

Nomura Individual Investor Survey

September 2020

18 September 2020

Global Research Division
Nomura Securities Co., Ltd.

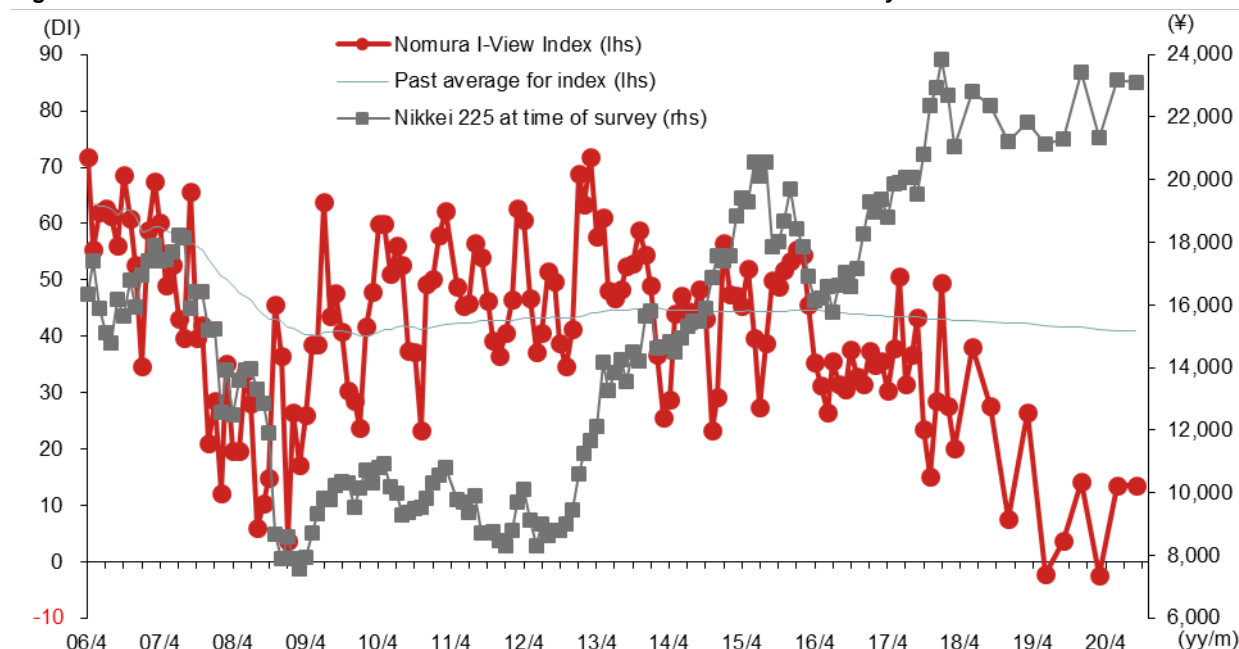
The Nomura Individual Investor Survey is a periodic survey conducted with the aim of better understanding investing activity by individuals and providing information on related trends.

1. Survey results

(1) Nomura I-View Index up slightly from previous survey at 13.6

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 13.6 in September 2020, up 0.2pt versus the previous survey in June 2020. The Nikkei 225 reference level (7 September 2020 close) was 23,089.95, down 88.15 versus the previous survey (8 June 2020 close of 23,178.10).

