

Nomura Individual Investor Survey

September 2014

September 11, 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 5.4pt m-m to 48.4

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 48.4 for September, a rise of 5.4pt from 43.0 in August. The proportion of respondents expecting a "rise of about 1,000 points" was 58.1%, up 3.9ppt m-m, indicating that the majority of individual investors are projecting a small rise in share prices.

(2) Rise in investor interest in domestic politics

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 fell 3.6ppt m-m. The response rate for domestic politics saw the largest m-m rise for all the options, of 4.5ppt. Investors appear to have been interested in the Abe Cabinet reshuffle.

(3) Interest in pharmaceuticals rises, consumer goods remains least appealing sector

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, with its DI also rising 2.7pt m-m. The biggest m-m rise was for pharmaceuticals, which saw its DI rise 10.0pt to 13.2. By contrast, consumer goods remained the least appealing sector, and its DI also saw the largest m-m fall, of 9.6pt. We think this reflects weak economic indicators following the consumption tax hike.

(4) Higher proportion of investors expect yen to appreciate against dollar

On the outlook for the USD/JPY rate over the next three months, the combined percentage of respondents expecting the yen to strengthen against the dollar was 52.3%, up a large 7.8ppt from the previous month's total of 44.5%. The response rate for "rise of about ¥5 against the dollar" marked the largest m-m rise, of 6.7ppt, while the response rate for "rise of more than ¥10 against the dollar" fell 0.8ppt. More individual investors are apparently expecting a modest appreciation of the yen against the dollar.

(5) Australian dollar the most appealing currency

We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The Australian dollar held the top spot with a DI of 22.8. Although it remained flat m-m, it claimed top spot because the yen, seen as the most appealing currency in August, saw its DI fall 5.5pt m-m, the largest fall of all the currencies. The Brazilian real's DI remained negative but marked the largest m-m rise of 4.1pt.

(6) Japanese equities remain the most appealing financial instrument

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, and its DI rose 3.0pt m-m. Cash & deposits saw the biggest DI rise, of 3.9pt m-m.

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

Asked for their outlook for prices of regularly purchased goods and services one year out, 62.3% of respondents said they expected prices to rise, a decline of 2.5ppt from 64.8% in August. The proportion of respondents expecting prices to fall rose 0.3ppt. The biggest m-m rise was in the proportion of respondents expecting prices to remain unchanged. The response rate for price declines of 5% or more rose 1.4ppt, but response rates also rose for rises of 2% up to 5% and rises of 5% or more, pointing to a divergence in opinions about prices.

(8) Impressions of JPX-Nikkei Index 400

For this month's spot question, we asked investors about their impressions of the new JPX-Nikkei Index 400, which was launched in January 2014. Constituents of the index are selected based on factors such as earnings performance and capital efficiency. We asked investors whether they would use the index to help them make investment decisions. The most popular response was "don't know," with a response rate of 32.7% (this was also the most popular response the last time we asked this question in January 2014). We also asked investors about how they thought the JPX-Nikkei Index 400 would be viewed in the future compared with existing indices. The most popular response again was "don't know," selected by 44.7% of respondents. With no significant differences in responses between January and August 2014, it looks as though there has yet to be any major rise in investor awareness of the JPX-Nikkei Index 400 even though it was launched eight months ago.

