

Tenth Monex Global Retail Investor Survey

U.S. Individual Investors Have a Pessimistic Outlook on Their Own Economy

The DI*¹ of the forecast for the world stock market by individual investors for the coming three months declined in Japan and Hong Kong and increased slightly in the U.S., according to the Tenth Monex Global Retail Investor Survey conducted in September 2013*².

However, the change is still below standard value, and it can be said that many individual investors still think that world stock market prices will fall.

While over half of individual investors in Japan and Hong Kong predicted that the U.S. economy will drastically or eventually improve, 30 percent of U.S. individual investors predicted that the U.S. economy would worsen. The results of the survey indicate that individual investors in the U.S. are the most pessimistic about their own economy's outlook.

Summary Findings (Please refer to the attached report for details.)

(1) The Diffusion Index (DI) of the Forecast for the World Stock Market Declines in Japan and China (Hong Kong)

(Figure 1) (Survey conducted of individual investors in Japan, the U.S. and China (Hong Kong))

The DI of the forecast (Japan): 27 (June 2013) → 22 (September 2013) (-5 point)

The DI of the forecast (U.S.): -11 (June 2013) → -4 (September 2013) (+7 point)

The DI of the forecast (China (Hong Kong)): 15 (June 2013) → 6 (September 2013) (-9 point)

The DI of the forecast for the world stock market by individual investors for the coming three months declined in Japan and China (Hong Kong) and increased slightly in the U.S. but stays below standard.

(2) The DI of the Forecast for the Chinese Stock Market by Japanese Individual Investors Rises Significantly But Stays Below Standard

(Figure 3) (Survey conducted of individual investors in Japan)

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Japanese Stocks DI: 32 (August 2013) → 33 (September 2013) (+1 point)

U.S. Stocks DI: 48 (August 2013) → 30 (September 2013) (-18 points)

Chinese Stocks DI: -68 (August 2013) → -50 (September 2013) (+18 points)

Monex conducted a survey of Japanese individual investors on the stock market forecast for Japan, the U.S. and China for the upcoming three months.

The U.S. stock DI declined drastically due to expected tapering of quantitative easing and the situation in Syria. The Chinese stock DI has risen, perhaps affected by the increase in Chinese Manufacturing PMI* from 50.3 in July to 51.0 in August. Although it has turned to an increase, it has still placed below standard continuously for a year and a half since March 2012.

*PMI over 50 indicates improvement in business sentiment, while PMI below 50 indicates a worsening in business sentiment

(3) Energy-Related Stocks Appeal to Individual Investors in the U.S. and Hong Kong

(Figure 5) (Survey conducted of individual investors in Japan, the U.S. and China (Hong Kong))

For three consecutive months, the automobile industry was ranked top among industries perceived to be the most attractive by individual investors in Japan, while the power and gas industries were the least popular. The automobile and pharmaceutical sectors have been dominating the top two rankings for nine months since January 2013. Industries that raised their ranking in this survey are real estate (from fifth to third), banking (from eighth to seventh) and steel (from twelfth to eleventh).

On the other hand, industries popular in the U.S. and China (Hong Kong) were energy-related, technology, healthcare, and materials. We found that individual investors in both countries feel that the same industries are attractive.

*Compared to the previous rank (August 2013)

(4) Japanese Individual Investors Keep a Close Watch on U.S. Politics and Foreign Policy

(Figure 11-1, 11-2) (Survey conducted towards individual investors in Japan)

Due to growing vigilance over the situation in Syria, Japanese individual investors are heightening their awareness of U.S. politics and foreign policy issues. (50.3% → 58.1%)

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However, it seems there is less interest among investors in when the FRB will start to taper quantitative easing. (63.0% → 58.8%)

*Compared to the previous numerical value (August 2013)

(5) U.S. Individual Investors Are Pessimistic on the U.S. Economic Outlook as of Fall 2013 and Onward

(Figure 12) (Survey conducted of individual investors in Japan, the U.S. and China (Hong Kong))

There is much attention on the U.S. economy, with speculation about when the tapering of quantitative easing will begin, and with the announcement of the next Federal Reserve Board chairman. In our survey, we added questions on the outlook for the U.S. economy as of fall 2013 and onward.

While over half of individual investors in Japan and China (Hong Kong) predict a positive outlook, 30 percent of U.S. individual investors predicted the U.S. economy would worsen.

