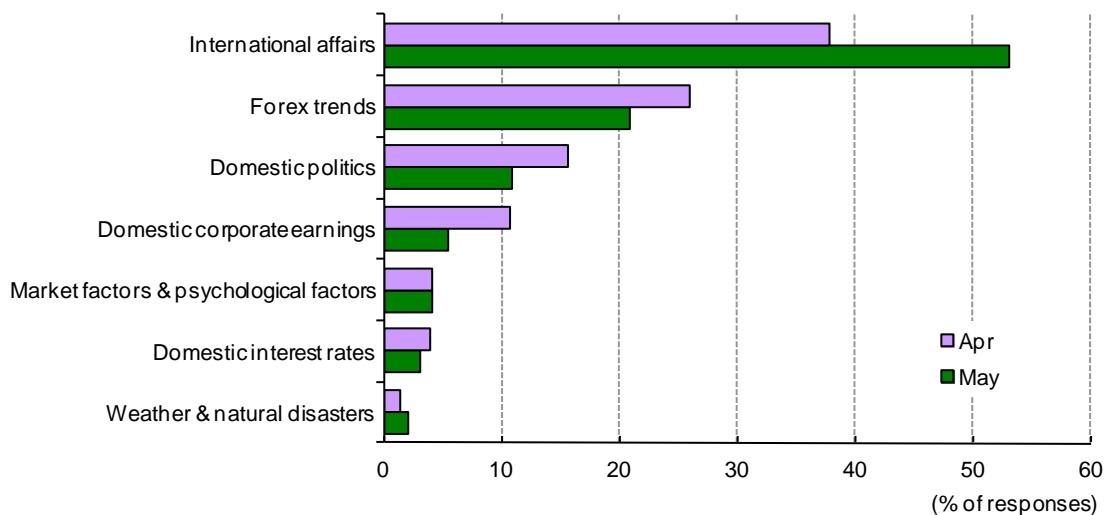


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 7 May closing figure of 9,119. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Greatly increased focus on international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was selected by 53.2% of respondents, a sharp climb of 15.3ppt from last month. Responses for all other factors were down from the previous month, except for a small increase for weather & natural disasters. The ranking of all factors has remained unchanged since September 2011 (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) Materials becomes most attractive sector

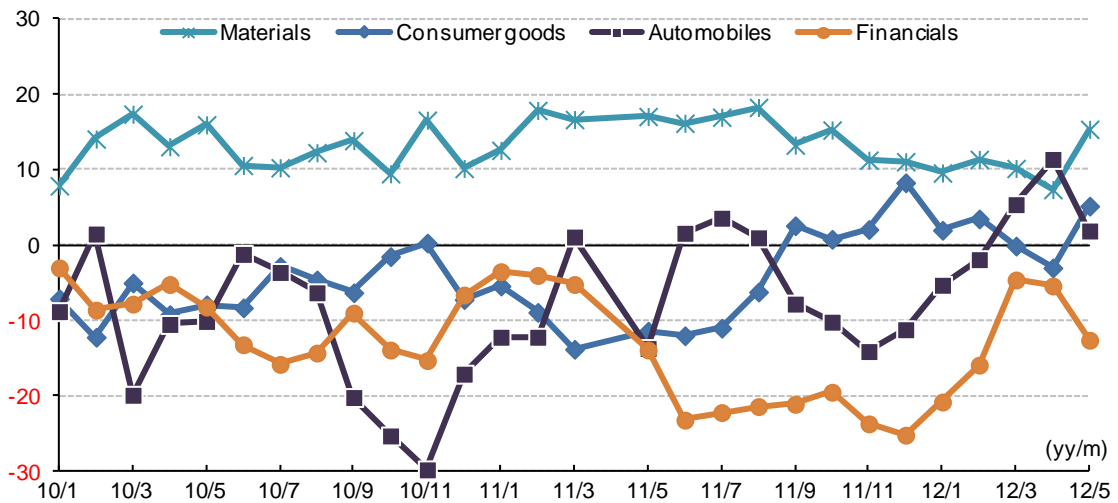
Respondents were asked to choose one sector as an “appealing” investment target and one as “unappealing” over the next three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for “unappealing” from that for “appealing.” Materials moved into first place this month, with its DI rising 8.0pt m-m. The largest rise in DI, of 8.2pt m-m, was for consumer goods, which bounced back into positive territory. Autos dropped out of first place with a 9.5pt decline in DI, the largest of any sector this month, and its position in the ranking fell sharply too. The DI for financials slid 7.2pt, the second steepest decline (Figures 4, 5).

4. Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Materials	15.4	22.9	7.5	7.4
Pharmaceuticals	12.3	14.9	2.6	5.9
Consumer goods	5.2	14.6	9.4	-3.0
Capital goods/other	5.0	11.9	6.9	8.2
Telecommunications	2.2	6.8	4.6	4.8
Automobiles	1.9	10.4	8.5	11.4
Financials	-12.6	6.2	18.8	-5.4
Transportation and utilities	-13.5	5.6	19.1	-19.2
Electrical equipment/precision equipment	-15.9	6.7	22.6	-10.1

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 pharmaceuticals sector comprises pharmaceuticals, biotechnology, and medical equipment. The financials 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.

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 find appealing. We show the most popular responses below (Figure 6).

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

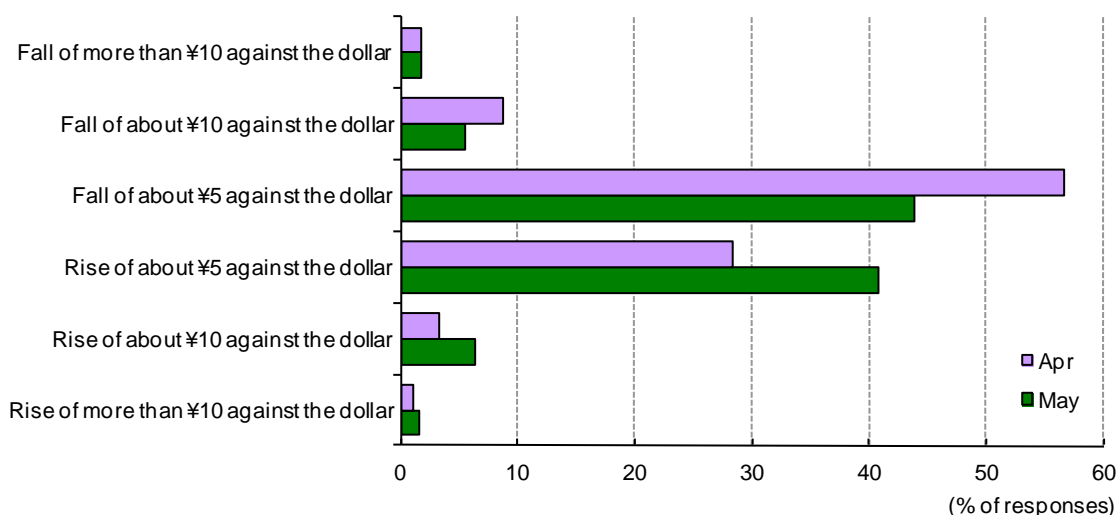
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	78	9501	Tokyo Electric Power	12
4502	Takeda Pharmaceutical	36	3402	Toray Industries	11
8058	Mitsubishi Corp	25	6758	Sony	11
2702	McDonald's Holdings (Japan)	21	7751	Canon	10
9984	Softbank	21	5401	Nippon Steel	9
8267	Aeon	18	8053	Sumitomo Corp	8
9437	NTT Docomo	18	2712	Starbucks Coffee Japan	7
4661	Oriental Land	16	2914	Japan Tobacco	7
6501	Hitachi	15	4523	Eisai	7
4755	Rakuten	14	6954	Fanuc	7
6752	Panasonic	14	7011	Mitsubishi Heavy Industries	7
7201	Nissan Motor	14	7267	Honda Motor	7
8306	Mitsubishi UFJ Financial Group	14	7974	Nintendo	7
8604	Nomura Holdings	14	8001	Itochu	7
9202	All Nippon Airways	14	8031	Mitsui & Co	7
6301	Komatsu	13	9022	Central Japan Railway	7
8411	Mizuho Financial Group	13			

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

(5) Rising 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 was 48.7%, up 15.9ppt from 32.8% last month. The proportion of respondents choosing "rise of about ¥5 against the dollar" increased by 12.4ppt from the previous survey, the largest climb of all the categories. The biggest decline in response ratio (down 12.7ppt) was for a "fall of about ¥5 against the dollar" (Figure 7). At the time of the latest survey (7 May), the noon indicative USD/JPY rate was 79.82, indicating a stronger yen than at the time of the previous survey (83.16 as of 2 April).

7. Respondents' three-month outlook for the USD/JPY rate



Note: Respondents were asked to share their outlook for the USD/JPY rate during the next three months, referencing a 7 May indicative rate of US\$1=¥79.82. 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) Sharp decrease in euro's appeal

