

Nomura Individual Investor Survey

June 2014

June 12, 2014

Global Research Division
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 rises 3.2 points m-m to 47.2

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 47.2 for June, an increase of 3.2pt from 44.0 in May. The proportion of respondents expecting a "rise of about 1,000 points" was roughly half of the total at 53.1%, and was up 1.6ppt m-m, the largest rise of any option. Meanwhile, the largest m-m decline, of 2.0ppt, was in the proportion of respondents expecting a fall of "about 1,000 points". However, these changes of 2.0ppt or less m-m suggest there was no meaningful shift in expectations among investors since the previous survey.

(2) International affairs still the key focus for investors

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most-watched factor, but its response rate showed the largest m-m decrease of all the factors at 3.4ppt. The next largest m-m decline was for market factors & psychological factors at 3.2%. Meanwhile, investor interest in forex trends rose 2.1ppt m-m, the largest increase of all the factors. The response rate pushed this factor into clear second position in terms of investor interest.

(3) No major changes in sector appeal on previous survey

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months, and we calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Capital goods/other once again occupied the top slot for investor appeal. In addition, the DI for automobiles rose 1.5pt m-m, the largest increase of all the sectors, keeping the sector in second place in the rankings. Meanwhile, the DI for transportation & utilities fell 1.8pt m-m, the largest decline of all the sectors, ensuring the sector remained the most unappealing option. Changes of less than 2.0pt m-m here suggest there has been no material shift in perceptions since the previous survey.

(4) More investors see yen weakening versus the dollar

On the outlook for USD/JPY over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 65.4%, up 6.7ppt from 58.7% in May. The response rate for "decline of about ¥5 against the dollar" increased 6.3ppt m-m, the largest rise of all the responses. The largest decline in the response rate was for "rise of about ¥5 against the dollar", which dropped 5.5ppt m-m.

(5) Australian dollar and Japanese yen hold the most appeal for investors

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 and the Japanese yen held the top spot with DIs of 20.9. Although the Chinese yuan remained the least appealing currency, it registered the largest increase in DI, rising 2.6pt m-m. In contrast, the Brazilian real saw its DI decline 3.5pt m-m, the largest drop of all the currencies.

(6) Japanese equities remain the most appealing financial instrument

In order 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. Japanese equities remained the most appealing financial instrument this month, but its DI fell 1.5pt m-m. In contrast, cash & deposits saw the largest decline in DI among all financial instruments, of 4.0pt m-m (Figures 10 and 11).

(7) Increase in investors expecting rise in prices one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 61.6% of respondents said they expected prices to rise, an increase of 6.2ppt from 55.4% in May. A "rise of less than 2%" remained the most common response, at 41.6%, with the response rate rising 3.7ppt m-m, marking the largest increase among all options. The "no change" option came in second with 25% of respondents, but the response rate decline 1.5% over the previous month. Meanwhile, the largest decline in response rate was for "fall of less than 2%", which was down 2.9ppt m-m.

(8) Awareness of capital efficiency at Japanese companies

For this month's spot question, we asked investors about their stance on capital efficiency at Japanese companies, and what impact this might have on their investment approach. In response to our first question, "Do you think that Japanese companies have become more aware of capital efficiency considering the recent increase in the value of authorized share buyback programs in Japan?," the most popular option was "awareness has grown, but will not last long" with a response rate of 25.0%, followed in order by "awareness has not grown, but will do so in the future" with 23.0%, "uncertain" with 22.0%, and "awareness has grown, and will do so more in the future" with 20.8%, suggesting opinion was divided. In response to our second question, "If more Japanese companies adopt a stronger focus on capital efficiency, what impact will this have on your investment approach?," the most popular option was "no change in investment approach (no impact)" with a response rate of 43.0%, followed by "more active approach to equity investment" with 33.4%.