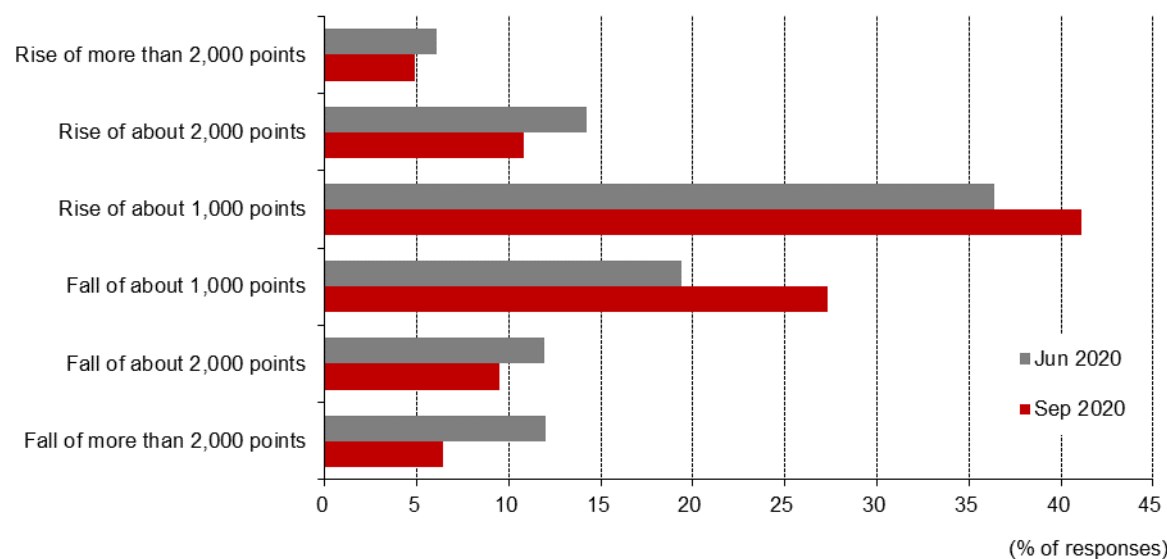
Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). 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 Jan 2010 used here excludes those respondents who projected that the Nikkei Average would be flat. (2) The Nomura I-View Index ranges from -100 to +100. The closer to +100, the more bullish the outlook held by individual investors. The closer to -100, the more bearish the outlook held by individual investors.

The combined percentage of respondents expecting the Nikkei 225 to rise over the next three months was 56.8%, up 0.1ppt from 56.7% in the previous survey. The percentage of respondents expecting a "rise of about 1,000 points" was up 4.7ppt versus the previous survey at 41.1%. The percentage of respondents expecting a "rise of about 2,000 points" was down 3.4ppt at 10.8%, while the percentage expecting a "rise of more than 2,000 points" fell 1.2ppt to 4.9%.

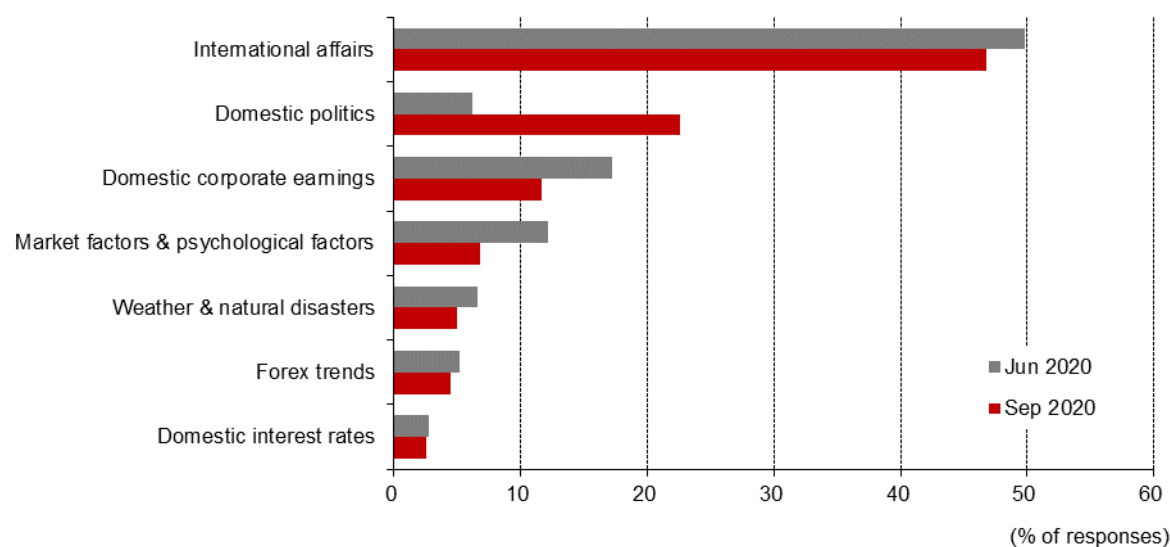
The percentage expecting a "fall of about 1,000 points" rose 7.9ppt to 27.3%. The percentage expecting a "fall of about 2,000 points" was down 2.4ppt at 9.5%, while the percentage expecting a "fall of more than 2,000 points" was down 5.6ppt at 6.4% (Figure 2).

