

# MONEX GROUP

## **Eleventh Monex Global Retail Investor Survey**

### **Individual investors find Equity an attractive investment for 2014**

**Tokyo, Florida and Hong Kong, December 20, 2013** – Monex, Inc. (“Monex”), TradeStation Securities, Inc. (“TradeStation”) and MONEX Boom Securities (H.K.) Ltd. (“BOOM”), group companies of Monex Group, Inc. (TSE: 8698), surveyed retail investors with accounts held in the respective companies about their perceptions of the market environment. The Monex Global Retail Investor Survey is a report summarizing their responses.

---

Contact: Yuko Machida  
Monex Group, Inc.  
+81-3-4323-8698

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document. This translation was made as a matter of record only and does not constitute an offer to sell or to solicit an offer to buy securities in the U.S.

# MONEX GROUP

## **Eleventh Monex Global Retail Investor Survey**

### **Individual investors find Equity an attractive investment for 2014**

The DI of the forecast of world stock markets by individual investors for the coming 3 months has risen significantly by over 20 points in Japan, China (Hong Kong), and the U.S. according to the Eleventh Monex Global Retail Survey conducted in November 2013. This is the first time we have seen the DI in the plus in all regions since the start of this survey in June 2011. When asked what they were interested in investing in for 2014, individual investors in all regions answered equity as an attractive investment (Japan: 79% U.S.: 67% China (Hong Kong) :87%). When further asked which region's equities they wanted to invest in, we found that there was a "Home-market Bias" - individual investors in all regions had high expectations for their own country/region.

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

### **(1) The Diffusion Index (DI<sup>1</sup>) of the forecast of world stock markets rise in all regions**

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

[Forecast DI: Japan]	September 2013: 22 → November 2013: 48 (+26 points)
[Forecast DI: U.S. ]	September 2013: -4 → November 2013: 27 (+31 points)
[Forecast DI: China (HK)]	September 2013: 6 → November 2013: 50 (+44 points)

The DI of the forecast of world stock markets by individual investors for the coming 3 months has risen significantly by over 20 points in Japan, Hong Kong, and the U.S. This is the first time we have seen the DI in the plus in all regions since the start of this survey in June 2011. The forecast DI for U.S. has become a plus for the first time in five quarters since the September 2012 investigation.

### **(2) Individual investors in Japan have a positive outlook in every region**

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

[Japanese Stocks DI]	Early in November 2013: 39 → Late of November 2013: 54 (+15points)
[U.S. Stocks DI]	Early in November 2013: 32 → Late of November 2013: 39 (+7 points)
[Chinese Stocks DI ]	Early in November 2013: -46→ Late of November 2013: -37 (+9 points)

We asked individual investors in Japan on their outlook on the world stock markets for the coming 3 months. Japanese individual investors had a positive outlook in all regions, however, the Chinese stock DI is still in the minus.

# MONEX GROUP

## **(3) Technology and Healthcare related stocks are popular among individual investors in the U.S. and China (Hong Kong)**

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

For Japanese individual investors, there was not much change in the Preferred Sector Ranking, leaving “Automobile” “Pharmaceutical” and “Real Estate” in the top three. Only three industries had a change in ranking, with “High-tech” ranking 4<sup>th</sup> (previously\* 6<sup>th</sup> place), “Shosha (trading companies)” ranking 5<sup>th</sup> (previously 4<sup>th</sup> place), and “Telecommunications” ranking 6<sup>th</sup> (previously 5<sup>th</sup>).

\*Previous survey towards Japanese individual investors was conducted early in November 2013.

On the other hand, there was a movement in the sector ranking that Chinese (HK) and U.S. investors find attractive. Individual investors in both regions find “Technology” “Healthcare” and “General Consumer Goods” to be attractive, and there continued to be a similarity between the two regions from the previous survey\*.

\*Previous survey towards U.S. and Chinese (HK) individual investors was conducted in September 2013.

## **(4) USD-JPY Market outlook for the coming 3 months: A slight increase in weaker Yen – 60% of individual investors in Japan feel the Japanese Yen will weaken**

(Figure 6) (Survey conducted of individual investors in Japan)

Many Japanese individual investors feel the Japanese Yen will weaken in the coming 3 months, with a 12-point rise from 50% to 62% since the previous survey conducted early in November 2013. This may be due to the actual weakening of Yen during this survey period, with the Yen going over the 100-yen mark. On the contrary, the percentage of investors who think the Yen will strengthen is 11%, a 4-point decrease from the previous survey.

## **(5) Individual investors find Equity an attractive investment for 2014**

(Figure 12,12-1) (Survey conducted of individual investors in Japan, the U.S. and China (Hong Kong))

We asked individual investors in all three regions what types of products/trades they find attractive for 2014.