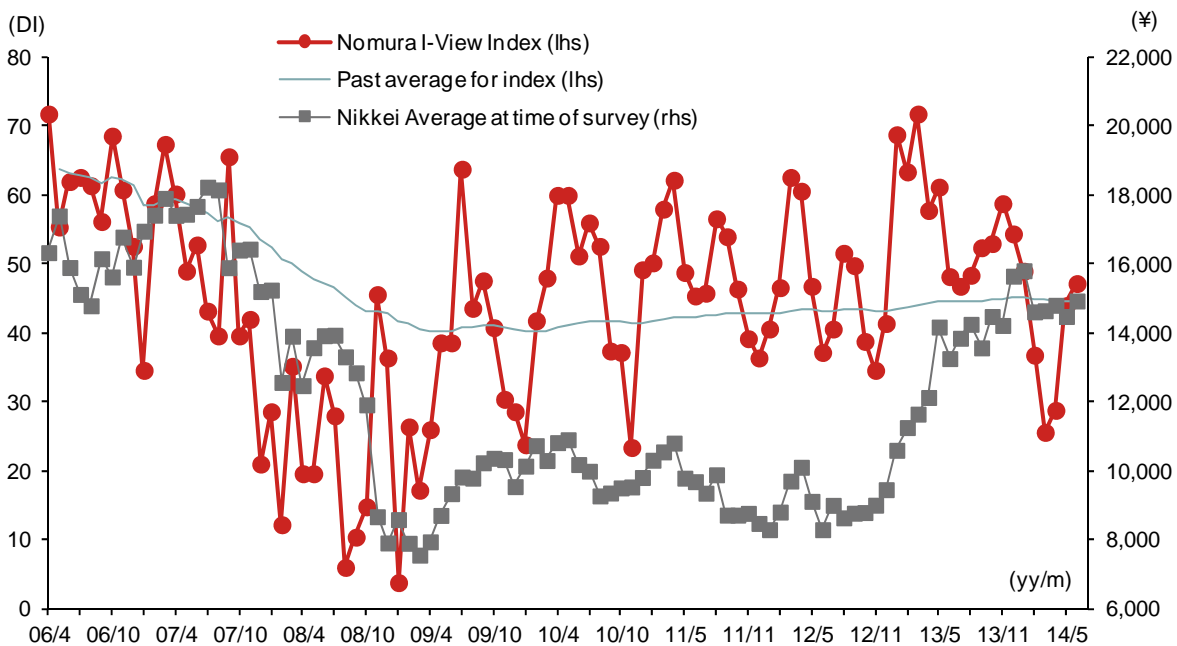
2. Survey results

(1) Nomura I-View Index rises 3.2 points m-m to 47.2

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 47.2 for June, an increase of 3.2pt from 44.0 in May (Figure 1).

The Nikkei Average reference level (2 June close) was 14,935.92, up 450.79 from the previous survey (1 May close of 14,485.13).

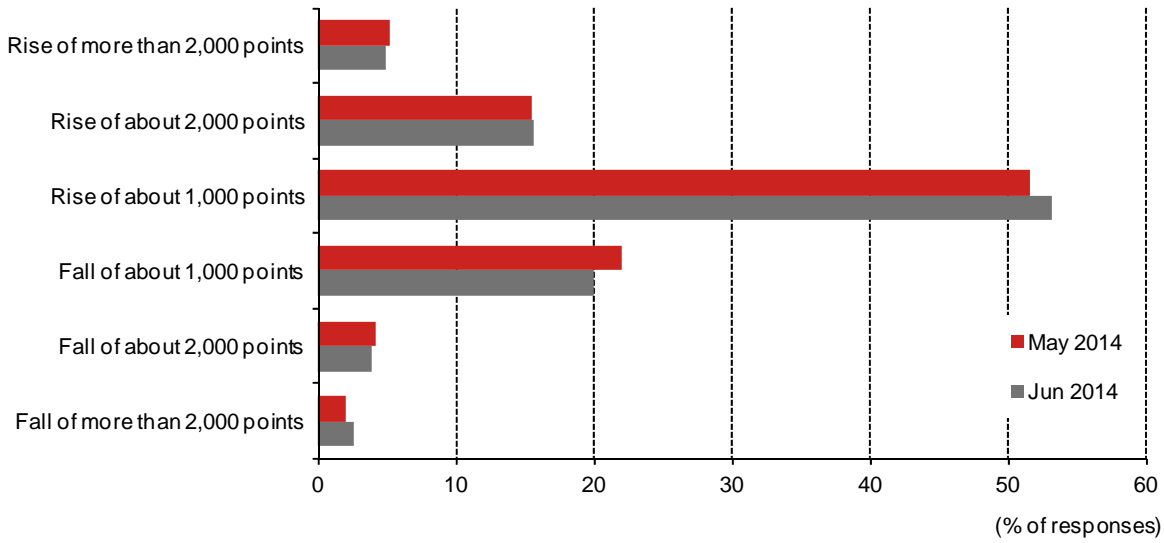
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