Fig. 2: Outlook for Nikkei 225 during the next three months

Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 7 September 2020 close of 23,089. 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) Increased focus on domestic politics

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "domestic politics" rose 16.4ppt versus the previous survey to 22.6%. Meanwhile, the response rate for "domestic corporate earnings" was down 5.5ppt at 11.7% and that for "market factors & psychological factors" was down 5.4ppt at 6.8%.

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) Appeal of automobiles sector increases, appeal of transportation and utilities sector falls

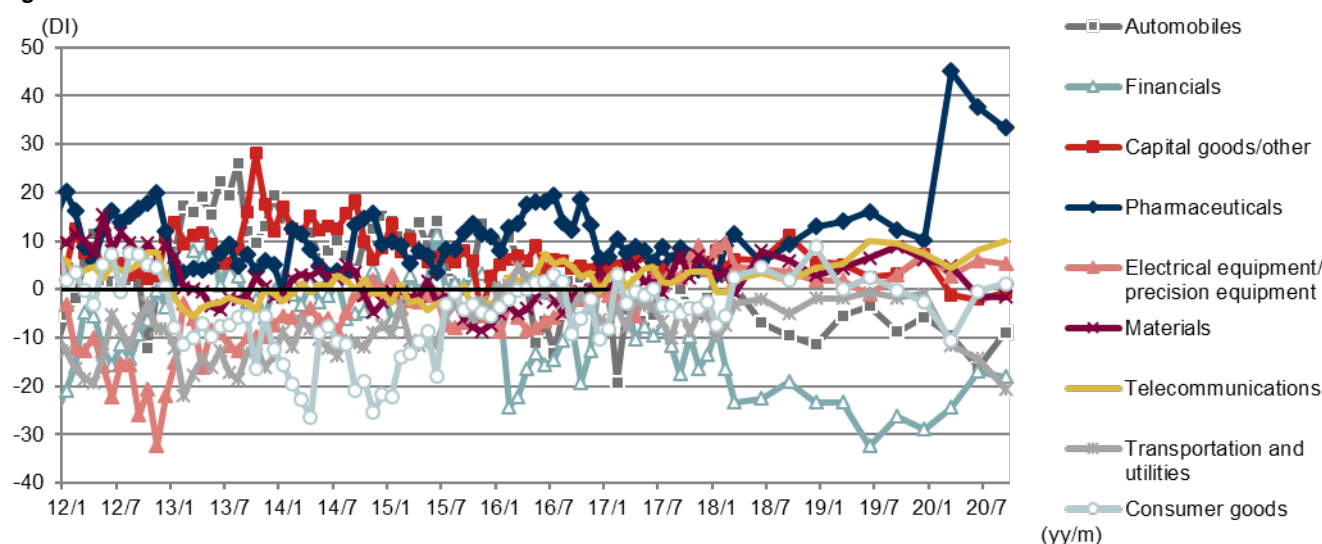
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the automobiles sector rose 7.4pt versus the previous survey to -8.9. On the other hand, the DI for the transportation and utilities sector fell 6.3pt to -20.6 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	33.4	35.9	2.5	37.7
Telecommunications	9.9	13.2	3.3	8.1
Electrical equipment/precision equipment	5.3	8.7	3.4	5.9
Consumer goods	1.2	14.3	13.1	-0.4
Capital goods/other	-0.7	4.8	5.5	-2.2
Materials	-1.6	9.0	10.6	-1.5
Automobiles	-8.9	4.8	13.7	-16.3
Financials	-18.0	4.7	22.7	-17.0
Transportation and utilities	-20.6	4.6	25.2	-14.3

Note: Respondents were given nine sectors and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. For each sector, we calculated a DI 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: DIs for selected sectors



(4) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, or that they find appealing, regardless of whether their investment horizon is the short term or long term (including stocks actually held). We show the most popular responses in Figure 6.