(U.S. economy will worsen: Japan: 9.5%, U.S.: 33.7%, China (Hong Kong): 14.0%)

The results of the survey indicate that U.S. individual investors are most pessimistic about their own economy's outlook.

*1. DI: Percentage of people who answered "world stock market prices will increase" deducted by percentage of people who answered "world stock market prices will decrease"

*2. Outline of the surveys conducted in Japan, the U.S. and Hong Kong:

	Japan	U.S.	China (Hong Kong)
Survey period	September 6-9, 2013	Aug 30-Sep 9, 2013	Aug 30-Sep 9, 2013
# of responses	1,198	92	100

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The Monex Global Retail Investor Survey measures customer sentiment based on answers to specific questions received from a random sampling of customers of Monex, Inc., TradeStation Securities, Inc., TradeStation Forex, Inc., and Boom Securities (H.K.) Ltd. Details of the methodology used to conduct the survey are available upon request. Accuracy and completeness of the data derived from the survey is not guaranteed.

The information contained herein should not be construed as investment research or an offer or solicitation to buy or sell securities, securities derivatives, futures or off-exchange foreign currency products or services. Investor sentiment derived from the survey responses is no guarantee of future performance or success.

Active trading regardless of asset class (equities, futures, foreign exchange) carries a high level of risk and may not be suitable for all investors. Relevant risk disclosures are available at www.tradestation.com

About Monex Group Inc.

Monex Group Inc. (Tokyo Stock Exchange 1st section: 8698), including its main subsidiary Monex Inc. (Tokyo, Oki Matsumoto, Chairman and CEO), an online securities brokerage, provides advanced and unique financial services to individual investors. Monex Group has been a pioneer among Japanese online securities brokers since the complete liberalization of commissions and fees in stock brokerages in 1999. Monex relentlessly strives to offer its customers in Japan innovative products and services and has established its reputation as a unique independent financial institution group. Its services cover M&A advisory, debt & equity underwriting, asset management focusing on alternative investments, investment education, and other investment banking functions along with an online distribution network to more than 1.2 million individual investors in Japan.

Monex Group aims to globalize its customer base and businesses in addition to enhancing its global product line and services. Specifically, in recent years, Monex has embarked on an ambitious plan to strengthen its products and services globally by focusing its expansion efforts to date on the growing Chinese market, by opening representative offices in Beijing and acquiring BOOM Securities (HK) Limited and its group companies in Hong Kong. As a core element in the further expansion and global diversification of its businesses, it has been seeking opportunities to expand into the U.S. market, which it saw as the missing pillar in achieving a truly global platform. The acquisition of TradeStation provides Monex with an immediate expansion and strong commercial presence in the U.S. online brokerage market.

About TradeStation Group, Inc.

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TradeStation Group, Inc., through its principal operating subsidiaries, TradeStation Securities, Inc. and IBFX, Inc., offers analytical and trading platforms to the active trader and certain institutional trader markets. The TradeStation platform offers electronic order execution and enables clients to design, test, optimize, monitor and automate their own custom equities, options, futures and forex trading strategies. TradeStation Group is a wholly owned subsidiary of Monex Group, one of the largest online financial services providers in Japan, listed on the first section of the Tokyo Stock Exchange (code:8698).

TradeStation Securities, Inc. (Member NYSE, FINRA, SIPC, NSCC, DTC, OCC & NFA) is a licensed securities broker-dealer and a registered futures commission merchant, and also a member of the Boston Options Exchange, Chicago Board Options Exchange, Chicago Stock Exchange, International Securities Exchange and NASDAQ OMX. Its TradeStation Prime Services division, based in New York, seeks to provide prime brokerage services, including securities lending, to small and mid-sized hedge funds and other firms. IBFX, Inc. (Member NFA) is a Retail Foreign Exchange Dealer (RFED) that provides forex brokerage services directly and through its TradeStation Forex division. IBFX Australia Pty Ltd is registered with ASIC and provides forex brokerage services outside of the United States. The company's technology subsidiary, TradeStation Technologies, Inc., develops and offers strategy trading software tools and subscription services. TradeStation Europe Limited, an FSA-authorized brokerage firm, introduces UK and other European accounts to TradeStation Securities, Inc., [IBFX, Inc. and IBFX Australia Pty Ltd.](#)

About MONEX Boom Securities (H.K.) Limited

MONEX Boom Securities (H.K.) Limited ("BOOM") offers multi-market and multi-currency online securities trading services to investors all around the world. With BOOM's proprietary web-based trading platform, investors can trade equities in all major exchanges and manage different major currencies via one single account. Currently, it offers access to securities listed on over 17 stock markets in 12 countries. In addition, BOOM also develops trading solutions for other financial institutions.

