

Nomura Individual Investor Survey

July 2012

13 July 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 up 3.4pt m-m at 40.6

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 40.6 for July, still below the historical average but up 3.4pt from the previous month. The proportion of individual investors saying they expected a rise of "about 1,000 points" saw the largest rise of all the categories compared with the previous month, of 4.5ppt, while the proportion saying they expected a rise of "about 2,000 points" marked the largest decline, of 3.2ppt.

(2) Domestic politics attracts greatly increased attention

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again selected by the largest proportion of respondents, but was down 8.3ppt, the biggest decline among the different factors. In contrast, the proportion choosing domestic politics rose 10.4ppt, the largest increase, with this response moving up from third to second in the ranking of factors.

(3) Pharmaceuticals again the most attractive sector

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was the most attractive sector this month, as last month, though its DI declined from the previous month. The consumer goods DI marked the largest decline, of 7.7pt. The electrical equipment/precision equipment sector was again viewed as the least appealing, though its DI marked the largest improvement, of 7.1pt.

(4) Receding expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 49.9%, down 9.6ppt from the previous month. The proportion of responses fell for all of the weaker yen categories: "fall of about ¥5 against the dollar," "fall of about ¥10 against the dollar," and "fall of more than ¥10 against the dollar." The proportion choosing "rise of about ¥5 against the dollar" rose by 10.0ppt from the previous month, the largest increase of all the categories.

(5) Euro gains in appeal

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three month timeframe. 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 30th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). The euro remained the least appealing, with its DI still negative, though it marked the largest month-on-month improvement of all the currencies, of 6.3pt.

(6) Growing investment appetite for equities

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 equities saw the largest rise from the previous month, of 5.8pt.

(7) Exercise of voting rights at general shareholders' meetings

For this month's spot question we asked individual investors about how they exercised their voting rights at general shareholders' meetings in June, with 47.3% of respondents saying they casted votes. Of those that exercised their rights, 65.3% said they "voted in favor of all resolutions," up 7.3pt from the survey a year earlier. Of the resolutions investors voted against, the most common were "director compensation/bonuses" (15.6%) and "the appointment of directors/auditors" (11.6%), though response rates for both declined from the previous year's survey. Of those who replied that they had not exercised voting rights, the most common reasons given were "because the impact of my vote is small" (51.5%) and "because it is a hassle" (41.0%).

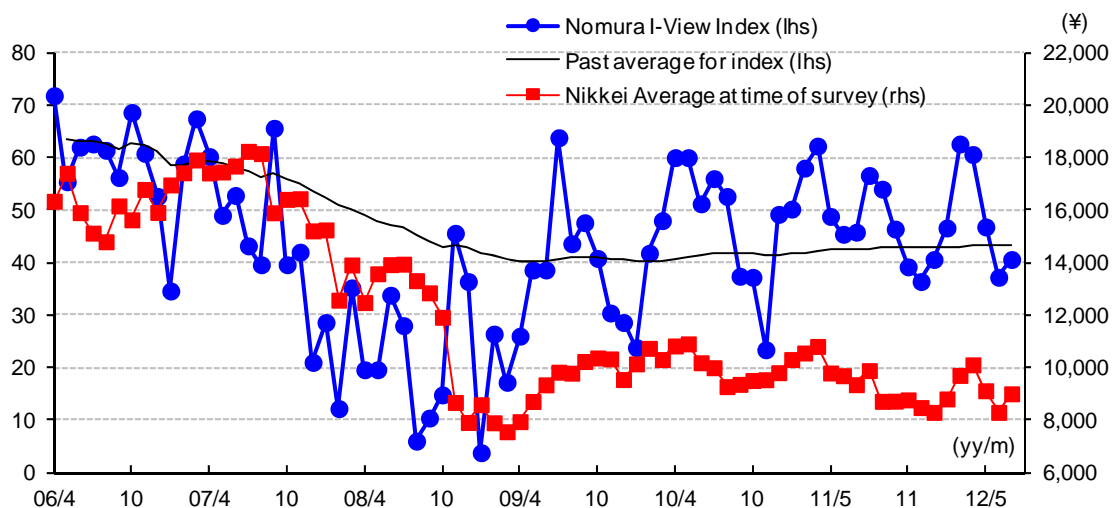
2. Survey results

(1) Nomura I-View Index up 3.4pt m-m at 40.6

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 40.6 for July, still below the historical average but up 3.4pt from the previous month. The number of individual investors expecting stock prices to rise appears to have increased slightly (Figure 1).