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

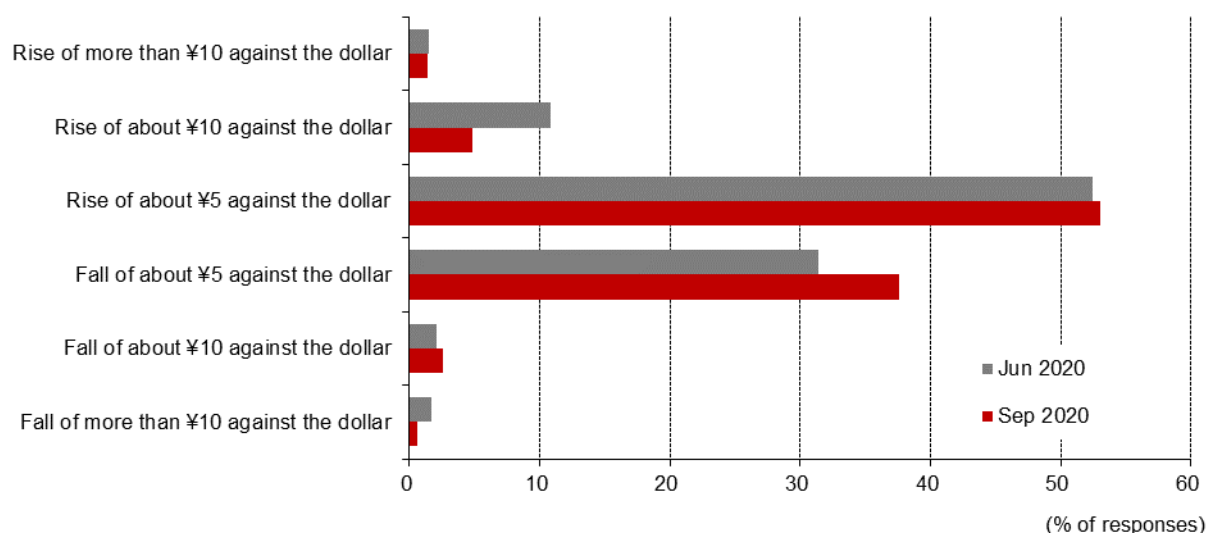
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	71	8031	Mitsui & Co	10
4502	Takeda Pharmaceutical	53	9432	Nippon Telegraph and Telephone	10
7974	Nintendo	23	2702	McDonald's Holdings Company (Japan)	9
6758	Sony	22	4503	Astellas Pharma	9
8267	Aeon	22	9202	ANA Holdings	9
4901	Fujifilm Holdings	20	6954	Fanuc	8
9434	SoftBank Corp	19	8306	Mitsubishi UFJ Financial Group	8
9984	SoftBank Group	19	8411	Mizuho Financial Group	8
8058	Mitsubishi Corp	16	2811	Kagome	7
2897	Nissin Foods Holdings	15	7201	Nissan Motor	7
4661	Oriental Land	15	2802	Ajinomoto	6
6501	Hitachi	15	4452	Kao	6
8001	Itochu	13	4523	Eisai	6
4507	Shionogi	12	4568	Daiichi Sankyo	6
9437	NTT Docomo	12	6594	Nidec	6
2914	Japan Tobacco	11	8316	Sumitomo Mitsui Financial Group	6
6752	Panasonic	11	8473	SBI Holdings	6
8591	Orix	11	9433	KDDI	6

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

(5) Rise in proportion of investors expecting yen depreciation against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to depreciate against the US dollar was 40.8%, up 5.6ppt from the previous survey. The response rate for "fall of about ¥5 against the dollar" rose 6.2ppt versus the previous survey to 37.6%. The response rate for "fall of about ¥10 against the dollar" rose 0.5ppt to 2.6%, while that for "fall of more than ¥10 against the dollar" fell 1.1ppt to 0.6%.

The response rate for "rise of about ¥5 against the dollar" rose 0.5ppt to 53.0%. The response rate for "rise of about ¥10 against the dollar" fell 6.0ppt to 4.8% and the response rate for "rise of more than ¥10 against the dollar" fell 0.1ppt to 1.4% (Figure 7).

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

Note: Respondents were asked to share their outlook for USD/JPY over the next three months, referencing a 7 September 2020 indicative rate of ¥106.27. They could choose one answer from six possible 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.