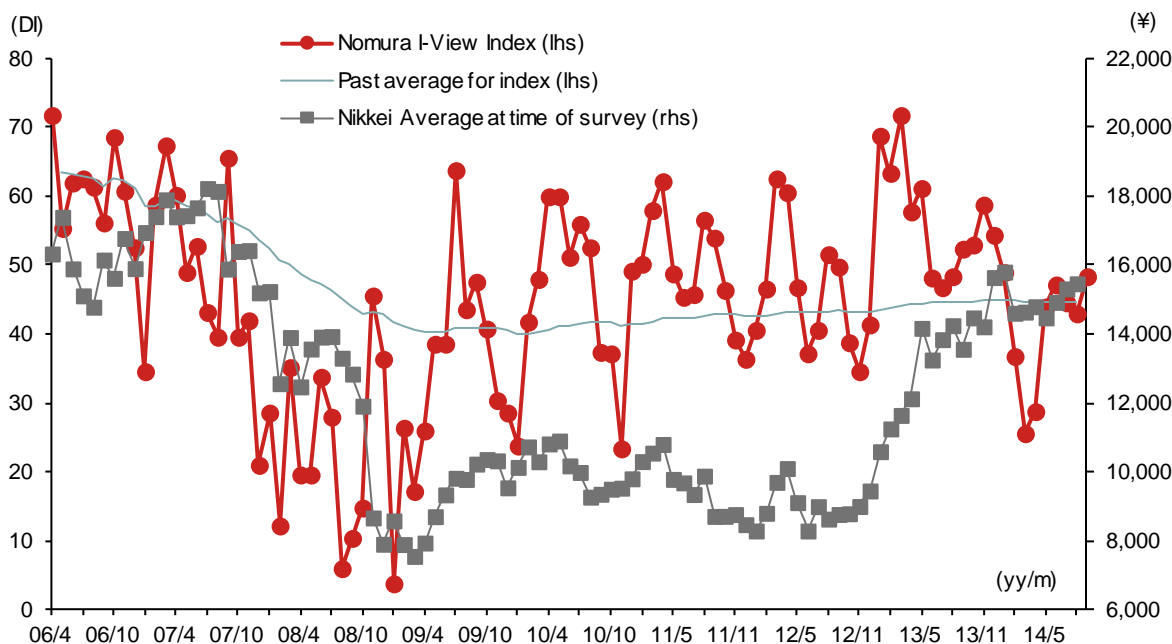
2. Survey results

(1) Nomura I-View Index rises 5.4pt m-m to 48.4

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 48.4 for September, a rise of 5.4pt from 43.0 in August.

Slightly more respondents appear bullish on the outlook for share prices even though the Nikkei Average reference level (1 September close) of 15,476.60 was up only 2.10 on the previous survey (4 August close of 15,474.50).

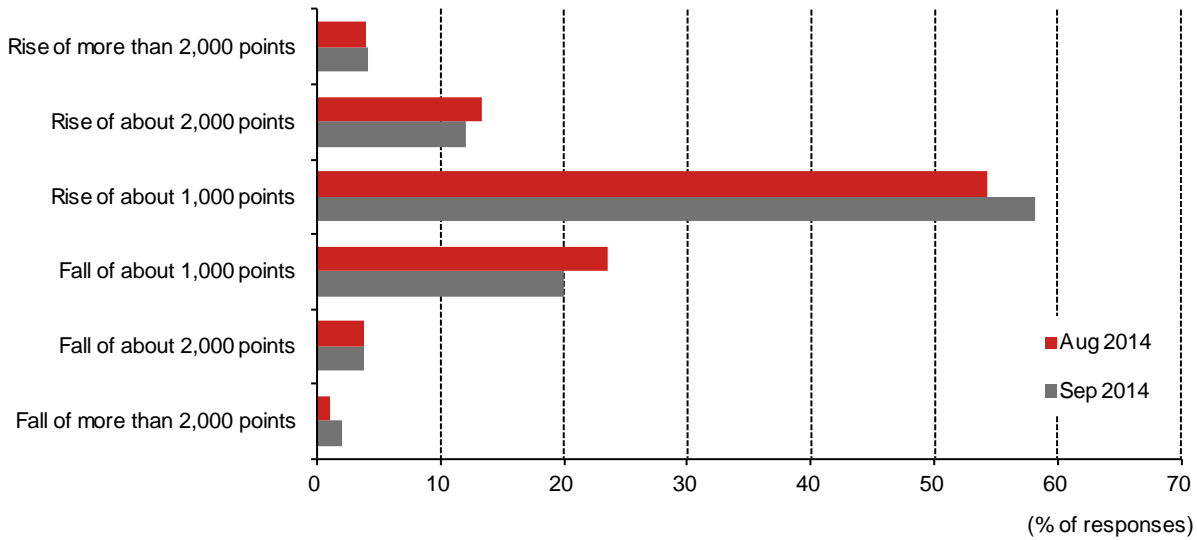
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 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 74.2%, up 2.7ppt from 71.5% in the last survey. The proportion of respondents expecting a "rise of about 1,000 points" was 58.1%, up 3.9ppt m-m. This was the largest m-m rise and the most popular response, indicating that the majority of individual investors are projecting a small rise in share prices (Figure 2).