The Nikkei Average reference level (2 July close) was 9,003, up 708pt from the previous survey (4 June close of 8,295).

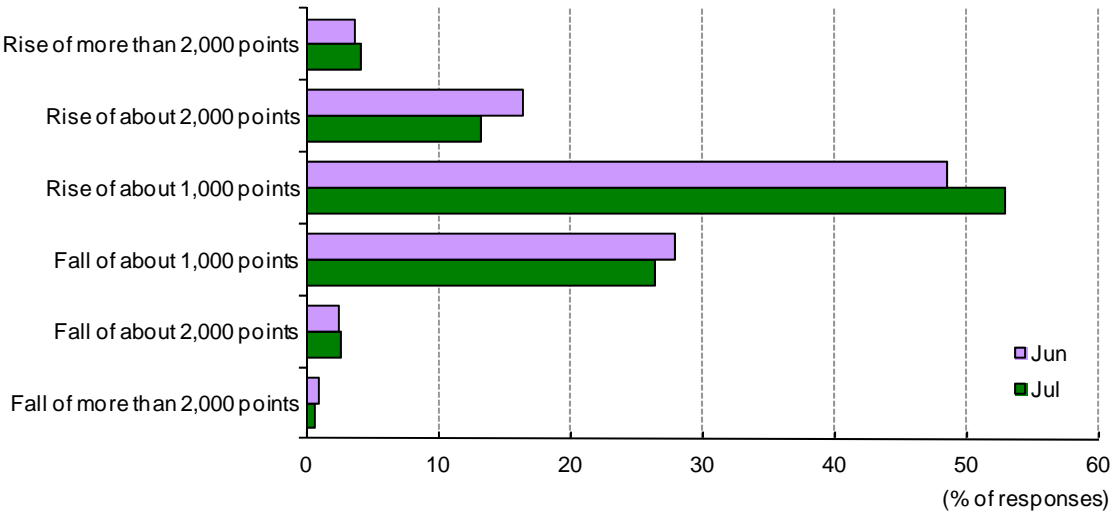
1. The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 70.3%, up 1.7ppt from 68.6% the previous month. The proportion of respondents saying they expected a rise of "about 1,000 points" saw the largest m-m increase, of 4.5ppt. The proportion selecting "rise of about 2,000 points" fell by 3.2ppt, the largest decline for any category (Figure 2).

2. Outlook for Nikkei Average during the next three months

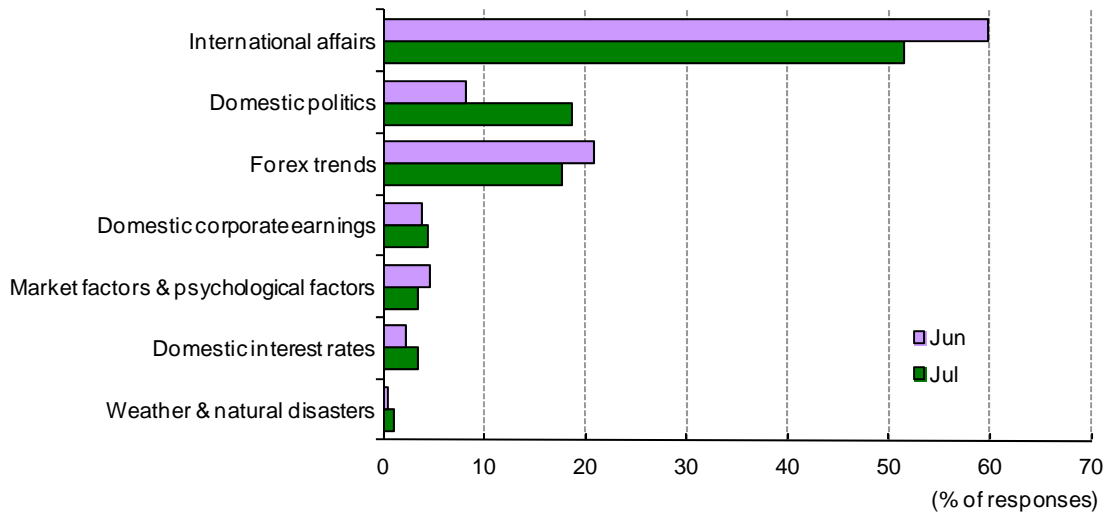


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 2 July closing figure of 9,003. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Domestic politics attracts greatly increased attention

