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 11.0pt m-m to 38.8
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 38.8 for October, down 11.0pt m-m and below its historical average. The largest proportion of respondents, 54.2%, said they expect a rise of "about 1,000 points," although that proportion was down 4.6ppt from the previous month, representing the largest m-m decline among all responses. The response rates increased m-m in all categories that assume future share price declines.

(2) International affairs attracts 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, and that proportion increased by 4.3ppt m-m—the largest rise among all categories. The largest decrease, at 3.2ppt, was for domestic politics. The ranking order of all factors remained unchanged from last month.

(3) Pharmaceuticals still 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, with its DI rising 1.2pt m-m. The month's biggest gainer was electrical equipment/precision equipment, the DI for which rose 5.3pt. This month's biggest decliner was automobiles, which saw a 13.6pt fall in its DI.

(4) More investors expecting yen appreciation versus US dollar
On the outlook for the USD/JPY rate over the next three months, the combined proportion of respondents expecting the yen to strengthen against the dollar was 39.6%, up 5.6ppt from the previous month. The response "rise of about ¥5 against the dollar" saw the largest rise in response rate, of 5.2ppt, while response rates declined in all three 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").

(5) Australian dollar still the most appealing currency
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 33rd straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). Its DI rose 0.2pt m-m. The euro's DI rose by 12.6pt m-m. This was the largest increase for any currency and lifted the euro off the bottom of the table. The DI for the renminbi saw the largest decline, of 19.4pt, as it fell to an all-time low.

(6) Increased interest in investment trusts
To give an indication of plans for holding financial instruments, we calculate DIIs 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 3.3pt from the previous survey, the biggest rise of any category.
2. Survey results

(1) Nomura I-View Index down 11.0pt m-m to 38.8
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 38.8 for October, down 11.0pt m-m and below its historical average. Fewer individual investors said they expect share prices to rise (Figure 1).

The Nikkei Average reference level (1 October close) was 8,796, up 21pt from the previous survey (4 September close of 8,775).

Fig. 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 69.4%, down 5.5ppt from 74.9% in the last survey. The largest proportion of respondents, 54.2%, said they expect a rise of "about 1,000 points," although that proportion was down 4.6ppt from the previous month, representing the largest m-m decline among all responses. Response rates rose m-m in all categories that assume future share price declines ("fall of about 1,000 points," "fall of about 2,000 points," and "fall of more than 2,000 points"), with the largest (3.9ppt) for "fall of about 1,000 points" (Figure 2).

Fig. 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 1 October closing figure of 8,796. 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 attracts 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, and that proportion increased by 4.3ppt m-m, the most of any category. The largest decrease, at 3.2ppt, was for domestic politics. The ranking order of all factors remained unchanged from last month (Figure 3).

![Fig. 3: Impact of factors on the stock market](image)

(3) Pharmaceuticals still 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 again the most attractive sector, with its DI rising 1.2pt m-m. The month’s biggest gainer was electrical equipment/precision equipment, the DI for which rose 5.3pt, although it remained in negative territory. This month’s biggest decliner was automobiles, the DI for which fell by 13.6pt m-m, to -12.2 (Figures 4, 5).

![Fig. 4: Investment appeal by sector](image)

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/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.
(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).