- Stocks

We found that individual investors in all regions feel that stocks are an attractive

# MONEX GROUP

product

(Japan:79% U.S.: 67% China (HK) : 87%)

- ETFs

While 60% of individual investors in U.S. and China (HK) feel that ETFs are an attractive investment, only 30% of Japanese individual investors feel it is an attractive investment

(Japan:33% U.S.: 66% China (HK) : 56%)

We found a “Home-market Bias” in those answered they wish invest in stocks. Individual investors in all regions had high expectations for their own countries/regions.

Japanese Individual Investors: U.S. (16%) Asia ex. Japan (7%) Japan (74%) Other (3%)

U.S. Individual Investors: U.S. (91%) Asia ex. Japan (3%) Japan (1%) Other (5%)

Chinese (HK) Individual Investors: U.S. (30%) Asia ex. Japan (62%) Japan (6%) Other (2%)

\*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	Nov22-25, 2013	Nov14-25,2013	Nov14-22,2013
# of responses	1,125	95	560

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., IBFX, 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](http://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,

# MONEX GROUP

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.**

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.](#)

# MONEX GROUP

## **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.

BOOM is a fully licensed Broker / Dealer regulated by the Securities and Futures Commission (SFC) of Hong Kong, founded in 1997 and headquartered in Hong Kong. It is a wholly owned subsidiary of Monex Group, one of the largest online financial services providers in Japan.

## CONTACTS:

Monex, Inc.  
Yumi Matsuzaki  
+81-3-4323-3800

TradeStation Securities, Inc.  
Loren Lopez  
+1 (954) 652-7011

MONEX Boom Securities (HK) Limited  
Grace Chow  
+852-2255-8880

###

---

Contact: Yuko Machida  
Monex Group, Inc.  
+81-3-4323-8698

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document. This translation was made as a matter of record only and does not constitute an offer to sell or to solicit an offer to buy securities in the U.S.

# Monex Global Retail Investor Survey

November 2013

## Executive Summary

Takashi Hiroki, Chief Strategist, Monex, Inc.

In many of my past reports, I've talked about the "Home-market Bias," a bias in which individual investors favor their own country/region's market, in many of my past reports. However, the past survey results have never shown such a salient inclination as this time. In Question 6 of this survey conducted November 2013, we asked which type of investment individual investors were interested in investing in. All regions answered "Equity". When we further asked which region's stock they would like to invest in, 3 out of 4 individual investors in Japan answered, "Japan". In the U.S., 91% of individual investors said they wanted to invest in U.S. stocks. In Hong Kong, the international off-shore center, the number was a bit lower, but still over 60% of individual investors answered they wanted to invest in stocks in the Asian region excluding Japan.

"Which region's equity prices do you have the highest expectations for?" – this is a question we always ask in our surveys. 43% of Japanese individual investors answered Japan, and 63% of individual investors in the U.S. answered the U.S.

To summarize;

Japanese Individual Investors:

- Region they wish to invest in: Japan 74%
- Region they have highest expectations: Japan 43%

U.S. Individual Investors:

- Region they will invest in: U.S. 91%
- Region they have highest expectations: U.S. 63%

In other words, the region they want to invest in exceeds the region they have high expectations in by 30%. What creates this difference? Are there 30% of people who wish to

invest without having high expectations? Most likely not. This may just be an issue of wording – in the English survey we simply asked, “Which market will you (not “do you wish to”) invest in? ” This may have lead people to answer a region they can only technically invest in, even if they wished to invest elsewhere. It is very difficult for individual investors in the U.S. to invest in Japanese stocks.

However, what about the Japanese individual investors? At Monex, individual investors can invest in U.S. stocks at a reasonable trading cost. 38% of Japanese individual investors answered they have high expectations for U.S. stocks – however, only 16% of them answered they will invest in the U.S. when asked which region they will invest in. Where did the 20% of the potential “votes” go?

One possibility is that these “votes” went to other investment items such as ETFs. However, we must note that Japanese individual investors have not picked ETFs as an attractive investment property. Perhaps that will change in the future.



## Summary

### (1) The Diffusion Index (DI<sup>1</sup>) of the forecast of world stock markets rise in all regions

(Figure 1) (Survey conducted towards individual investors in Japan, U.S., and China (HK))

[Forecast DI: Japan] September 2013: 22 → November 2013: 48 (+26 points)

[Forecast DI: U.S. ] September 2013: -4 → November 2013: 27 (+31 points)

[Forecast DI: China (HK)] September 2013: 6 → November 2013: 50 (+44 points)

The DI of the forecast of world stock markets by individual investors for the coming 3 months has risen significantly by over 20 points in Japan, Hong Kong, and the U.S. This is the first time we have seen the DI in the plus in all regions since the start of this survey in June 2011. The forecast DI for U.S. has become a plus for the first time in five quarters since the September 2012 investigation.

\*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) Individual investors in Japan have a positive outlook in every region

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

[Japan Stocks DI] Early in November 2013: 39 → Late of November 2013: 54 (+15 points)

[U.S. Stocks DI] Early in November 2013: 32 → Late of November 2013: 39 (+7 points)

[China (HK) DI] Early in November 2013: -46 → Late of November 2013: -37 (+9 points)

We asked individual investors in Japan on their outlook on the world stock markets for the coming 3 months. Japanese individual investors had a positive outlook in all regions, however, the Chinese stock DI is still in the minus.