Being the first company to launch Internet stock trading in Asia/Pacific, BOOM introduced a new pattern of self-directed cross-border investment by applying new technology to traditional equities trading and financial services. BOOM aims to provide retail investors with PRIVATE, EASE, SPEEDINESS and INEXPENSIVE international stock trading services.

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Monex Global Retail Investor Survey

September 2013

Executive Summary

Takashi Hiroki, Chief Strategist, Monex, Inc.

Generally, I don't like to use the phrase "national characteristics." This repeatedly used phrase is a cliché that projects only a certain image of one country. I don't believe there is any such thing as "national characteristics" anywhere.

However, when I see the results of this survey, I can't help but think that the Japanese people don't like to voice strong opinions, instead preferring moderation to anything extreme.

In this quarter's survey, we asked the question, "What is your outlook on the U.S. economy as of fall 2013 and onward?" We prepared four possible answers, ranging from optimistic to pessimistic: "It will improve rapidly"; "It will improve gradually"; "It won't change much"; or "It will worsen."

Japanese investors overwhelmingly divided their response into two answers: "It will improve gradually" (49 percent) and "It won't change much" (40 percent). Only one in ten Japanese investors answered the question at either end of the spectrum (very optimistic or very pessimistic).

On the other hand, individual investors in the U.S. were the most pessimistic about their own country's economic outlook, with one-third answering, "It will worsen." This percentage was the highest among the three regions in which we conducted the survey (Japan, the U.S. and Hong Kong). By contrast, 27 percent of individual investors in Hong Kong answered, "It will improve rapidly" – a percentage not seen in either Japan or the U.S. In the U.S., we saw salient pessimism, and in Hong Kong, salient optimism. In Japan, the answers fell largely in the mean. I cannot help but think this is a "national characteristic."

On a different note, we again saw a lot of home market bias in many of the survey responses. For example, when asked, "Which region's stocks do you expect to do well in the next 3

months? (Figures 4-1 to 4-4),” many respondents chose their own country. Whereas in Japan the answers by individual investors tended to vary, in the U.S. individual investors almost always choose the U.S. – regardless of the fact that these investors are the most pessimistic about the outlook for their own economy.

Going forward, Japan’s experiment with Abenomics and winning bid for the 2020 Tokyo Olympics may raise the attention paid to and expectation for Japanese stocks.

Summary

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However, the change is still below standard value, and it can be said that many individual investors still think that world stock market prices will fall.

1. Percentage of people who answered “world stock market prices will increase” deducted by percentage of people who answered “world stock market prices will decrease.”

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The U.S. stock DI declined drastically due to expected tapering of quantitative easing and the situation in Syria. The Chinese stock DI has risen, perhaps affected by the increase in Chinese

Manufacturing PMI² from 50.3 in July to 51.0 in August. Although it has turned to an increase, it has still placed below standard continuously for a year and a half since March 2012.

2. PMI over 50 indicates improvement in business sentiment, while PMI below 50 indicates a worsening in business sentiment.

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Previous rank (August 2013)

On the other hand, industries popular in the U.S. and China (Hong Kong) were energy-related, technology, healthcare and materials. We found that individual investors in both countries feel that the same industries are attractive.

(4) Japanese Individual Investors Keep a Close Watch on U.S. Politics and Foreign Policy

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However, it seems there is less interest among investors in when the FRB will start to taper quantitative easing. (63.0% → 58.8%)

Previous numerical value (August 2013)

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(U.S. economy will worsen: Japan: 9.5%, U.S.: 33.7%, China (Hong Kong): 14.0%)