<table>
<thead>
<tr>
<th>Code</th>
<th>Company</th>
<th>No. of respondents</th>
<th>Code</th>
<th>Company</th>
<th>No. of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>9984</td>
<td>Softbank</td>
<td>47</td>
<td>6753</td>
<td>Sharp</td>
<td>12</td>
</tr>
<tr>
<td>7203</td>
<td>Toyota Motor</td>
<td>44</td>
<td>9437</td>
<td>NTT Docomo</td>
<td>12</td>
</tr>
<tr>
<td>4502</td>
<td>Takeda Pharmaceutical</td>
<td>38</td>
<td>7011</td>
<td>Mitsubishi Heavy Industries</td>
<td>10</td>
</tr>
<tr>
<td>4661</td>
<td>Oriental Land</td>
<td>22</td>
<td>8306</td>
<td>Mitsubishi UFJ Financial Group</td>
<td>10</td>
</tr>
<tr>
<td>9201</td>
<td>Japan Airlines</td>
<td>22</td>
<td>2712</td>
<td>Starbucks Coffee Japan</td>
<td>9</td>
</tr>
<tr>
<td>8267</td>
<td>Aeon</td>
<td>19</td>
<td>4503</td>
<td>Astellas Pharma</td>
<td>9</td>
</tr>
<tr>
<td>2702</td>
<td>McDonald's Holdings (Japan)</td>
<td>18</td>
<td>6752</td>
<td>Panasonic</td>
<td>9</td>
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<tr>
<td>8411</td>
<td>Mizuho Financial Group</td>
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<td>7751</td>
<td>Canon</td>
<td>8</td>
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<tr>
<td>3402</td>
<td>Toray Industries</td>
<td>14</td>
<td>8473</td>
<td>SBI Holdings</td>
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<tr>
<td>6758</td>
<td>Sony</td>
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<td>8750</td>
<td>Dai-ichi Life Insurance</td>
<td>8</td>
</tr>
<tr>
<td>7267</td>
<td>Honda Motor</td>
<td>14</td>
<td>2788</td>
<td>Apple International</td>
<td>7</td>
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<tr>
<td>9202</td>
<td>All Nippon Airways</td>
<td>14</td>
<td>4523</td>
<td>Eisai</td>
<td>7</td>
</tr>
<tr>
<td>8058</td>
<td>Mitsubishi Corp</td>
<td>13</td>
<td>6802</td>
<td>Toshiba</td>
<td>7</td>
</tr>
<tr>
<td>8604</td>
<td>Nomura Holdings</td>
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<td>7550</td>
<td>Zensho Holdings</td>
<td>7</td>
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<td>6501</td>
<td>Hitachi</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

(5) More investors expecting yen appreciation versus US dollar
On the outlook for the USD/JPY rate over the next three months, the combined proportion of respondents expecting the yen to strengthen against the dollar was 39.6%, up 5.6ppt from 34.0% the previous month. The response "rise of about ¥5 against the dollar" saw the largest increase in response rate, of 5.2ppt, while response rates declined in all three 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") (Figure 7). At the time of the latest survey (1 October), the noon indicative USD/JPY rate was 77.90, indicating a stronger yen than at the time of the previous survey (78.32 as of 4 September).
(6) Australian dollar remains the most appealing currency

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 33rd straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). Its DI rose 0.2pt m-m. The euro's DI rose by 12.6pt. This was the largest rise for any currency and lifted the euro off the bottom of the table for the first time since the July 2011 survey. The DI for the renminbi saw the largest decline, of 19.4pt, as it fell to an all-time low (Figures 8, 9).
(7) Growing interest in 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 3.3pt from the previous survey, the biggest rise of any category (Figure 10).

Fig. 10: Financial instruments for which investors are either seeking to increase or decrease their holdings

<table>
<thead>
<tr>
<th>Currency</th>
<th>DI</th>
<th>Breakdown of DI (% of responses)</th>
<th>(Ref) Previous DI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Plan to increase</td>
<td>Plan to decrease</td>
</tr>
<tr>
<td>Cash &amp; deposits</td>
<td>40.8</td>
<td>43.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Equities</td>
<td>21.2</td>
<td>40.8</td>
<td>19.6</td>
</tr>
<tr>
<td>Gold</td>
<td>12.7</td>
<td>13.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Investment trusts</td>
<td>7.6</td>
<td>18.8</td>
<td>11.2</td>
</tr>
<tr>
<td>Bonds</td>
<td>7.2</td>
<td>10.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Securities issued overseas</td>
<td>5.3</td>
<td>8.5</td>
<td>3.2</td>
</tr>
<tr>
<td>Hybrid securities</td>
<td>2.1</td>
<td>2.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Other</td>
<td>0.9</td>
<td>1.0</td>
<td>0.1</td>
</tr>
<tr>
<td>None</td>
<td>-34.7</td>
<td>31.6</td>
<td>66.3</td>
</tr>
</tbody>
</table>

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.
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 1 October with deadline for responses on 2 October.