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again selected by the largest proportion of respondents, but was down 8.3ppt, the biggest decline among the different factors. The next largest decline was for forex trends, which fell 3.3ppt from the previous month. In contrast, the proportion choosing domestic politics rose 10.4ppt, the largest increase, with this response moving up from third to second in the ranking of the different factors (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 attractive sector

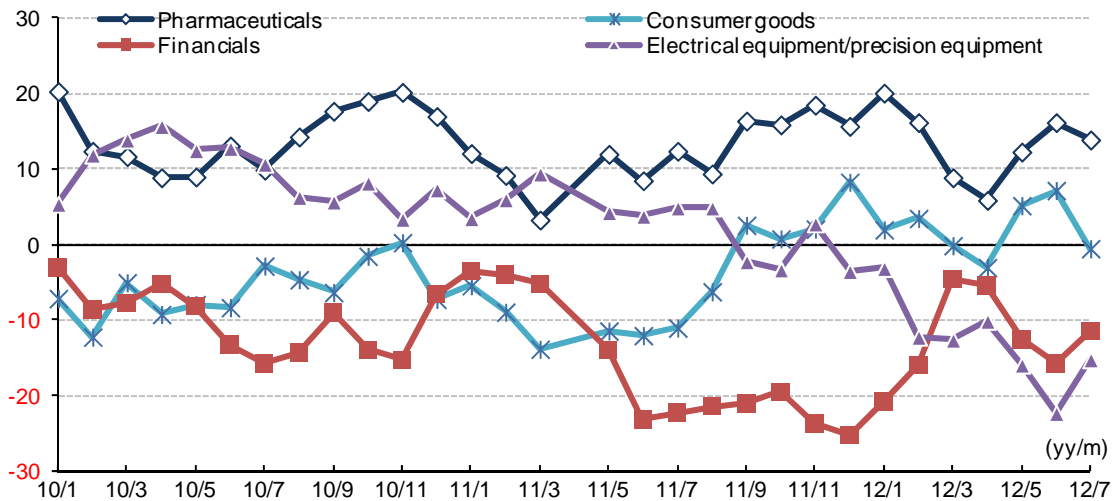
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was the most attractive sector this month, as last month, though its DI declined 2.3pt from the previous month. The consumer goods DI marked the largest decline, of 7.7pt. The electrical equipment/precision equipment sector was again viewed as the least appealing, though its DI marked the largest improvement, of 7.1pt. Financials saw the next largest DI improvement, of 4.3pt (Figures 4, 5).

4. Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	13.9	17.0	3.1	16.2
Materials	11.7	18.5	6.8	8.1
Capital goods/other	5.4	10.8	5.4	5.2
Telecommunications	3.8	7.8	4.0	4.9
Automobiles	0.9	11.5	10.6	1.7
Consumer goods	-0.5	11.5	12.0	7.2
Transportation and utilities	-8.6	6.9	15.5	-5.3
Financials	-11.4	9.6	21.0	-15.7
Electrical equipment/precision equipment	-15.2	6.4	21.6	-22.3

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.

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)