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: $\frac{(\text{Number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})}{\text{number of respondents}} \times 100$. The figure for January 2010 used here excludes those respondents who projected 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 73.6%, up 1.6ppt from 72.0% in the last survey. The proportion of respondents expecting a "rise of about 1,000 points" was roughly half of the total at 53.1%, and was up 1.6ppt m-m, the largest rise of any single option. Meanwhile, the largest m-m decline, of 2.0ppt, was in the proportion of respondents expecting a fall of "about 1,000 points". However, these changes of 2.0ppt or less m-m suggest there was no meaningful shift in expectations among investors since the previous survey (Figure 2).

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

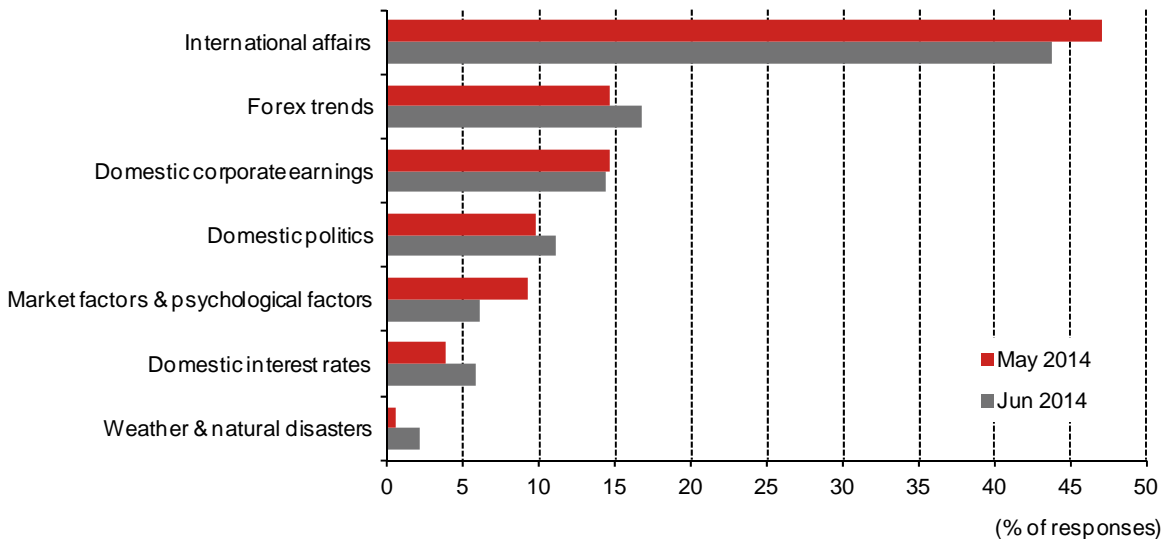


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 2 June closing figure of 14,935. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) International affairs still the key focus for investors

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most-watched factor, but its response rate showed the largest m-m decrease of all the factors at 3.4ppt. The next largest m-m decline was for market factors & psychological factors at 3.2%. Meanwhile, investor interest in forex trends rose 2.1ppt m-m, the largest increase of all the factors. The response rate pushed this factor into clear second position in terms of investor interest (Figure 3).

Fig. 3: Impact of factors on the stock market



Note: Respondents were asked to choose one answer from a possible seven responses concerning factors likely to impact the stock market over the next three months or so.