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

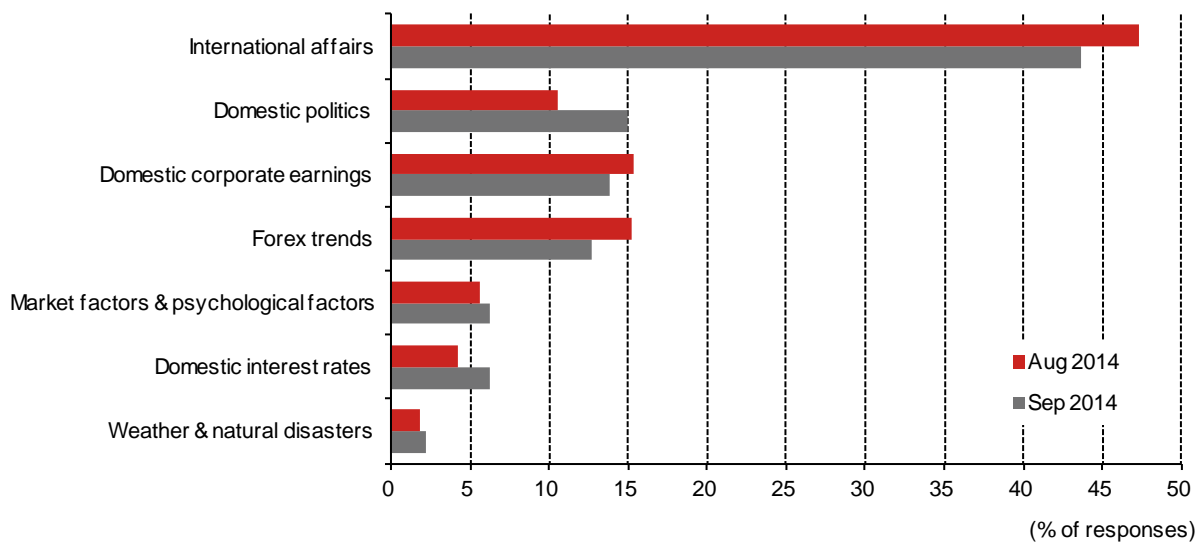


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 1 September closing figure of 15,476. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Rise in investor interest in domestic politics

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 fell 3.6ppt m-m. The response rate for domestic politics saw the largest m-m rise for all the options, of 4.5ppt. Investors appear to have been interested in the Abe Cabinet reshuffle (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) Interest in pharmaceuticals rises, consumer goods remains least appealing sector

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, with its DI also rising 2.7pt m-m. The biggest m-m rise was for pharmaceuticals, which saw its DI rise 10.0pt to 13.2. By contrast, consumer goods remained the