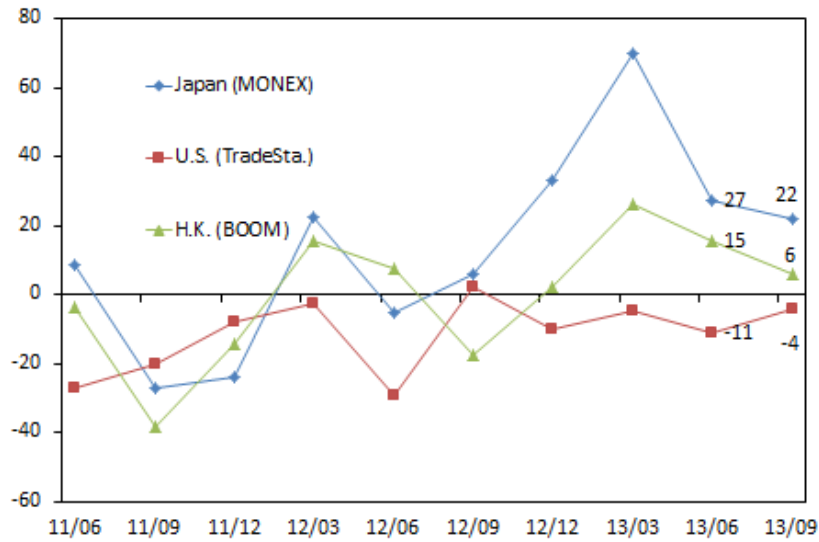
The results of the survey indicate that U.S. individual investors are most pessimistic about their own economy's outlook.

Results

1. Equities

Figure1: Outlook on Stocks Globally for the Next 3 Months

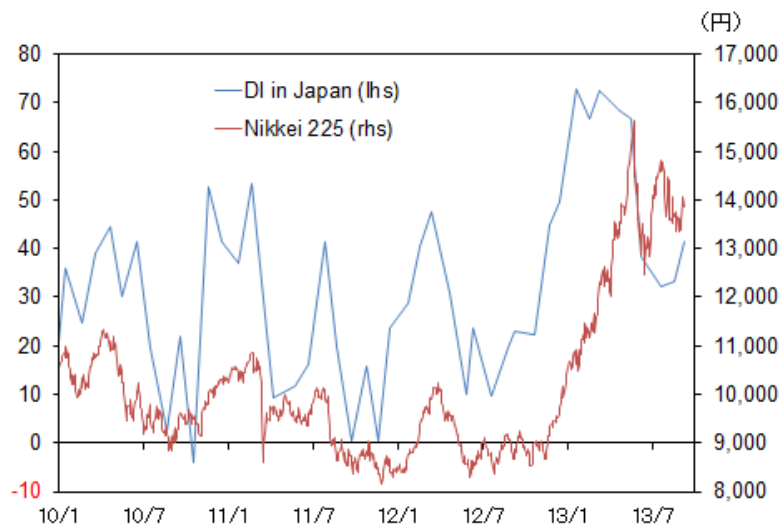
(Japan, U.S., China(HK.))



Source: Monex Securities

Figure2: Japanese Investor's Domestic DI and Nikkei 225

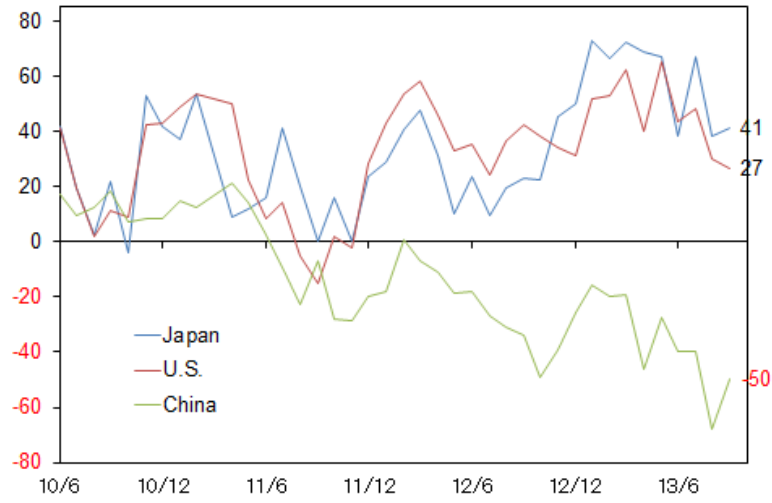
(Japan)