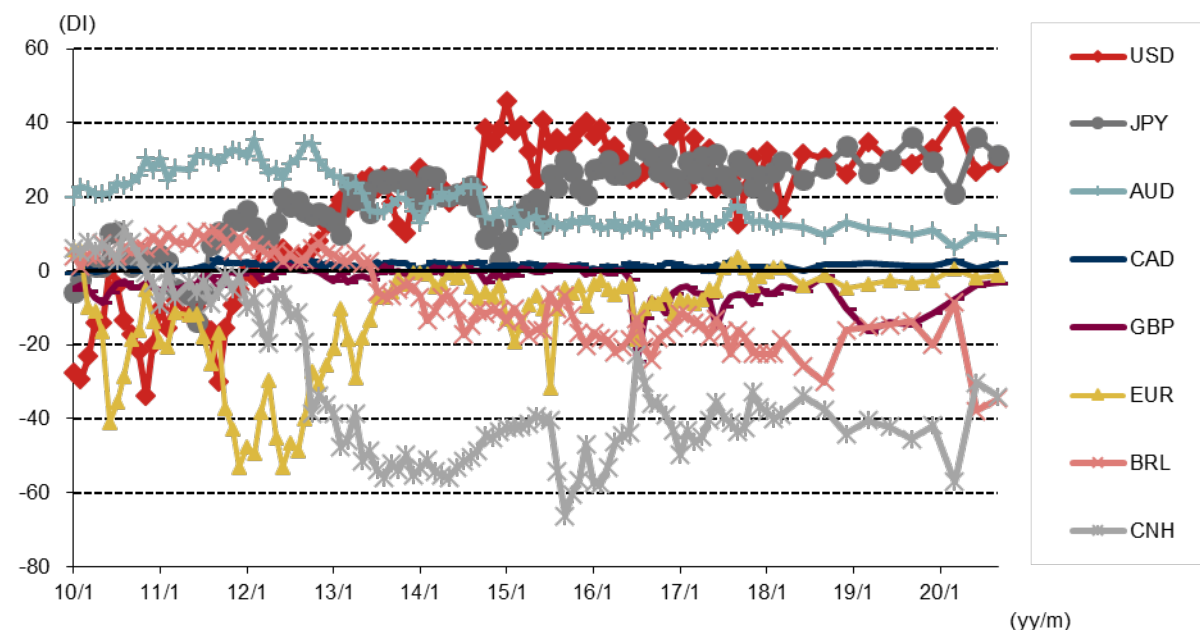
(6) Investment appeal of Japanese yen falls

On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of respondents viewing the currency as "unappealing" from the percentage viewing it as "appealing." The DI for the Brazilian real rose 3.4pt from the previous survey to -34.5, and the DI for the US dollar rose 2.5pt to 29.3. Meanwhile, the DI for the Japanese yen fell 4.8pt to 31.3, and that for the Chinese yuan fell 3.8pt to -34.1 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	31.3	37.4	6.1	36.1
US dollar	29.3	36.7	7.4	26.8
Australian dollar	9.4	12.2	2.8	10.1
Canadian dollar	2.1	2.5	0.4	0.6
Euro	-1.3	4.6	5.9	-2.0
Pound sterling	-3.2	1.5	4.7	-4.0
Chinese yuan	-34.1	3.0	37.1	-30.3
Brazilian real	-34.5	0.7	35.2	-37.9

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other", and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. Those selecting "other" were asked to specify a currency.