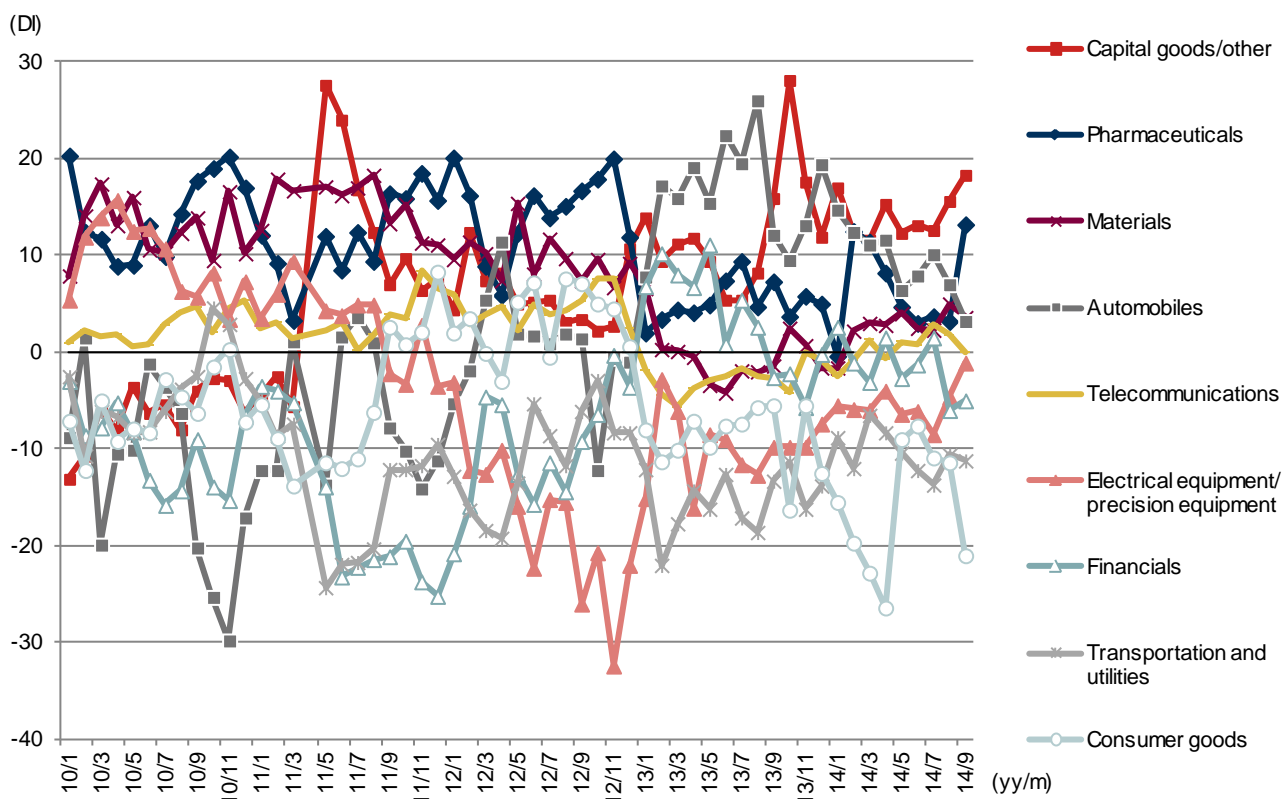
least appealing sector, and its DI also saw the largest m-m fall, of 9.6pt (Figures 4 & 5). We think this reflects weak economic indicators following the consumption tax hike, including the reading of -6.8% q-q annualized for 2014 Q2 GDP.

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Capital goods/other	18.3	23.0	4.7	15.6
Pharmaceuticals	13.2	18.8	5.6	3.2
Materials	3.6	12.3	8.7	5.0
Automobiles	3.2	10.4	7.2	7.0
Telecommunications	0.0	6.2	6.2	1.8
Electrical equipment/precision equipment	-1.1	8.2	9.3	-4.6
Financials	-5.0	8.1	13.1	-6.0
Transportation and utilities	-11.2	5.2	16.4	-10.6
Consumer goods	-21.0	7.8	28.8	-11.4

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)