Source: Monex Securities

Figure3: Outlook on Stocks in Japan, U.S. and China

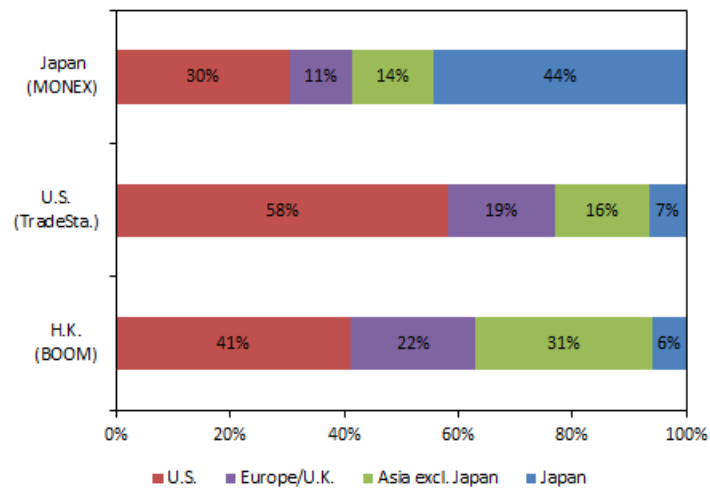
(Japan)



Source: Monex Securities

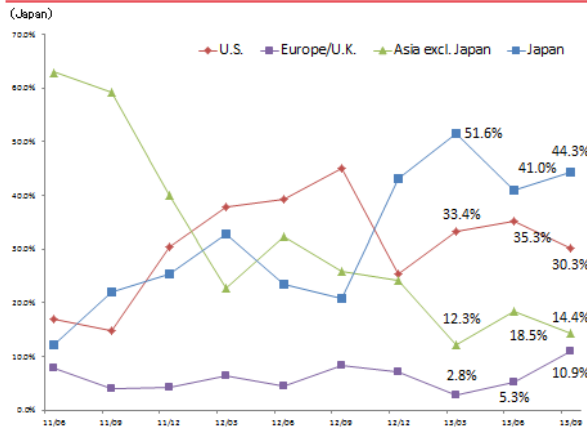
Figure4-1: Areas of Best Equity Performance

(Japan, U.S., China(HK.))