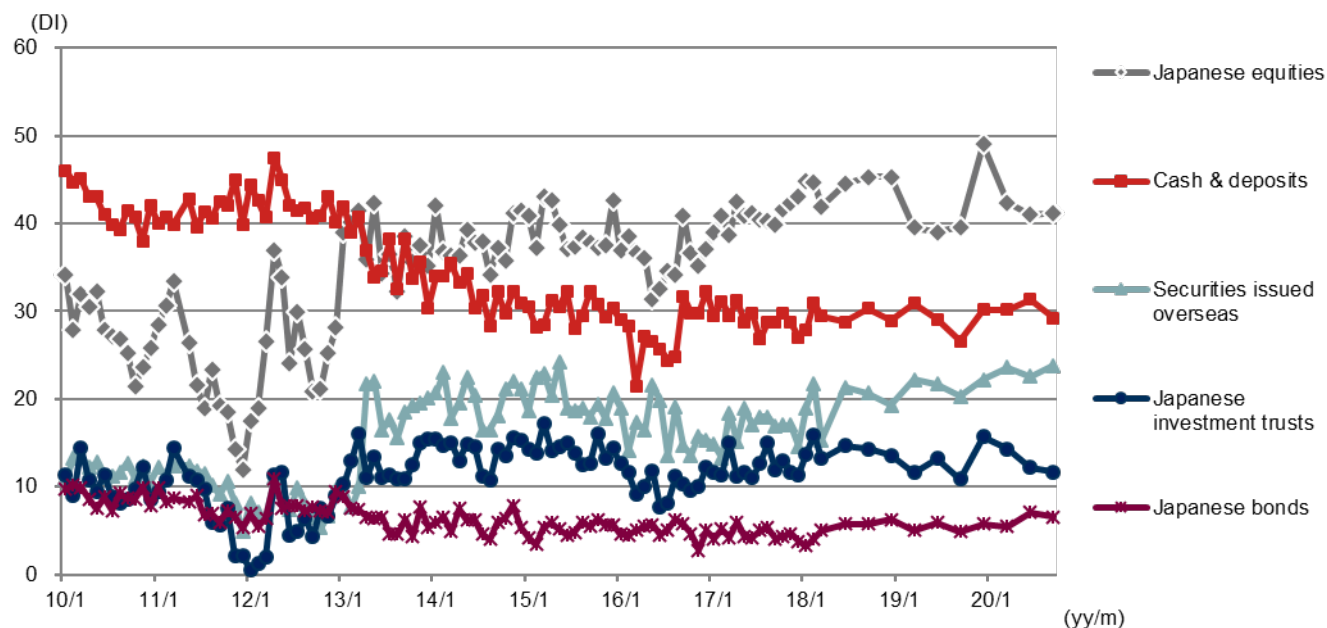
Fig. 9: DIs for investment appeal of selected currencies**(7) Among financial instruments, foreign equities and foreign investment trusts attract further interest**

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for "foreign equities" rose 1.4pt versus the previous survey to 14.7, and the DI for "foreign investment trusts" also rose 1.4pt to 6.8. Meanwhile, the DI for "cash & deposits" fell 2.1pt to 29.2 (Figure 10).

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

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	41.2	51.0	9.8	41.0
Cash & deposits	29.2	32.9	3.7	31.3
Foreign equities	14.7	15.3	0.6	13.3
Japanese investment trusts	11.7	19.7	8.0	12.2
Gold	8.9	9.1	0.2	8.4
Foreign investment trusts	6.8	8.3	1.5	5.4
Japanese bonds	6.6	7.7	1.1	7.1
Foreign bonds	2.3	3.4	1.1	3.9
Hybrid securities	1.7	1.9	0.2	1.4
Other	0.7	0.9	0.2	0.1
None	-49.7	28.9	78.6	-50.0

Note: Respondents were given a list of 11 responses and asked to choose those financial instruments for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). "Plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since 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: DIs for financial instruments in which investors are planning either to increase or to decrease their holdings

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

(8) Higher percentage of respondents expect prices to be unchanged one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 35.3% of respondents selected a "rise" response, down 1.2ppt from last time. The percentage of respondents selecting a "no change" response was up 8.1ppt at 45.3%. The percentage of respondents selecting a "fall" response fell 6.9ppt to 19.4% (Figure 12).

Fig. 12: Outlook for prices one year out

Choices	% of responses	(Ref) Previous % of responses
Fall of 5% or more	1.8	3.8
Fall of 2% up to 5%	5.5	9.0
Fall of less than 2%	12.1	13.5
No change (0%)	45.3	37.2
Rise of less than 2%	24.2	22.6
Rise of 2% up to 5%	9.2	11.2
Rise of 5% or more	1.9	2.7
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) Exercising of voting rights, COVID-19

This survey included spot questions on the exercising of voting rights and COVID-19.

Some 58.7% of respondents said that they had exercised voting rights at general shareholders' meetings in June 2020, down 1.5ppt on the figure in the survey a year ago. The percentage of respondents who exercised voting rights with regard to all companies in which they owned shares was 43.2%, up 0.4ppt from last year's survey. Meanwhile, the percentage of respondents who said they had exercised voting rights in some of the stocks they owned was 15.5%, down 1.9ppt on the survey a year earlier (Figure 13).