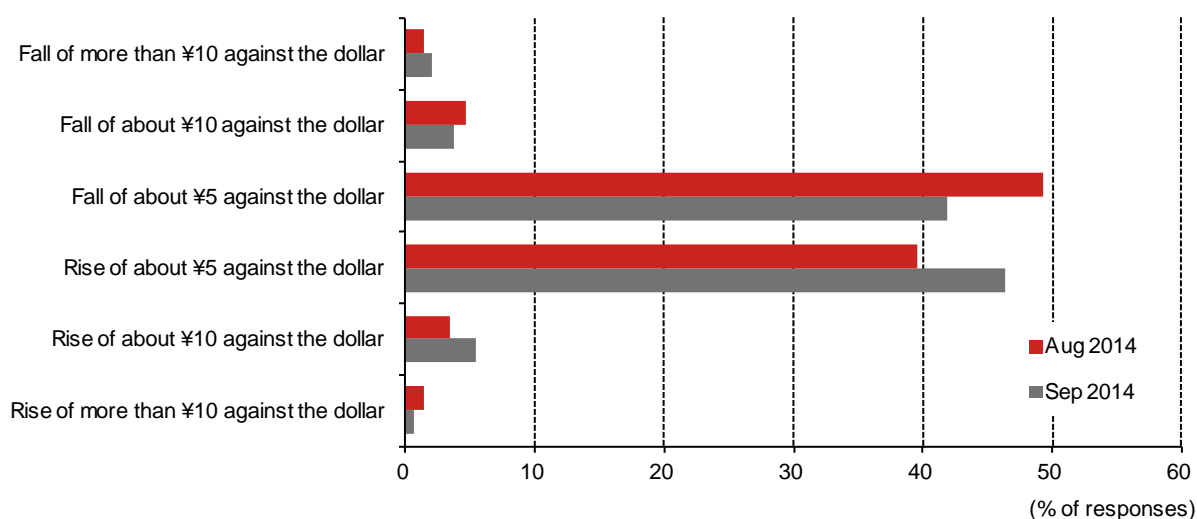
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	88	1801	Taisei	9
9984	Softbank	32	2811	Kagome	9
4901	Fujifilm Holdings	22	8306	Mitsubishi UFJ Financial Group	9
4502	Takeda Pharmaceutical	16	6501	Hitachi	8
4661	Oriental Land	16	6503	Mitsubishi Electric	8
1812	Kajima	14	7011	Mitsubishi Heavy Industries	8
6752	Panasonic	14	8058	Mitsubishi Corp	8
6758	Sony	14	9437	NTT Docomo	8
8267	Aeon	13	2712	Starbucks Coffee Japan	7
9202	ANA Holdings	13	6502	Toshiba	7
5401	Nippon Steel & Sumitomo Metal	12	7201	Nissan Motor	7
7751	Canon	11	7261	Mazda Motor	7
8031	Mitsui & Co	11	7267	Honda Motor	7
8411	Mizuho Financial Group	11			
4503	Astellas Pharma	10			

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

(5) Higher proportion of investors expect yen to appreciate against dollar

On the outlook for the USD/JPY rate over the next three months, the combined percentage of respondents expecting the yen to strengthen against the dollar was 52.3%, up a large 7.8ppt from the previous month's total of 44.5%. The response rate for "rise of about ¥5 against the dollar" marked the largest m-m rise, of 6.7ppt, while the response rate for "rise of more than ¥10 against the dollar" fell 0.8ppt. More individual investors are apparently expecting a modest appreciation of the yen against the dollar. Response rates for falls of around ¥5 and around ¥10 versus the dollar fell m-m, while the response rate for a fall of more than ¥10 rose 0.6ppt (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 1 September 2014 indicative rate of 104.15. 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 the most appealing currency