(3) No major changes in sector appeal on previous survey

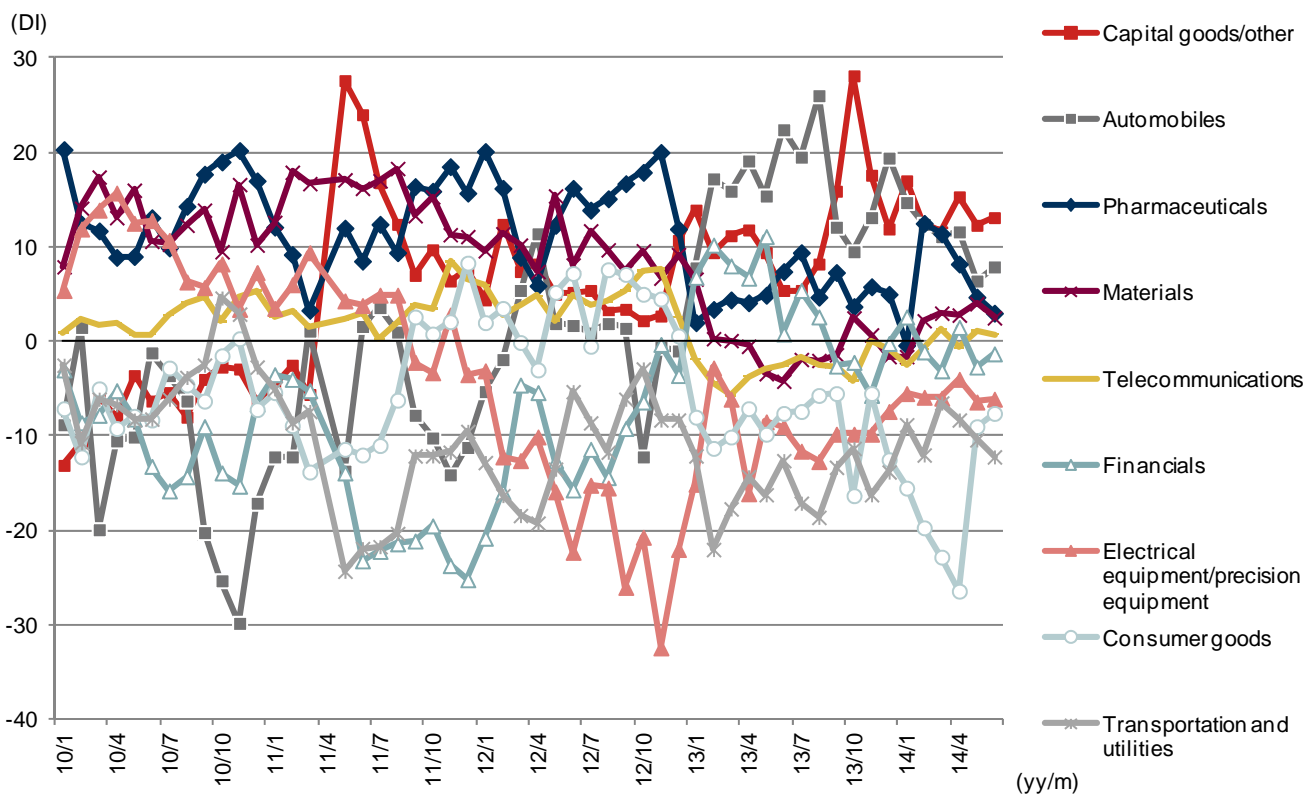
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months, and we calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Capital goods/other once again occupied the top slot for investor appeal this month, but its DI recorded only a slight m-m increase of 0.8pt. In addition, the DI for automobiles rose 1.5pt m-m, the largest increase of all the sectors, keeping the sector in second place in the rankings. Meanwhile, the DI for transportation & utilities fell 1.8pt m-m, the largest decline of all the sectors, ensuring the sector remained the most unappealing option. Investor interest rankings remained unchanged from the previous month, and changes of less than 2.0pt m-m here suggest there has been no material shift in perceptions since the previous survey (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Capital goods/other	13.1	17.4	4.3	12.3
Automobiles	7.9	15.3	7.4	6.4
Pharmaceuticals	3.0	10.6	7.6	4.7
Materials	2.5	13.3	10.8	4.0
Telecommunications	0.7	7.7	7.0	1.1
Financials	-1.3	10.7	12.0	-2.7
Electrical equipment/precision equipment	-6.1	7.6	13.7	-6.4
Consumer goods	-7.6	12.1	19.7	-9.0
Transportation and utilities	-12.2	5.3	17.5	-10.4

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 financial sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/other sector comprises construction, machinery, shipbuilding, transportation equipment, miscellaneous manufacturing, and real estate. The transportation and utilities sector comprises railroads & buses, trucking, shipping, airlines, warehousing, electric power, and gas. The consumer goods sector comprises marine products, food, retail, and services.

Fig. 5: 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).