Fig. 13: Intentions regarding the exercise of voting rights at general shareholders' meetings

Choices	No. of respondents	% of responses	Previous survey (Sep 2019) (%)
1. Attended general meeting and exercised rights for all stocks owned (including online participation)	18	1.8	3.2
2. Exercised rights for all stocks owned in writing (by post)	238	23.8	23.3
3. Exercised rights for all stocks owned electronically (by internet, mobile phone, smartphone)	149	14.9	12.8
4. Exercised rights for all stocks owned via a combination of methods listed in choices 1–3 above	27	2.7	3.5
5. Attended general meeting and exercised rights for some stocks owned (including online participation)	18	1.8	3.5
6. Exercised rights for some stocks owned in writing (by post)	67	6.7	7.9
7. Exercised rights for some stocks owned electronically (by internet, mobile phone, smartphone)	57	5.7	3.9
8. Exercised rights for some stocks owned via a combination of methods listed in choices 5–7 above	13	1.3	2.1
9. Did not exercise rights for any stocks owned	320	32.0	32.7
10. Held no stocks in subject companies	93	9.3	7.1
Total	1,000	100.0	100.0

Note: We asked investors to select one of the above 10 options with regard to the exercise of voting rights at general shareholders' meetings held in June 2020 for March year-end companies.

We also asked investors who said they had exercised voting rights whether they had voted in favor of or against the resolutions (multiple responses allowed). The percentage of investors who said they voted in favor of all resolutions was 68.7%, up 17.4ppt from the survey a year earlier. Meanwhile, among those resolutions they had voted against, the response rate was highest for "dividends (use of surplus funds)," at 13.3%, followed by "director compensation/bonuses," at 10.6% (Figure 14).

Fig. 14: Voting in favor of/against company resolutions

Choices	Latest survey		Previous survey (Sep 2019)	
	No. of respondents	% of responses	No. of respondents	% of responses
1. Voted in favor of all resolutions	403	68.7	407	51.3
2. Dividends (use of surplus funds)	78	13.3	75	9.4
3. Director compensation/bonuses	62	10.6	69	8.7
4. Retirement bonuses for directors	55	9.4	61	7.7
5. Grant of stock options	25	4.3	41	5.2
6. Selection of directors/auditors (including auditors at companies with an audit board)	57	9.7	68	8.6
7. Introduction of takeover defense measures	16	2.7	17	2.1
8. Change in the number of directors (reduction, establishment of upper limit)	21	3.6	23	2.9
9. Change in the maximum number of issuable shares	11	1.9	14	1.8
10. Share buybacks	18	3.1	19	2.4
No. of respondents	587	100.0	794	100.0

Note: Investors who chose response 1 or 2 to the question in Figure 13 ("I plan to exercise my voting rights for all the companies in which I hold shares" and "I plan to exercise my voting rights for only some of the companies in which I hold shares") were asked to select all of the resolutions from among those given that they might vote against (multiple responses allowed).

We also asked respondents who had not exercised their voting rights to indicate why (multiple responses allowed). The most common reasons given were "Because the impact of my vote is small", at 51.9%, and "Because it is a hassle", at 40.6% (Figure 15).

Fig. 15: Reasons for not exercising voting rights

Choices	No. of respondents	% of responses
1. Because it is a hassle	130	40.6
2. Because the impact of my vote is small	166	51.9
3. None of the resolutions required me to express an opinion	44	13.8
4. I did not have the time to study the resolutions	16	5.0
5. I could not attend the general meeting or I forgot to mail the voting card (including via online exercise of voting rights)	12	3.8
6. My investment style is mainly short term or seeking capital gains, so I do not view exercising my voting rights as important	8	2.5
7. I have no interest in exercising voting rights	62	19.4
8. I did not understand the resolutions well	19	5.9
No. of respondents	320	100.0

Note: Investors who chose response 9 to the question in Figure 13 ("Did not exercise rights for any stocks owned") were asked to select all of the answers from among those given above that described their reasons for not exercising their voting rights.