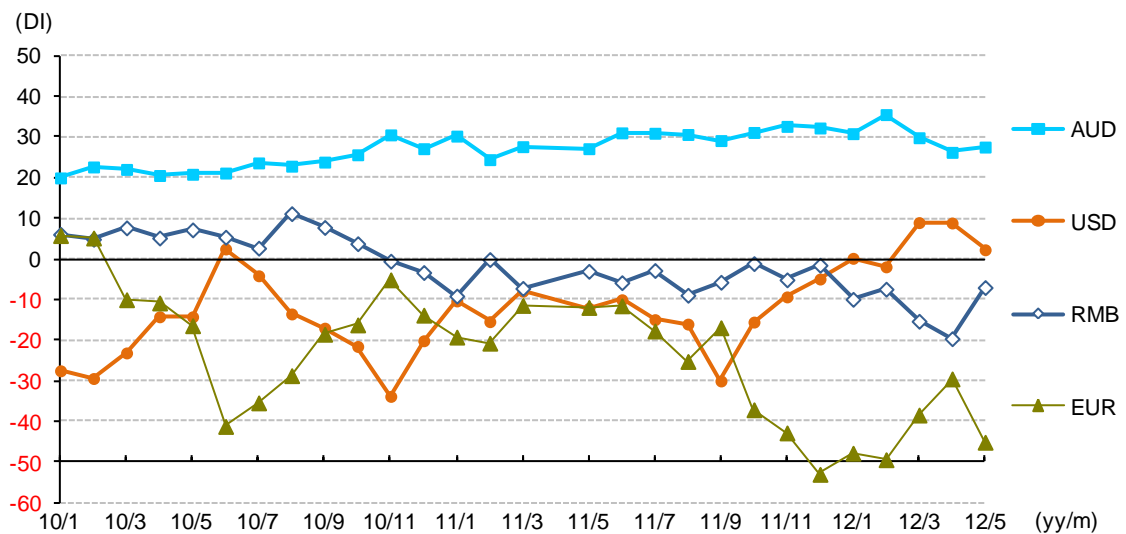
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over the next three months. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 28th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), and its DI also rose from the previous month. The largest advancer, of 12.6pt, was the renminbi, although its DI remained negative. The euro's DI was the biggest decliner, falling 15.6pt from the previous month, and the currency remained at the bottom of the ranking. The next steepest decline was for the US dollar, whose DI fell 6.6pt (Figures 8, 9).

8. Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	27.6	30.2	2.6	26.3
Japanese yen	12.8	24.4	11.6	9.0
Brazilian real	5.4	10.1	4.7	4.6
US dollar	2.3	13.3	11.0	8.9
Canadian dollar	2.0	2.5	0.5	0.8
Pound sterling	-0.7	2.1	2.8	-2.0
Chinese renminbi	-7.0	9.2	16.2	-19.6
Euro	-45.1	5.0	50.1	-29.5

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," 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.

9. Trend in DIs for select currencies



(7) Decreased appetite for financial instruments other than 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 DIs for all financial instruments fell from the previous month, with the exception of a slight increase for investment trusts (Figure 10).

10. 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	45.0	48.9	3.9	47.5
Equities	33.9	51.1	17.2	36.9
Gold	14.8	15.4	0.6	15.3
Investment trusts	11.7	22.6	10.9	11.3
Securities issued overseas	9.5	11.3	1.8	11.0
Bonds	7.6	11.1	3.5	10.9
Hybrid securities	2.7	3.1	0.4	3.4
Other	1.7	1.8	0.1	1.1
None	-45.9	23.3	69.2	-48.3

Note: Respondents were given a selection of nine 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. Hybrid securities and gold were added to the list of choices from the February 2012 survey.

(8) Intentions regarding exercising voting rights at general shareholders' meetings

In this month's spot question, we asked respondents about their views on exercising their voting rights at upcoming general shareholders' meetings. While 38.7% said they planned to exercise their voting rights (sum of responses 1 and 2 in Figure 11), 30.6% said they planned not to. The proportion saying they planned to exercise their voting rights was 4.5ppt lower than the response ratio of 45.1% when we asked the same question in May 2011 (Figure 11).

11. Intentions regarding exercising voting rights at general shareholders' meetings

	Choices	No. of responses this survey	% of responses	
			This survey	May 2011 survey
1	I plan to exercise my voting rights for all the companies in which I hold shares	237	23.7	25.8
2	I plan to exercise my voting rights for only some of the companies in which I hold shares	150	15.0	17.4
3	I plan not to exercise my voting rights for any of the companies in which I hold shares	306	30.6	27.6
4	Undecided	307	30.7	29.2

Note: Respondents were asked to select one of the listed responses to the question of whether they intend 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 11; 387 this time, versus 432 in May 2011), 25.8% said they intended to vote in favor of all resolutions, below last year's 28.0%. Of resolutions respondents said they might oppose, as in May 2011 the highest response ratios (multiple responses allowed) were for retirement bonuses for directors, director compensation, and dividends (use of surplus funds). Compared with the May 2011 survey, response ratios were higher for retirement bonuses for directors (39.8%, versus 38.2%) and director compensation (38.8%, versus 38.4%), but lower for dividends (20.9%, versus 21.3%) (Figure 12).