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

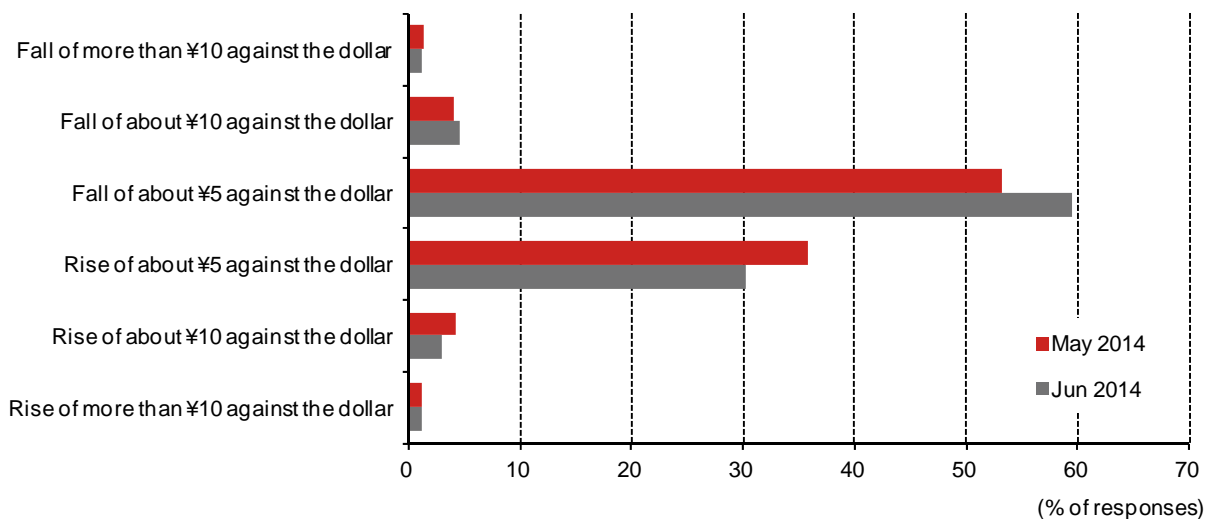
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	119	5401	Nippon Steel & Sumitomo Metal	10
9984	Softbank	31	8750	Dai-ichi Life Insurance	10
8267	Aeon	20	9432	Nippon Telegraph and Telephone	10
4502	Takeda Pharmaceutical	19	7261	Mazda Motor	9
8411	Mizuho Financial Group	19	7201	Nissan Motor	8
8306	Mitsubishi UFJ Financial Group	18	8031	Mitsui & Co	8
4661	Oriental Land	17	6501	Hitachi	7
7751	Canon	15	6502	Toshiba	7
9202	ANA Holdings	13	6758	Sony	7
2811	Kagome	12	7267	Honda Motor	7
6752	Panasonic	11	7550	Zensho Holdings	7
8058	Mitsubishi Corp	11	9424	Japan Communications	7
9437	NTT Docomo	11			

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

(5) More investors see yen weakening versus the dollar

On the outlook for USD/JPY over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 65.4%, up 6.7ppt from 58.7% in May. The response rate for "decline of about ¥5 against the dollar" increased 6.3ppt m-m, the largest rise of all the responses. The largest decline in the response rate was for "rise of about ¥5 against the dollar", which dropped 5.5ppt m-m (Figure 7).

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



Note: Respondents were asked to share their outlook for the USD/JPY rate over the next three months, referencing a 2 June 2014 indicative rate of 101.98. They could choose one answer from a possible six responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