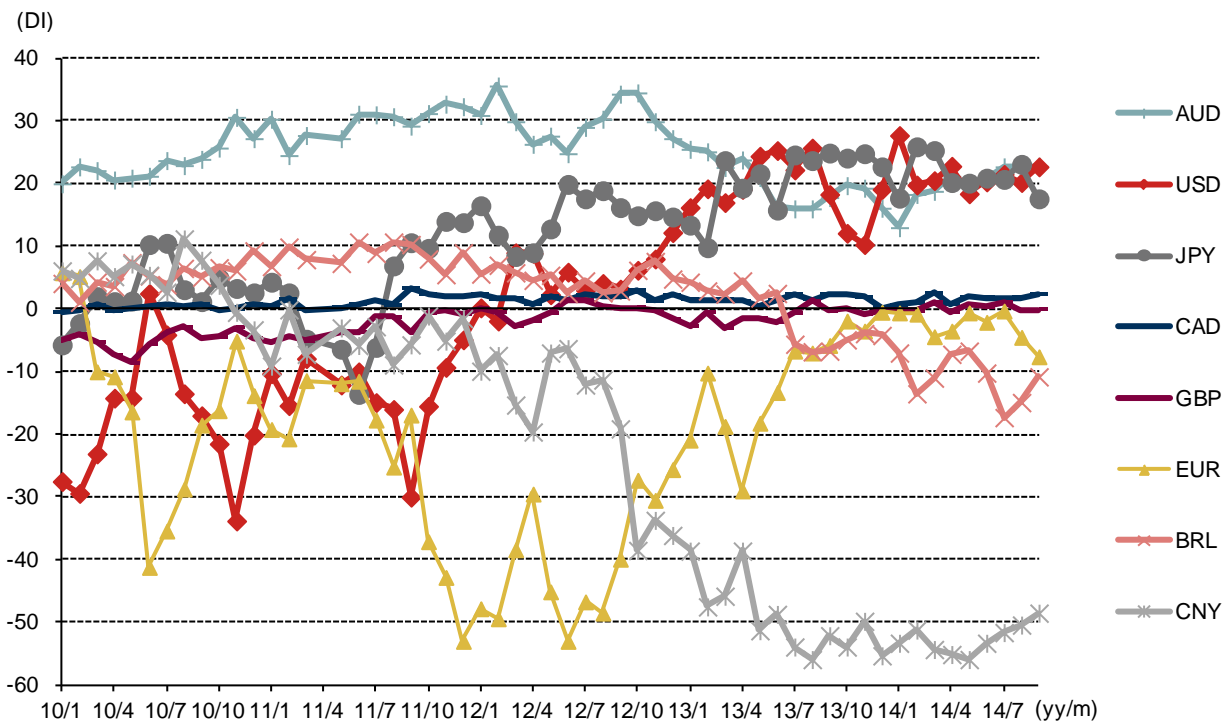
We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The Australian dollar held the top spot with a DI of 22.8. Although it remained flat m-m, it claimed top spot because the yen, seen as the most appealing currency in August, saw its DI fall 5.5pt m-m, the largest fall of all the currencies. The Brazilian real's DI remained negative but marked the largest m-m rise of 4.1pt (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	22.8	24.1	1.3	22.8
US dollar	22.7	28.5	5.8	20.2
Japanese yen	17.6	27.8	10.2	23.1
Canadian dollar	2.4	3.2	0.8	1.8
Pound sterling	-0.1	2.0	2.1	-0.2
Euro	-7.6	5.0	12.6	-4.5
Brazilian real	-10.8	4.9	15.7	-14.9
Chinese yuan	-48.5	2.3	50.8	-50.4