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 2012) respondents

Gender: Male (81.1%), Female (18.9%)

Age: Under 30 (1.4%), 30–39 (15.7%), 40–49 (29.9%), 50–59 (27.7%), 60 and above (25.3%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.4%), Professional (physician/medical professional, lawyer, etc) (2.4%), Company management/corporate officer (4.2%), Company employee/public servant (53.4%), Housewife (9.6%), Part-time worker/casual worker/job-hopper (5.2%), Unemployed/pensioner (15.0%), Other (2.8%)

Region: Kanto (44.5%), Kinki (23.8%), Tokai/Koshinetsu/Hokuriku (15.3%), Hokkaido/Tohoku (5.6%), Chugoku/Shikoku/Kyushu (10.8%)

Financial assets held: Less than ¥1,000,000 (8.2%), ¥1,000,000–¥2,999,999 (13.5%), ¥3,000,000–¥4,999,999 (13.7%), ¥5,000,000–¥9,999,999 (20.9%), ¥10,000,000–¥29,999,999 (26.6%), ¥30,000,000–¥49,999,999 (9.2%), ¥50,000,000 or more (7.9%)

Value of domestic stocks held: Less than ¥500,000 (19.5%), ¥500,000–¥999,999 (15.1%), ¥1,000,000–¥2,999,999 (25.5%), ¥3,000,000–¥4,999,999 (16.4%), ¥5,000,000–¥9,999,999 (12.2%), ¥10,000,000–¥29,999,999 (8.6%), ¥30,000,000 or more (2.7%)

Investment experience: Less than three years (8.3%), Three years to less than five years (13.0%), Five years to less than 10 years (29.9%), 10 years to less than 20 years (28.8%), 20 years or more (20.0%)

Investment plan for domestic stocks: Mainly for long-term holding (45.2%), Pursuit of gains from short-term appreciation (11.6%), Pursuit of dividends and shareholder perks (27.3%), No particular plan (15.9%)

Notice

The next Nomura Individual Investor Survey (November 2012) is scheduled for release on Friday, 16 November 2012.
Any Authors named on this report are Research Analysts unless otherwise indicated

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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.

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Margin transactions are subject to a sales commission of up to 1.365% (tax included) of the transaction amount (or a commission of ¥2,730 (tax included) for transactions of ¥200,000 or less), as well as management fees and rights handling fees. In addition, long margin transactions are subject to interest on the purchase amount, while short margin transactions are subject to fees for the lending of the shares borrowed. A margin equal to at least 30% of the transaction amount and at least ¥500,000 is required. With margin transactions, an amount up to roughly 3.3 times the margin may be traded. Margin transactions therefore carry the risk of losses in excess of the margin owing to share price fluctuations. For details, please thoroughly read the written materials provided, such as listed securities documents or documents delivered before making a contract.

Transactions involving convertible bonds are subject to a sales commission of up to 1.05% (tax included) of the transaction amount (or a commission of ¥4,200 (tax included) if this would be less than ¥4,200). When convertible bonds are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Convertible bonds carry the risk of losses owing to factors such as interest rate fluctuations and price fluctuations in the underlying stock. In addition, convertible bonds denominated in foreign currencies also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When bonds are purchased via public offerings, secondary distributions, or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Bonds carry the risk of losses, as prices fluctuate in line with changes in market interest rates. Bond prices may also fall below the invested principal as a result of such factors as changes in the management and financial circumstances of the issuer, or changes in third-party valuations of the bond in question. In addition, foreign currency-denominated bonds also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

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 0.8 will be used through 9 January 2013, and an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used starting on 10 January 2013, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.8 will be used through 9 January 2013, and an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used starting on 10 January 2013.
Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.25% (tax included) of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.25% (tax included, annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry the risk of losses. Fees and risks vary by investment trust. Maximum applicable fees are subject to change; please thoroughly read the written materials provided, such as prospectuses or documents delivered before making a contract.

An annual account maintenance fee of up to ¥1,575 (tax included) is charged for any account held with Nomura Securities containing equities or investment securities. An additional annual account maintenance fee of up to ¥3,150 (tax included) is charged for any account containing foreign securities. No account fee will be charged for other marketable securities or monies deposited. Transfers of equities to another securities company via the Japan Securities Depository Center are subject to a transfer fee of up to ¥10,500 (tax included) per issue transferred depending on volume.

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