(6) Australian dollar and Japanese yen hold the most appeal for investors

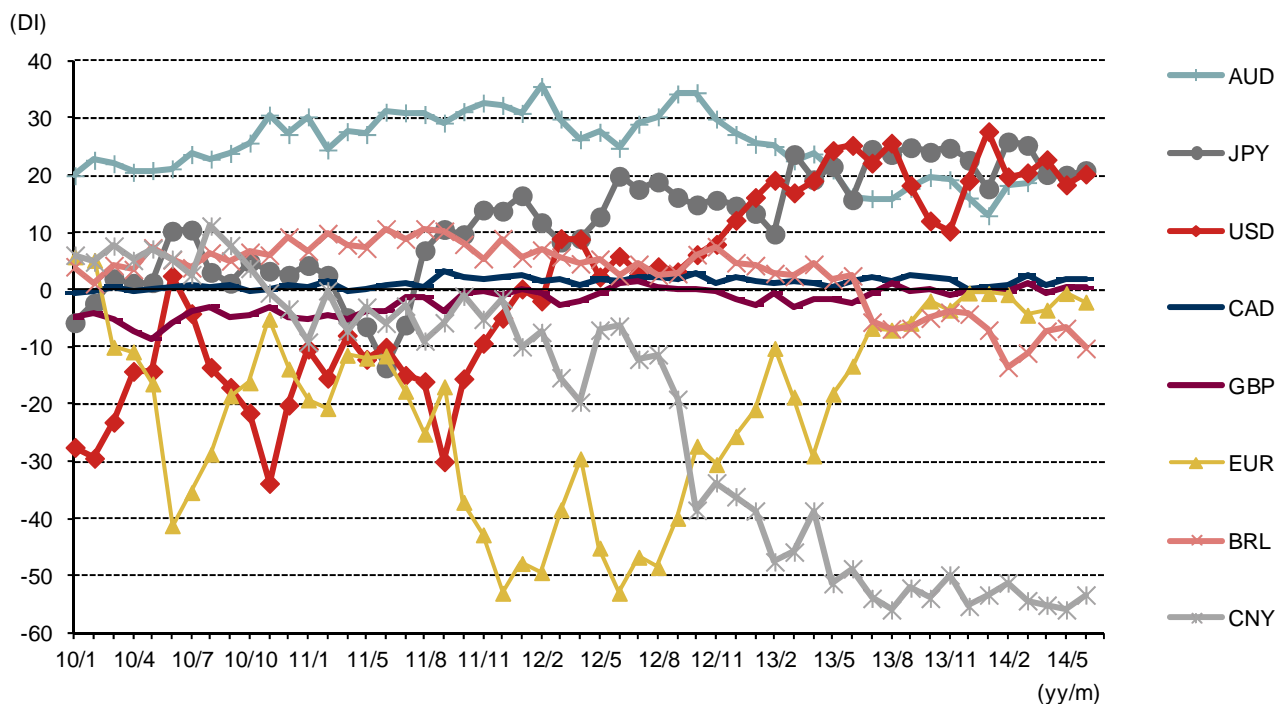
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The Australian dollar and the Japanese yen held the top spot with DIs of 20.9. The Australian dollar was the most appealing currency for the first time since April 2013. Although the Chinese yuan remained the least appealing currency, it registered the largest increase in DI, rising 2.6pt m-m. In contrast, the Brazilian real saw its DI decline 3.5pt m-m, the largest drop of all the currencies (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	20.9	23.3	2.4	19.4
Japanese yen	20.9	28.9	8.0	20.1
US dollar	20.3	25.7	5.4	18.4
Canadian dollar	1.8	2.3	0.5	1.9
Pound sterling	0.3	1.9	1.6	0.6
Euro	-2.1	7.2	9.3	-0.6
Brazilian real	-10.2	8.1	18.3	-6.7
Chinese yuan	-53.3	1.0	54.3	-55.9

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.