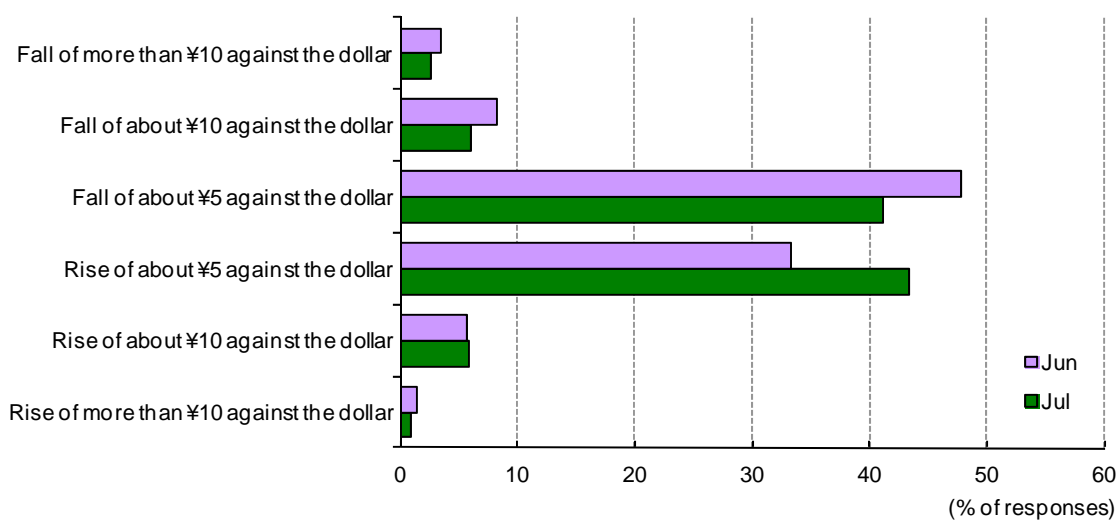
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	64	6301	Komatsu	9
9984	Softbank	39	6752	Panasonic	9
4502	Takeda Pharmaceutical	34	7267	Honda Motor	9
8267	Aeon	21	6501	Hitachi	8
2702	McDonald's Holdings (Japan)	20	6502	Toshiba	8
8411	Mizuho Financial Group	20	8473	SBI Holdings	8
8058	Mitsubishi Corp	19	8750	Dai-ichi Life Insurance	8
9437	NTT Docomo	19	9501	Tokyo Electric Power	8
7201	Nissan Motor	16	4755	Rakuten	7
9202	All Nippon Airways	16	8002	Marubeni	7
4661	Oriental Land	14	9983	Fast Retailing	7
6758	Sony	13	3402	Toray Industries	6
8306	Mitsubishi UFJ Financial Group	13	8031	Mitsui & Co	6
4523	Eisai	12	8316	Sumitomo Mitsui Financial Group	6
2811	Kagome	9	9001	Tobu Railway	6

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

(5) Receding expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 49.9%, down 9.6ppt from 59.5% the previous month. The proportion of responses fell for all of the weaker yen categories: "fall of about ¥5 against the dollar," "fall of about ¥10 against the dollar," and "fall of more than ¥10 against the dollar." The proportion choosing "rise of about ¥5 against the dollar" rose by 10.0ppt from the previous month, the largest increase of all the categories (Figure 7). At the time of the latest survey (2 July), the noon indicative USD/JPY rate was 79.74, indicating a weaker yen than at the time of the previous survey (78.16 as of 4 June).

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 2 July indicative rate of US\$1=¥79.74. 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) Euro gains in appeal

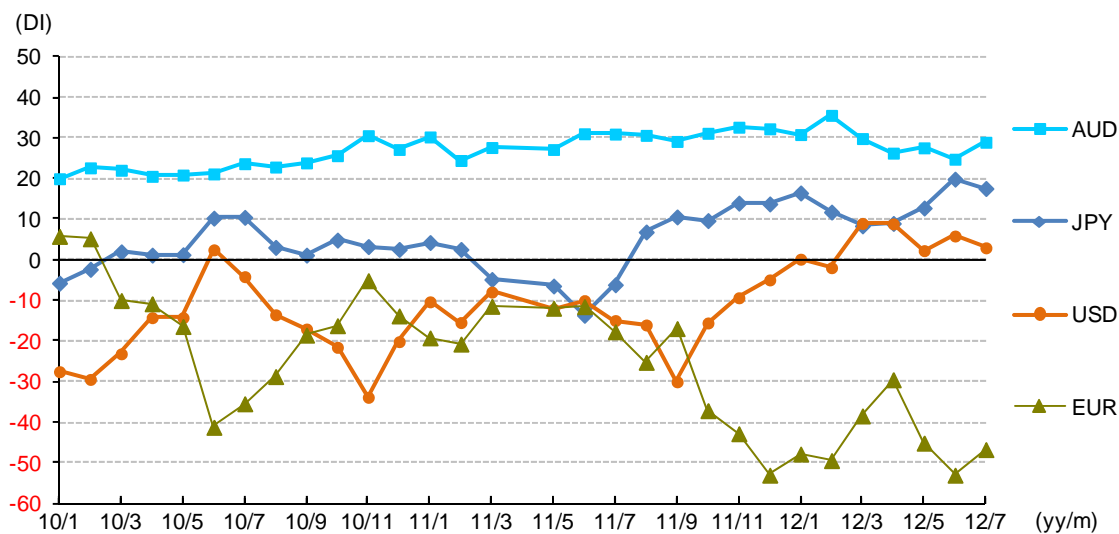
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 30th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), with its DI rising 4.2pt. The euro marked the largest month-on-month improvement of all the currencies, of 6.3pt. The DI for the renminbi marked the largest decline, of 5.8pt (Figures 8, 9).

8. Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	29.0	29.6	0.6	24.8
Japanese yen	17.6	26.5	8.9	19.9
Brazilian real	4.5	9.6	5.1	2.5
US dollar	3.0	12.4	9.4	5.9
Canadian dollar	2.2	2.8	0.6	1.4
Pound sterling	1.4	4.1	2.7	1.2
Chinese renminbi	-12.1	7.5	19.6	-6.3
Euro	-46.7	6.0	52.7	-53.0

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 selected currencies



(7) Growing investment appetite for equities

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 rose from the previous month, except for cash & deposits and hybrid securities (Figure 10). The DI for equities saw the largest rise, of 5.8pt (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	41.5	45.4	3.9	42.0
Equities	29.9	48.1	18.2	24.1
Gold	16.0	16.7	0.7	14.4
Securities issued overseas	9.9	12.3	2.4	7.4
Bonds	7.9	11.0	3.1	7.8
Investment trusts	4.9	18.5	13.6	4.5
Hybrid securities	2.5	3.0	0.5	2.5
Other	0.9	1.1	0.2	0.2
None	-41.1	27.1	68.2	-40.2

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) Exercise of voting rights at general shareholders' meetings

For this month's spot question we asked individual investors about how they exercised their voting rights at general shareholders' meetings in June 2012. We publish the results of our voting rights survey question each year, one or two months after general shareholders' meetings for companies with March year-ends are held.

Some 47.3% of respondents said they voted at general shareholder meetings in June 2011 (total of responses 1–8 in Figure 11). The proportion of respondents that exercised voting rights with regard to all companies in which they own shares (total of responses 1–4 in Figure 11) was 31.3%, up 0.6ppt from 30.7% in the survey a year ago. The proportion that exercised voting rights with regard to some of the companies in which they own shares (total of responses 5–8 in Figure 11) was 16.0%, down 0.4ppt from last year's survey (Figure 11).

11. Exercise of voting rights at general shareholders' meetings

	Choices	2012 survey		2011 survey	
		No. of respondents	%	No. of respondents	%
1	Attended general meeting and exercised rights for all stocks owned	28	2.8	23	2.3
2	Exercised rights for all stocks owned in writing (by post)	198	19.8	196	19.6
3	Exercised rights for all stocks owned electronically (by internet, mobile phone)	63	6.3	57	5.7
4	Exercised rights for all stocks owned via a combination of methods listed in choices 1–3 above	24	2.4	31	3.1
5	Attended general meeting and exercised rights for some stocks owned	32	3.2	51	5.1
6	Exercised rights for some stocks owned in writing (by post)	88	8.8	72	7.2
7	Exercised rights for some stocks owned electronically (by internet, mobile phone)	25	2.5	26	2.6
8	Exercised rights for some stocks owned via a combination of methods listed in choices 5–7 above	15	1.5	15	1.5
9	Did not exercise rights for any stocks owned	429	42.9	475	47.5
10	Held no stocks in subject companies	98	9.8	54	5.4
	Total	1,000	100.0	1,000	100.0

Note: We asked respondents to select one of the above 10 options with regard to the exercising of voting rights at general shareholders' meetings for March year-end companies held in June 2012.

We asked respondents who exercised voting rights (those choosing 1–8 in Figure 11) to indicate whether they voted for or against proposals by selecting from the multiple response choices in Figure 12. Some 65.3% of respondents voted in favor of all proposals at June 2012 general shareholder meetings, up 7.3ppt from last year's survey. Of the resolutions investors voted against, the most common were director compensation/bonuses (15.6%) and the appointment of directors/auditors (11.6%), though the percentage figures for both were lower compared with the survey a year ago (Figure 12).