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

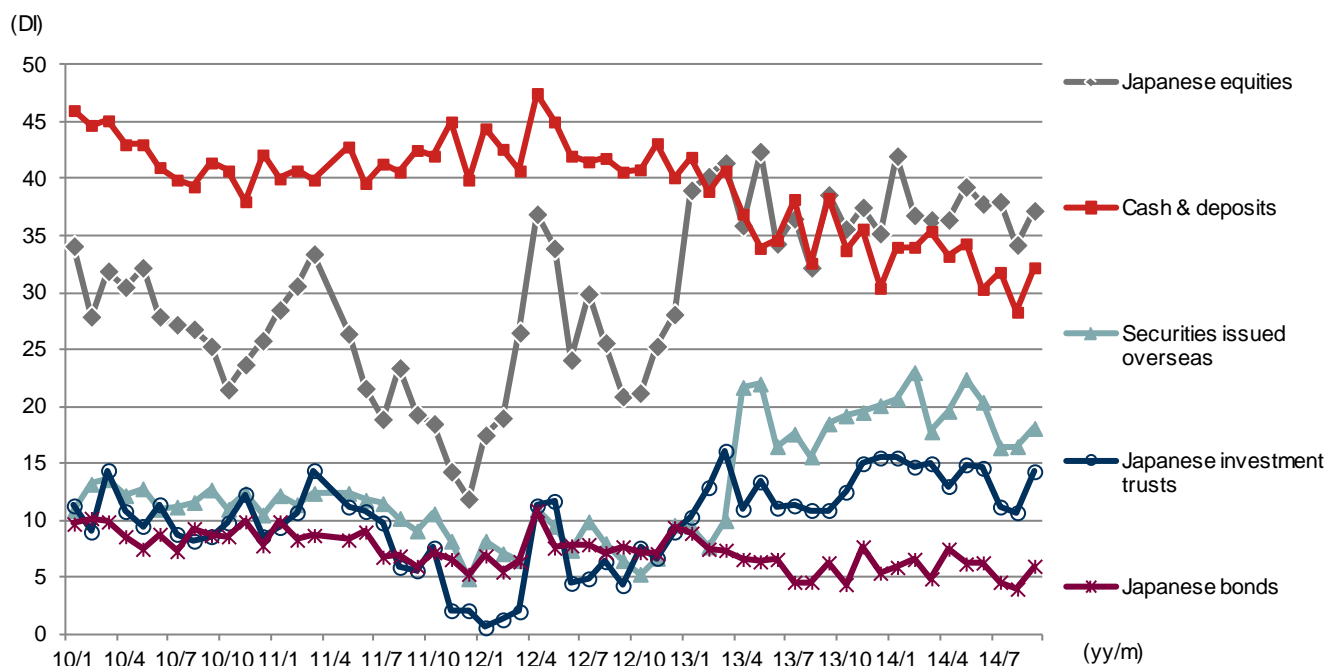
To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, and its DI rose 3.0pt m-m. Cash & deposits saw the biggest DI rise, of 3.9pt 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	37.2	48.3	11.1	34.2
Cash & deposits	32.2	36.2	4.0	28.3
Japanese investment trusts	14.3	19.4	5.1	10.7
Gold	8.4	8.9	0.5	9.9
Foreign equities	8.0	9.0	1.0	6.5
Foreign investment trusts	6.2	7.2	1.0	6.2
Japanese bonds	6.0	7.5	1.5	4.0
Foreign bonds	3.9	5.4	1.5	3.8
Hybrid securities	2.4	2.4	0.0	1.8
Other	0.6	0.6	0.0	0.4
None	-47.4	31.0	78.4	-44.0

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. 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) Decline in investors expecting rise in prices one year out

Asked for their outlook for prices of regularly purchased goods and services one year out, 62.3% of respondents said they expected prices to rise (responses 5-7 in Figure 12), a decline of 2.5ppt from 64.8% in August. Meanwhile, the proportion of respondents saying they expected prices to rise (responses 1-3 in Figure 12) rose 0.3ppt m-m. The biggest m-m rise was in the proportion of respondents expecting prices to remain unchanged. The response rate for price declines of 5% or more rose 1.4ppt, but response rates also rose for rises of 2% up to 5% and rises of 5% or more, pointing to a divergence in opinions about prices (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	4.7	3.3
2	Fall of 2% up to 5%	4.3	5.4
3	Fall of less than 2%	4.1	4.1
4	No change (0%)	24.6	22.4
5	Rise of less than 2%	32.2	37.2
6	Rise of 2% up to 5%	24.8	23.3
7	Rise of 5% or more	5.3	4.3
	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) Impressions of JPX-Nikkei Index 400

For this month's spot question, we asked investors about their impressions of the new JPX-Nikkei Index 400, which was launched in January 2014. Constituents of the index are selected based on factors such as earnings performance and capital efficiency. We asked investors whether they would use the index to help them make investment decisions. The most popular response was "don't know," with a response rate of 32.7% (this was also the most popular response the last time we asked this question in January 2014), followed by "more than likely," with 31.7% (Figure 13). We also asked investors about how they thought the JPX-Nikkei Index 400 would be viewed in the future compared with existing indices. The most popular response again was "don't know," selected by 44.7% of respondents (this was also the most popular response the last time we asked this question in January 2014), followed by "it will likely be used in conjunction with the TOPIX and Nikkei Average," with a response rate of 30.3% (Figure 14) With no significant differences in responses between January and August 2014, it looks as though there has yet to be any major rise in investor awareness of the JPX-Nikkei Index 400 even though it was launched eight months ago.

Fig. 13: Do you intend to use the JPX-Nikkei 400 Index to aid investment decisions?