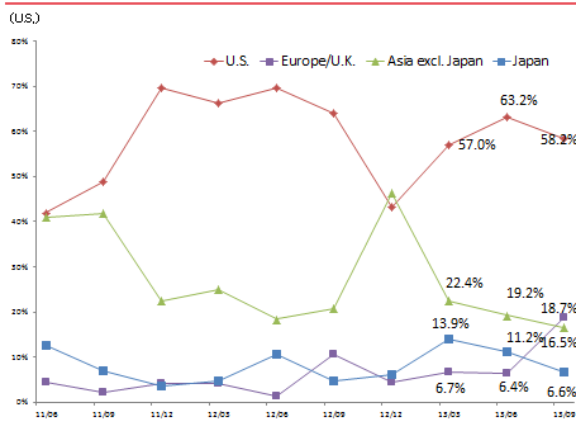
Source: Monex Securities

Figure4-2: Areas of Best Equity Performance



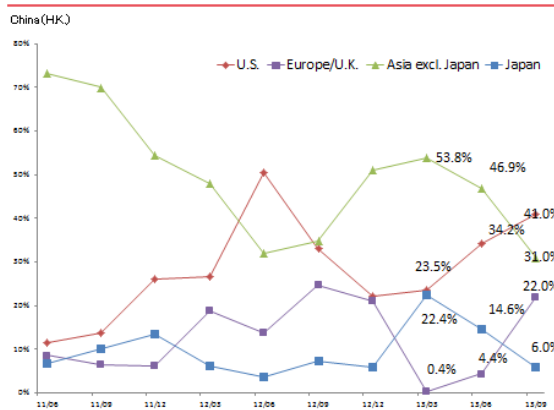
Source: Monex Securities

Figure4-3: Areas of Best Equity Performance



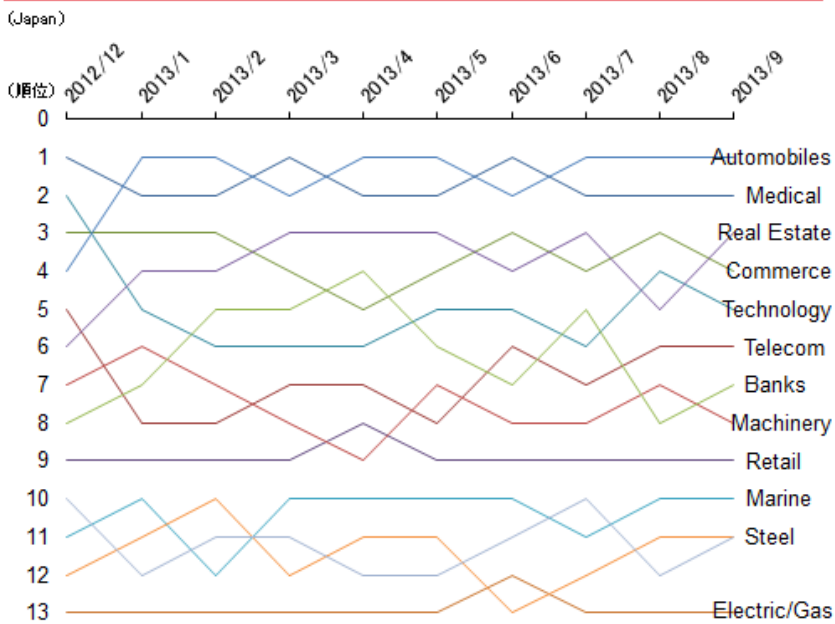
Source: Monex Securities

Figure4-4: Areas of Best Equity Performance



Source: Monex Securities

Figure5: Attractive Sectors in Japan (Monthly)



Source: Monex Securities

Attractive Sectors in U.S. and China (Hong Kong) (Quarterly)

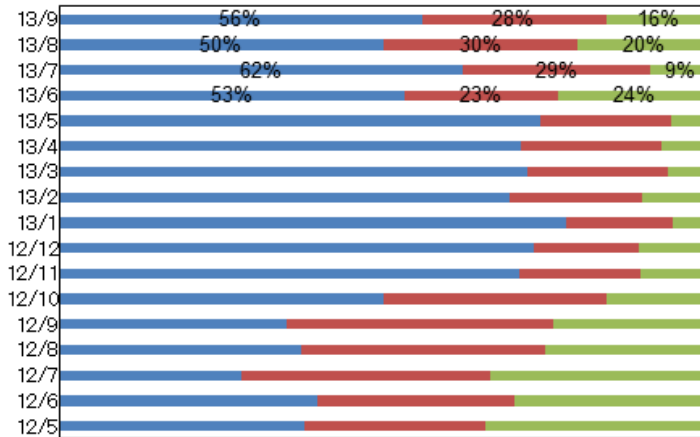
U.S.		Hong Kong	
1	(3) ↑ Energy	1	(2) ↑ Healthcare
2	(1) ↓ Technology	2	(2) → Energy
3	(1) ↓ Healthcare	3	(1) ↓ Technology
4	(10) ↑ Basic Materials	4	(5) ↑ Telecommunications
5	(5) → Consumer Goods	5	(10) ↑ Basic Materials
6	(4) ↓ Financial Services	6	(14) ↑ Autos
6	(7) ↑ Utilities	7	(8) ↑ Services
8	(8) → Telecommunications	8	(6) ↓ Financial Services
9	(11) ↑ Services	9	(3) ↓ Consumer Goods
10	(6) ↓ Real Estate	9	(12) ↑ Transportation
11	(9) ↓ Transportation	9	(11) ↑ Utilities
12	(13) ↑ Industrial Goods	12	(7) ↓ Industrial Goods
13	(12) ↓ Autos	12	(9) ↓ Real Estate
14	(14) → Conglomerates	14	(13) ↓ Conglomerates

Previous rank in ()