Fig. 9: Trend in DIs for investment appeal of selected currencies



(7) Japanese equities remain the most appealing financial instrument

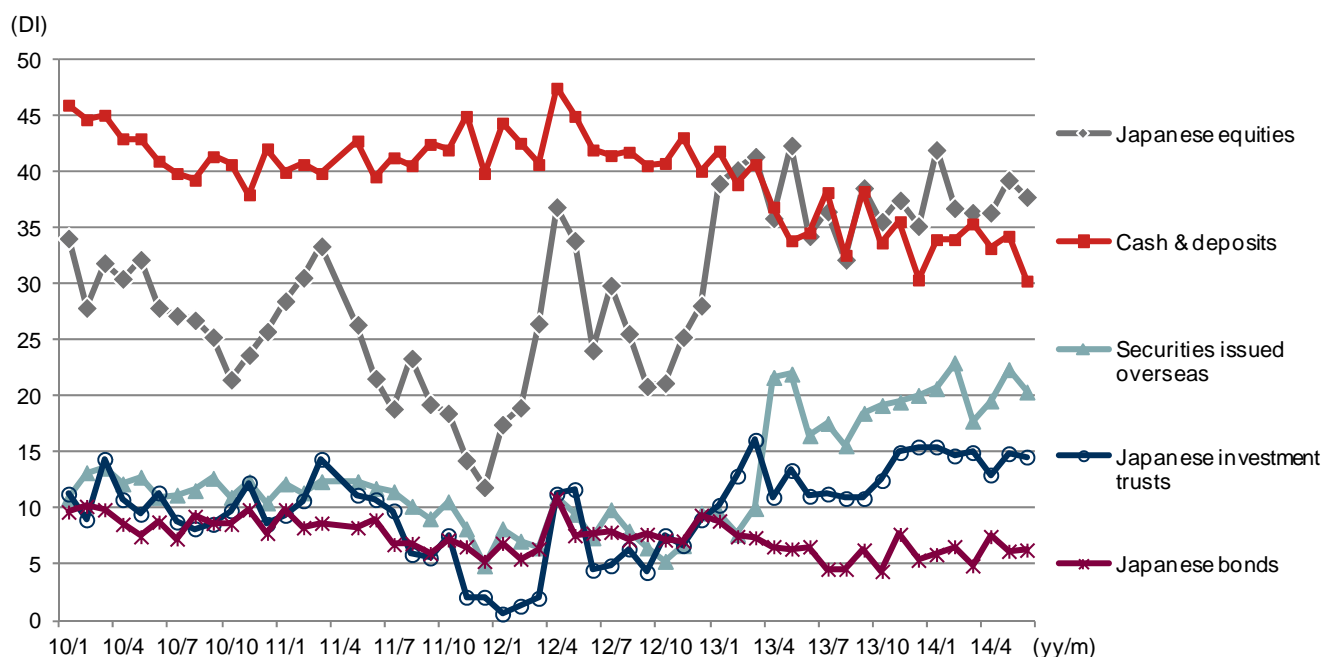
In order to give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, but its DI fell 1.5pt m-m. In contrast, cash & deposits saw the largest decline in DI among all financial instruments, of 4.0pt m-m (Figures 10 and 11).

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

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	37.8	50.1	12.3	39.3
Cash & deposits	30.3	34.6	4.3	34.3
Japanese investment trusts	14.6	20.4	5.8	14.9
Foreign equities	9.6	10.2	0.6	10.9
Gold	9.3	9.8	0.5	11.7
Foreign investment trusts	7.3	8.5	1.2	7.1
Japanese bonds	6.3	8.6	2.3	6.2
Foreign bonds	3.5	4.5	1.0	4.4
Hybrid securities	2.1	2.2	0.1	2.6
Other	0.7	0.8	0.1	0.4
None	-48.0	28.1	76.1	-50.3

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. Hybrid securities and gold were added to the list of choices from the February 2012 survey. From the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

Fig. 11: Trend in DIs for financial instruments in which investors are either seeking to increase or decrease their holdings



Note: "Securities issued overseas" is the total for foreign equities, foreign investment trusts, and foreign bonds.

(8) Increase in investors expecting rise in prices one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 61.6% of respondents said they expected prices to rise (responses 5-7 in Figure 12), an increase of 6.2ppt from 55.4% in May. A "rise of less than 2%" remained the most common response, at 41.6%, with the response rate rising 3.7ppt m-m, marking the largest increase among all options. The "no change" option came in second with 25% of respondents, but the response rate decline 1.5% over the previous month. Meanwhile, the largest decline in response rate was for "fall of less than 2%", which was down 2.9ppt m-m (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.0	4.0
2	Fall of 2% up to 5%	6.1	6.9
3	Fall of less than 2%	4.3	7.2
4	No change (0%)	25.0	26.5
5	Rise of less than 2%	41.6	37.9
6	Rise of 2% up to 5%	17.3	15.9
7	Rise of 5% or more	2.7	1.6
	Total	100	100

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

(9) Awareness of capital efficiency at Japanese companies

For this month's spot question, we asked investors about their stance on capital efficiency at Japanese companies, and what impact this might have on their investment approach. In response to our first question, "Do you think that Japanese companies have become more aware of capital efficiency considering the recent increase in the value of authorized share buyback programs in Japan?", the most popular option was "awareness has grown, but will not last long" with a response rate of 25.0%, followed in order by "awareness has not grown, but will do so in the future" with 23.0%, "uncertain" with 22.0%, and "awareness has grown, and will do so more in the future" with 20.8%, suggesting opinion was divided (Figure 13). In response to our second question, "If more Japanese companies adopt a stronger focus on capital efficiency, what impact will this have on your investment approach?," the most popular option was "no change in investment approach (no impact)" with a response rate of 43.0%, followed by "more active approach to equity investment" with 33.4% (Figure 14).