	Choices	This month		Previous survey (Jan 14)	
		Numbers of responses	% of responses	Numbers of responses	% of responses
1	Yes	58	5.8	86	8.6
2	More than likely	317	31.7	338	33.8
3	Not that likely	186	18.6	125	12.5
4	No	112	11.2	94	9.4
5	Don't know	327	32.7	357	35.7
	Total	1000	100.0	1000	100.0

Note: Investors were asked to select one of the above five responses to the following question. "Eight months have now passed since the launch of the JPX-Nikkei 400 Index. Investors have started to use it during this period: for example, the Government Pension Investment Fund (GPIF) has adopted it as an index for passive investment. The constituent stocks of the index are selected based on capital efficiency and earnings indicators such as ROE and operating profits, in addition to market cap and turnover. Do you intend to use the index, given it also takes into account earnings and capital efficiency, to help you make investment decisions?"

Fig. 14: How do you think the JPX-Nikkei Index 400 will be viewed in relation to the TOPIX and the Nikkei?

	Choices	This month		Previous survey (Jan 14)	
		Numbers of responses	% of responses	Numbers of responses	% of responses
1	It will likely replace the TOPIX and the Nikkei Average as the representative index of the Japanese stock market	68	6.8	86	8.6
2	It will likely be used in conjunction with the TOPIX and Nikkei Average	303	30.3	307	30.7
3	The TOPIX and the Nikkei Average will likely remain the representative indices of the Japanese stock market, and the new index is unlikely to be used much	182	18.2	164	16.4
4	Don't know	447	44.7	443	44.3
	Total	1000	100.0	1000	100.0

Note: From the four possible responses above, we asked individual investors to choose one that best matched their view on how the JPX-Nikkei Index 400 is likely to be regarded by investors in relation to the TOPIX, which comprises all TSE-1 stocks, and the Nikkei Average, which comprises 225 stocks based on market liquidity.

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 1 September with deadline for responses on 2 September.

Survey content: Questions included each month are (1) share price outlook, (2) factors expected to impact the stock market, (3) attractive sectors and stocks, (4) USD/JPY rate outlook and attractive currencies, (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 (September 2014) respondents

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

Age: Under 30 (0.7%), 30–39 (9.5%), 40–49 (23.5%), 50–59 (32.1%), 60 and above (34.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.7%), Professional (physician/medical professional, lawyer, etc) (3.1%), Company management/corporate officer (4.9%), Company employee/public servant (47.1%), Student (0.0%), Full-time homemaker (7.4%), Part-time worker/casual worker/job-hopper (5.1%), Unemployed/pensioner (21.8%), Other (1.9%)

Region: Kanto (48.0%), Kinki (21.6%), Tokai/Koshinetsu/Hokuriku (15.5%), Hokkaido/Tohoku (5.3%), Chugoku/Shikoku/Kyushu (9.6%)

Financial assets held: Less than ¥1,000,000 (7.0%), ¥1,000,000–¥2,999,999 (10.2%), ¥3,000,000–¥4,999,999 (10.3%), ¥5,000,000–¥9,999,999 (18.8%), ¥10,000,000–¥29,999,999 (29.3%), ¥30,000,000–¥49,999,999 (13.4%), ¥50,000,000 or more (11.0%)

Value of domestic stocks held: Less than ¥500,000 (12.1%), ¥500,000–¥999,999 (12.0%), ¥1,000,000–¥2,999,999 (23.3%), ¥3,000,000–¥4,999,999 (14.5%), ¥5,000,000–¥9,999,999 (18.4%), ¥10,000,000–¥29,999,999 (14.2%), ¥30,000,000 or more (5.5%)

Investment experience: Less than three years (2.3%), three years to less than five years (10.5%), five years to less than 10 years (27.3%), 10 years to less than 20 years (30.9%), 20 years or more (29.0%)

Investment plan for domestic stocks: Mainly for long-term holding (44.1%), Pursuit of gains from short-term appreciation (14.4%), Pursuit of dividends and shareholder perks (25.6%), No particular plan (15.9%)

Notice

The next Nomura Individual Investor Survey (October 2014) is scheduled for release on Thursday, 16 October 2014.

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

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10% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 24% of companies with this rating are investment banking clients of the Nomura Group*.

As at 30 June 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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