2. Currencies

Figure6: JPY Against the Dollar for the Next 3 Months

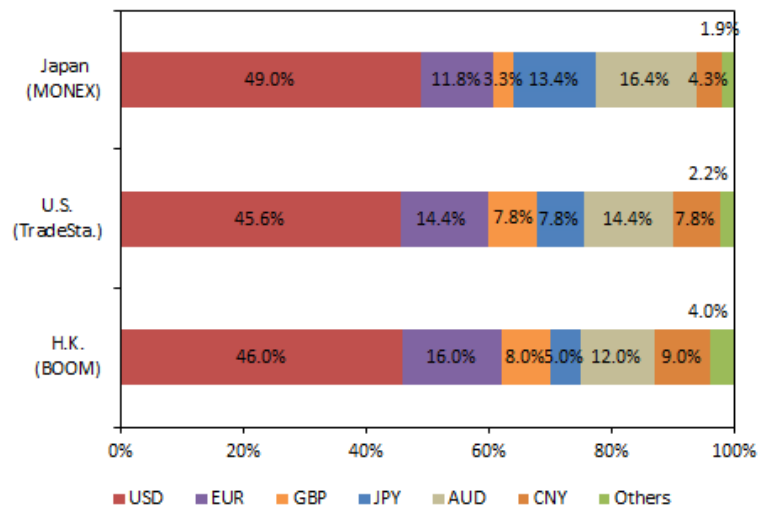
(Japan)



Source: Monex Securities

Figure7: Strongest Currency Over the Next 3 Months

(Japan, U.S., China(HK.)) September 2013

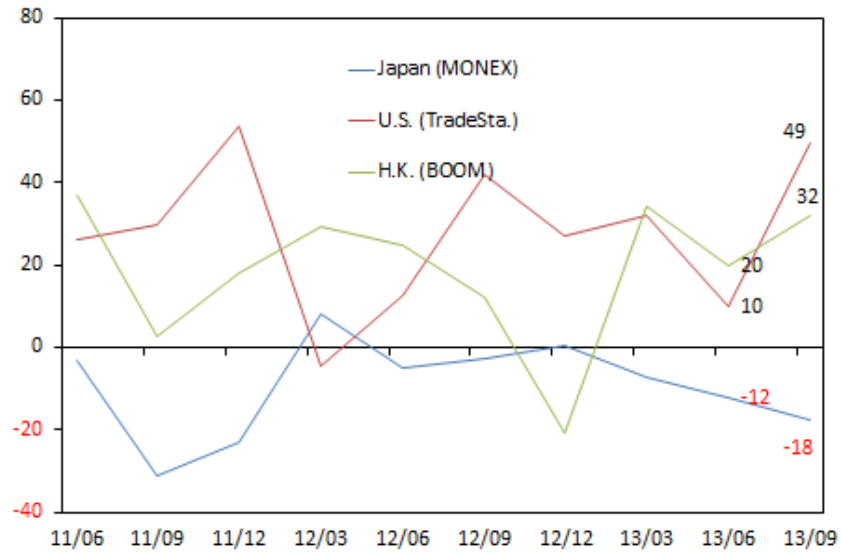


Source: Monex Securities

3. Commodities

Figure8: Energy

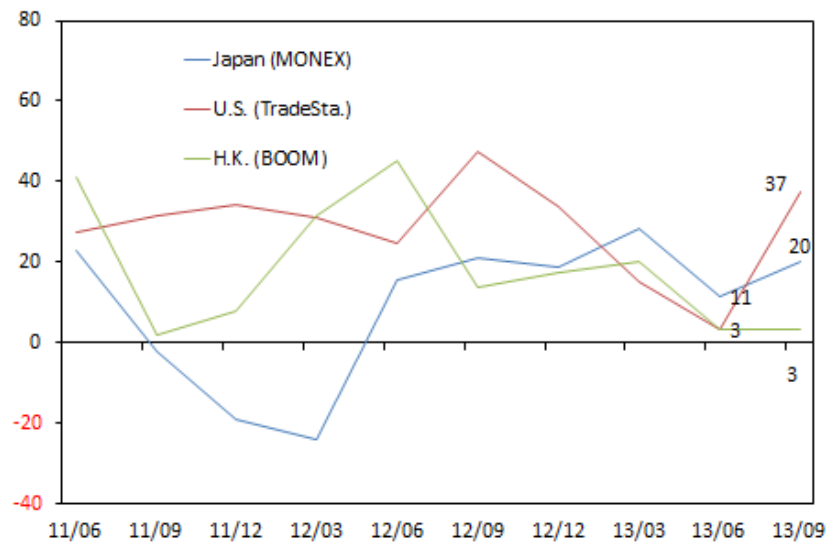
(Japan, U.S., China(HK.))



Source: Monex Securities

Figure9: Metals

(Japan, U.S., China(HK.))