12. Voting in favor of/against company proposals

	Choices	2012 survey		2011 survey	
		No. of responses	%	No. of responses	%
1	Voted in favor of all resolutions	309	65.3	273	58.0
2	Use of surplus funds (dividends)	43	9.1	36	7.6
3	Selection of directors/auditors	55	11.6	71	15.1
4	Director compensation/bonuses	74	15.6	82	17.4
5	Share buybacks	13	2.7	25	5.3
6	Change in the maximum number of issuable shares	7	1.5	8	1.7
7	Change in the number of directors (reduction, establishment of upper limit)	12	2.5	21	4.5
8	Increasing conditions for removing directors	6	1.3	6	1.3
9	Introduction of takeover defense measures	12	2.5	15	3.2
10	Grant of stock options	28	5.9	19	4.0
11	Retirement bonuses for directors	46	9.7	66	14.0
12	Other company proposals	27	5.7	23	4.9
	No. of responses	473		471	

Note: We asked investors who selected responses 1–8 in Figure 11 which company proposals they voted against from the list of 12 shown in Figure 12 (multiple responses allowed).

We also asked respondents who did not exercise their voting rights (those choosing response 9 in Figure 11) to indicate why from the multiple response choices in Figure 13. The most common reasons given were “because the impact of my vote is small” (51.5%) and “because it is a hassle” (41.0%), though the percentage figures for both categories were lower than in the survey a year earlier (Figure 13).

13. Reasons for not exercising voting rights

	Choices	2012 survey		2011 survey	
		No. of responses	%	No. of responses	%
1	Because it is a hassle	176	41.0	226	47.6
2	Because the impact of my vote is small	221	51.5	269	56.6
3	None of the resolutions required me to express an opinion	49	11.4	65	13.7
4	I did not have the time to study the resolutions	28	6.5	24	5.1
5	I could not attend the general meeting or I forgot to mail the voting card	24	5.6	17	3.6
6	My investment style is mainly short term or seeking capital gains, so I do not view exercising my voting rights as important	19	4.4	16	3.4
7	I have no interest in exercising voting rights	70	16.3	73	15.4
8	I did not understand the resolutions well	19	4.4	26	5.5
9	Other	15	3.5	16	3.4
	No. of responses	429		475	

Note. We asked investors who selected option 9 in Figure 11 to select one or more responses in Figure 13 indicating why they did not exercise their voting rights.

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 2 July with deadline for responses on 3 July.

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 (July 2012) respondents

Gender: Male (79.3%), Female (20.7%)

Age: Under 30 (2.5%), 30–39 (16.2%), 40–49 (30.8%), 50–59 (27.9%), 60 and above (22.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.0%), Professional (physician/medical professional, lawyer, etc) (1.9%), Company management/corporate officer (4.6%), Company employee/public servant (52.4%), Housewife (8.7%), Part-time worker/casual worker/job-hopper (7.0%), Unemployed/pensioner (15.9%), Other (2.5%)

Region: Kanto (45.9%), Kinki (20.1%), Tokai/Koshinetsu/Hokuriku (17.3%), Hokkaido/Tohoku (5.9%), Chugoku/Shikoku/Kyushu (10.8%)

Financial assets held: Less than ¥1,000,000 (7.5%), ¥1,000,000–¥2,999,999 (13.3%), ¥3,000,000–¥4,999,999 (14.1%), ¥5,000,000–¥9,999,999 (20.8%), ¥10,000,000–¥29,999,999 (27.8%), ¥30,000,000–¥49,999,999 (9.3%), ¥50,000,000 or more (7.2%)

Value of domestic stocks held: Less than ¥500,000 (14.1%), ¥500,000–¥999,999 (16.2%), ¥1,000,000–¥2,999,999 (24.9%), ¥3,000,000–¥4,999,999 (16.0%), ¥5,000,000–¥9,999,999 (14.6%), ¥10,000,000–¥29,999,999 (10.2%), ¥30,000,000 or more (4.0%)

Investment experience: Less than three years (7.9%), Three years to less than five years (14.6%), Five years to less than 10 years (28.6%), 10 years to less than 20 years (26.5%), 20 years or more (22.4%)

Investment plan for domestic stocks: Mainly for long-term holding (43.8%), Pursuit of gains from short-term appreciation (12.0%), Pursuit of dividends and shareholder perks (27.6%), No particular plan (16.6%)

Notice

The next Nomura Individual Investor Survey (August 2012) is scheduled for release on Tuesday, 14 August 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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The distribution of all ratings published by Nomura Global Equity Research is as follows:

46% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 40% of companies with this rating are investment banking clients of the Nomura Group*.

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As at 30 June 2012. *The Nomura Group as defined in the Disclaimer section at the end of this report.

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

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, 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.

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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