Fig. 13: Awareness of capital efficiency at Japanese companies

	Options	Response rate (%)
1	Awareness has grown, and will do so more in the future	20.8
2	Awareness has grown, but will not last long	25.0
3	Awareness has not grown, but will do so in the future	23.0
4	Awareness has not grown, and will not do so in the future	9.2
5	Uncertain	22.0
	Total	100.0

Note: Respondents were asked to select one of the above five responses to the question: "Do you think that Japanese companies have become more aware of capital efficiency considering the recent increase in the value of authorized share buyback programs in Japan?"

Fig. 14: Impact on investment approach if Japanese companies adopt stronger focus on capital efficiency

	Choices	Response rate (%)
1	More active approach to equity investment	33.4
2	More passive approach to equity investment	9.0
3	No change in investment approach (no impact)	43.0
4	Uncertain	14.6
	Total	100.0

Note: Respondents were asked to select one of the above four responses to the question: "If more Japanese companies adopt a stronger focus on capital efficiency, including dividend hikes and investment in new businesses as well as share buybacks, what impact will this have on your investment approach? Please select the option that best describes the impact on your investment approach."

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, 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 June with deadline for responses on 3 June.

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, (5) financial instruments for which investors plan to change their holdings, and (6) inflation outlook (since July 2013). Respondents are also asked spot questions each month and queries about their personal profiles.

4. Nomura Individual Investor Survey (June 2014) respondents

Gender: Male (82.6%), Female (17.4%)

Age: Under 30 (1.0%), 30–39 (10.1%), 40–49 (26.7%), 50–59 (28.6%), 60 and above (33.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.4%), Professional (physician/medical professional, lawyer, etc) (3.2%), Company management/corporate officer (3.9%), Company employee/public servant (48.5%), Student (0.0%), Full-time homemaker (8.4%), Part-time worker/casual worker/job-hopper (4.8%), Unemployed/pensioner (20.6%), Other (2.2%)

Region: Kanto (46.9%), Kinki (21.1%), Tokai/Koshinetsu/Hokuriku (15.7%), Hokkaido/Tohoku (5.7%), Chugoku/Shikoku/Kyushu (10.6%)

Financial assets held: Less than ¥1,000,000 (6.6%), ¥1,000,000–¥2,999,999 (10.7%), ¥3,000,000–¥4,999,999 (14.0%), ¥5,000,000–¥9,999,999 (17.0%), ¥10,000,000–¥29,999,999 (28.7%), ¥30,000,000–¥49,999,999 (11.7%), ¥50,000,000 or more (11.3%)

Value of domestic stocks held: Less than ¥500,000 (10.3%), ¥500,000–¥999,999 (14.2%), ¥1,000,000–¥2,999,999 (23.8%), ¥3,000,000–¥4,999,999 (15.5%), ¥5,000,000–¥9,999,999 (16.8%), ¥10,000,000–¥29,999,999 (13.4%), ¥30,000,000 or more (6.0%)

Investment experience: Less than three years (4.3%), three years to less than five years (9.5%), five years to less than 10 years (27.4%), 10 years to less than 20 years (30.4%), 20 years or more (28.4%)

Investment plan for domestic stocks: Mainly for long-term holding (46.9%), Pursuit of gains from short-term appreciation (15.3%), Pursuit of dividends and shareholder perks (24.6%), No particular plan (13.2%)

Notice

The next Nomura Individual Investor Survey (July 2014) is scheduled for release on Friday, 11 July 2014.

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

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11% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 26% of companies with this rating are investment banking clients of the Nomura Group*.

As at 31 March 2014. *The Nomura Group as defined in the Disclaimer section at the end of this report.

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The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

STOCKS

A rating of **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of **'Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of **'Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: <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; **Japan**: Russell/Nomura Large Cap.

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Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan prior to 21 October 2013

STOCKS

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Target Price

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