Source: Monex Securities

4. Topic

Figure11-1: Topic

(Japan)

	Japan	U.S.	Europe	China (incl.HK.)	emerging country (excl.China)
corporate performance	85.7%	40.7%	14.5%	11.9%	11.4%
macroeconomics	60.1%	58.9%	27.0%	24.2%	17.9%
developments in exchange rate movements	66.7%	66.0%	25.5%	6.8%	17.7%
monetary policy	62.2%	54.3%	19.9%	7.7%	10.4%
politics,diplomacy	69.8%	58.8%	25.1%	15.8%	10.3%
politics,diplomacy	69.8%	58.1%	25.6%	37.6%	19.8%

Source: Monex Securities

Figure11-2: Topic (Previous)

(Japan)

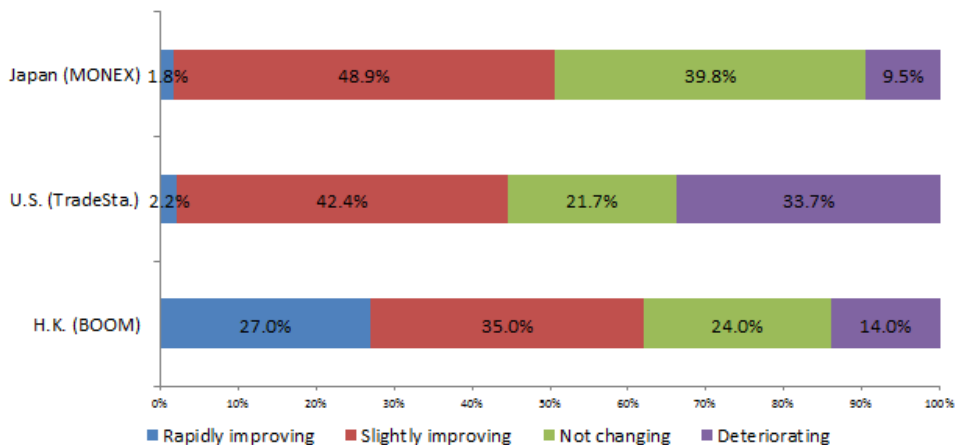
	Japan	U.S.	Europe	China (incl.HK.)	emerging country (excl.China)
corporate performance	-1.5%	-4.1%	0.1%	-2.0%	0.1%
macroeconomics	-4.1%	-1.8%	-1.0%	-4.1%	-2.6%
developments in exchange rate movements	-4.5%	-1.9%	-1.9%	-1.6%	3.4%
monetary policy	-7.8%	0.3%	1.3%	-0.6%	1.4%
politics,diplomacy	-3.9%	-4.2%	-0.6%	-2.2%	1.1%
politics,diplomacy	-2.1%	7.8%	0.5%	-5.7%	-1.0%

Source: Monex Securities

5. Performance of U.S. in 2013

Figure12: Which of the following statements best reflects your view of the current state of the U.S. economy and its prospects for the remainder of 2013?

(Japan, U.S., China(H.K.))



Source: Monex Securities

Outline of Survey & Characteristics of Respondents

(Japan)

Method : Internet research

Respondents: Customers of Monex Inc. Customers of Monex, Inc.

of Responses: 1,198

Period: 6-9 September , 2013

【Gender】

Male	Female
82.6%	17.4%

【Age】

Minor	20s	30s	40s	50s	60s	70s or over
0%	3.3%	19.8%	30.1%	22.6%	17.2%	7.0%

【Financial assets】

Under JPY 5 million	JPY 5 ~ 10 million	JPY 10 ~ 20 million	JPY20 ~ 50 million	JPY50 ~ 100 million	over JPY 100 million
28.3%	22.1%	18.2%	20.6%	7.9%	2.8%

【Frequency of trading】

Day trading	Few times a week	Few times a month	Once every few months	Fewer than that
5.5%	14.4%	33.6%	27.2%	19.3%

【Experience of stock investment】

Less than a year	2 ~ 5 years	5 ~ 10 years	over 10 years
7.9%	19.9%	27.0%	45.2%

(United States)

Method: Internet research

Respondents: Customers of Trade Station Securities, Inc.

of Responses: 92

Period: 30 August-9 September, 2013

(Hong Kong)

Method: Internet research

Respondents: Customers of Monex BOOM Securities (H.K.) Limited

of Responses: 100

Period: 30 August-9 September, 2013

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