Of respondents saying they did not plan to exercise their voting rights (those selecting response 3 in Figure 11; 306 this time, versus 276 in May 2011), notable numbers cited as reasons (multiple responses allowed) "Because the impact of my vote is small", or "Because it is a hassle", but the ratios for these responses compared with the May 2011 survey fell from 62.3% to 60.8% for the former and from 43.1% to 35.0% for the latter (Figure 13).

12. Resolutions on which investors may exercise voting rights

	Choices	No. of responses this survey	% of responses	
			This survey	May 2011 survey
1	Voted in favor of all resolutions	100	25.8	28.0
2	Dividends (use of surplus funds)	81	20.9	21.3
3	Director compensation	150	38.8	38.4
4	Retirement bonuses for directors	154	39.8	38.2
5	Stock options	59	15.2	15.7
6	Selection of directors/auditors	56	14.5	12.3
7	Granting board of directors authority to decide distribution of retained earnings (allowing decisions on dividends etc. at board meetings)	53	13.7	12.3
8	Takeover defense measures	27	7.0	11.1
9	Change in the number of directors (increase, reduction, establishment of upper limit, etc)	58	15.0	11.8
10	Change in the maximum number of issuable shares	47	12.1	8.6
11	Share buybacks	16	4.1	3.5
12	Change in conditions for removing directors	26	6.7	4.4
	No. of responses	387		

Note: Investors were asked to select which resolutions from among those given they may vote against (multiple responses allowed).

13. Reasons for not exercising voting rights

	Choices	No. of responses this survey	% of responses	
			This survey	May 2011 survey
1	Because the impact of my vote is small	186	60.8	62.3
2	Because it is a hassle	107	35.0	43.1
3	I have no interest in exercising voting rights	51	16.7	17.0
4	None of the resolutions required me to express an opinion	39	12.7	13.0
5	I could not attend the general meeting or I have no time to complete the paperwork or internet forms	33	10.8	9.4
6	My investment style is mainly short term or seeking capital gains, so I do not view exercising my voting rights as important	26	8.5	6.9
7	I did not have the time to study the resolutions	21	6.9	2.9
8	I did not understand the resolutions well	29	9.5	3.6
	No. of responses	306		

Note: We asked respondents to select from the options given their reason for not exercising voting rights (multiple responses allowed).

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 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 7 May with deadline for responses on 8 May.

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 (May 2012) respondents

Gender: Male (78.5%), Female (21.5%)

Age: Under 30 (3.6%), 30–39 (15.6%), 40–49 (29.6%), 50–59 (26.6%), 60 and above (24.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.2%), Professional (physician/medical professional, lawyer, etc) (3.6%), Company management/corporate officer (3.4%), Company employee/public servant (52.4%), Housewife (9.7%), Part-time worker/casual worker/job-hopper (5.8%), Unemployed/pensioner (15.0%), Other (2.9%)

Region: Kanto (44.2%), Kinki (22.4%), Tokai/Koshinetsu/Hokuriku (16.2%), Hokkaido/Tohoku (6.5%), Chugoku/Shikoku/Kyushu (10.7%)

Financial assets held: Less than ¥1,000,000 (7.3%), ¥1,000,000–¥2,999,999 (13.4%), ¥3,000,000–¥4,999,999 (13.1%), ¥5,000,000–¥9,999,999 (21.0%), ¥10,000,000–¥29,999,999 (26.0%), ¥30,000,000–¥49,999,999 (10.7%), ¥50,000,000 or more (8.5%)

Value of domestic stocks held: Less than ¥500,000 (15.8%), ¥500,000–¥999,999 (13.4%), ¥1,000,000–¥2,999,999 (26.9%), ¥3,000,000–¥4,999,999 (16.8%), ¥5,000,000–¥9,999,999 (14.9%), ¥10,000,000–¥29,999,999 (9.7%), ¥30,000,000 or more (2.5%)

Investment experience: Less than three years (9.4%), Three years to less than five years (14.6%), Five years to less than 10 years (27.7%), 10 years to less than 20 years (28.0%), 20 years or more (20.3%)

Investment plan for domestic stocks: Mainly for long-term holding (46.3%), Pursuit of gains from short-term appreciation (12.2%), Pursuit of dividends and shareholder perks (24.5%), No particular plan (17.0%)

Notice

The next Nomura Individual Investor Survey (June 2012) is scheduled for release on Friday, 15 June 2012.

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

Important Disclosures

Online availability of research and conflict-of-interest disclosures

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As at 31 March 2012. *The Nomura Group as defined in the Disclaimer section at the end of this report.

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Explanation of Nomura's equity research rating system in Europe, Middle East and Africa, US and Latin America

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. A '**Bearish**' stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months.

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 in Japan and Asia ex-Japan

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. A rating of **'Suspended'** indicates that the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the subject company.

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Target Price

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