Next, we asked investors about the impact of COVID-19 on the markets, as we did in the June 2020 survey. The most popular response, at 36.5%, was "I see investment opportunities in some sectors (selectively bullish)," followed by "The markets are generally over-optimistic (overall bearish)" at 20.6%. Compared to the June 2020 survey, the percentage of respondents selecting "No particular view" increase by 5.3ppt from 11.7% to 17.0%. Meanwhile, the percentage of respondents selecting "I see substantial risk in some sectors (selectively bearish)" fell by 5.4ppt from 23.3% to 17.9% (Figure 16).

Fig. 16: Respondents' views on impact of COVID-19 on markets

Choices	No. of respondents	% of responses	Ref: previous survey	
			Jun 2020 (%)	Mar 2020 (%)
1. The markets are generally over-pessimistic (overall bullish)	80	8.0	8.0	20.3
2. I see investment opportunities in some sectors (selectively bullish)	365	36.5	35.7	30.8
3. The markets are generally over-optimistic (overall bearish)	206	20.6	21.3	12.1
4. I see substantial risk in some sectors (selectively bearish)	179	17.9	23.3	27.9
5. No particular view	170	17.0	11.7	8.9
Total	1,000	100.0	100.0	100.0

Note: Respondents were asked to select one response to the question: "How do you view the impact on the markets from the rising number of COVID-19 cases in Japan and elsewhere?"

2. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, Nomura Securities periodically conducts a survey—the Nomura Individual Investor Survey. The results of the survey have been published since April 2006.

Survey method: Questionnaire conducted electronically using the internet monitor questionnaire service administered by Nomura Investor Relations Co., Ltd.

Survey target: Survey sent to 3,000 individual investors randomly selected from the approximately 24,000 with equity investment experience participating in Nomura Investor Relations' internet monitor questionnaire service

Number of responses: 1,000 (survey closed when 1,000 responses received)

Survey period: Survey distributed on 7 September 2020, with deadline for responses on 8 September 2020

Survey content: Questions included each time are (1) share price outlook, (2) factors expected to impact the stock market, (3) attractive sectors and stocks, (4) USD/JPY 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 time and queried about their personal profiles.

3. Nomura Individual Investor Survey (September 2020) respondents

Gender: Male (85.0%), female (15.0%)

Age: Under 30 (0.4%), 30–39 (3.4%), 40–49 (15.1%), 50–59 (28.7%), 60 and above (52.4%)

Occupation: Self-employed/fisheries, agriculture, forestry (6.0%), professional (physician/medical professional, lawyer, etc) (2.5%), company management/board member (5.2%), company employee/public servant (42.7%), student (0.0%), full-time homemaker (8.9%), part-time worker/casual worker/job-hopper (4.3%), unemployed/pensioner (29.2%), other (1.2%)

Region: Kanto (52.7%), Kinki (18.3%), Tokai/Koshinetsu/Hokuriku (14.8%), Hokkaido/Tohoku (3.2%), Chugoku/Shikoku/Kyushu (11.0%)

Financial assets held: Less than ¥1,000,000 (3.3%), ¥1,000,000–¥2,999,999 (6.8%), ¥3,000,000–¥4,999,999 (10.8%), ¥5,000,000–¥9,999,999 (17.0%), ¥10,000,000–¥29,999,999 (29.1%), ¥30,000,000–¥49,999,999 (15.4%), ¥50,000,000 or more (17.6%)

Value of Japanese stocks held: Less than ¥500,000 (7.7%), ¥500,000–¥999,999 (9.4%), ¥1,000,000–¥2,999,999 (21.1%), ¥3,000,000–¥4,999,999 (15.5%), ¥5,000,000–¥9,999,999 (18.9%), ¥10,000,000–¥29,999,999 (19.6%), ¥30,000,000 or more (7.8%)

Investment experience: Less than three years (0.9%), three years to less than five years (2.7%), five years to less than 10 years (13.9%), 10 years to less than 20 years (34.8%), 20 years or more (47.7%)

Investment plan for Japanese stocks: Mainly for long-term holding (47.6%), pursuit of gains from short-term appreciation (8.3%), pursuit of dividends and shareholder perks (31.7%), no particular plan (12.4%)

Notice

The next Nomura Individual Investor Survey (December 2020) is scheduled for release on Thursday, 17 December 2020.

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

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As at 30 June 2020.

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STOCKS

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