### (3) Technology and Healthcare related stocks are popular among individual investors in the U.S. and China (Hong Kong)

(Figure 5) (Survey conducted towards individual investors in Japan, U.S., and China (HK))

For Japanese individual investors, there was not much change in the “Preferred Sector Ranking”, leaving “Automobile” “Pharmaceutical” and “Real Estate” in the top three. Only three industries had a change in ranking, with “High-tech” ranking 4<sup>th</sup> (previous survey\* 6<sup>th</sup> place), “Shosha (trading companies)” ranking 5<sup>th</sup> (previous survey\* 4<sup>th</sup> place), and “Telecommunications” ranking 6<sup>th</sup> (previous survey\*5<sup>th</sup> place).

\*Previous survey towards Japanese individual investors was conducted early in November 2013.

On the other hand, there was a movement in the “Preferred Sector Ranking” that Chinese (HK) and U.S. investors found attractive. Individual investors in both regions found “Technology” “Healthcare” and “General Consumer Goods” sectors to be attractive, and the similarity we observed between the two regions in previous survey\* still existed.

\*Previous survey towards U.S. and Chinese (HK) individual investors was conducted in September 2013.

**(4) USD-JPY Market outlook for the coming 3 months: A slight increase in weaker Yen – 60% of individual investors in Japan feel the Japanese Yen will weaken**

(Figure 6) (Survey conducted towards individual investors in Japan)

Many Japanese individual investors feel the Japanese Yen will weaken in the coming 3 months, with a 12-point rise from 50% to 62% since the previous survey conducted in November 2013. This may be due to the actual weakening of Yen during this survey period, with the Yen going over the 100-yen mark. On the contrary, the percentage of investors that think the Yen will strengthen is 11%, a 4-point decrease from the previous survey.

\*Previous survey towards Japanese individual investors was conducted early in November 2013.

**(5) Individual investors find Equity an attractive investment for 2014**

(Figure 12, 12-2) (Survey conducted towards individual investors in Japan, U.S., and China (HK))

We asked individual investors in all three regions what types of products/trades they find attractive for 2014.

- Stocks

We found that individual investors in all regions feel that stocks are an attractive

investment

(Japan:79% U.S.: 67% China (HK) : 87%)

- ETFs

While 60% of individual investors in U.S. and China (HK) feel that ETFs are an attractive investment, only 30% of Japanese individual investors feel it is an attractive investment

(Japan:33% U.S.: 66% China (HK) : 56%)

- TradeStation’s (A Monex Group company) clients in the U.S. have high expectations for future/options trading. (TradeStation’s clients are mainly active traders, which may be to account for.)

(Japan:11% U.S.: 74% China (HK) : 33%)

- Japanese individual investors do not feel that savings is an attractive investment, and the percentage was lowest among other regions

(Japan:12% U.S.: 21% China (HK) : 24%)

We found a “Home-market Bias” in those answered they wish to invest in stocks. Individual investors in all regions had high expectations for their own countries/regions.

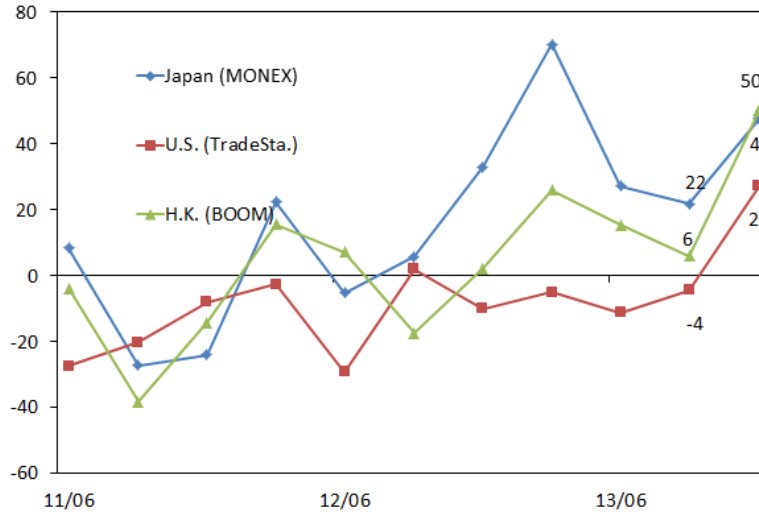
Japanese Individual Investors:	U.S. (16%) Asia ex. Japan (7%) Japan (74%) Other (3%)
U.S. Individual Investors:	U.S. (91%) Asia ex. Japan (3%) Japan (1%) Other (5%)
Chinese (HK) Individual Investors:	U.S. (30%) Asia ex. Japan (62%) Japan (6%) Other (2%)

# Results

## 1. Equities

Figure1: Outlook on Stocks Globally for the Next 3 Months

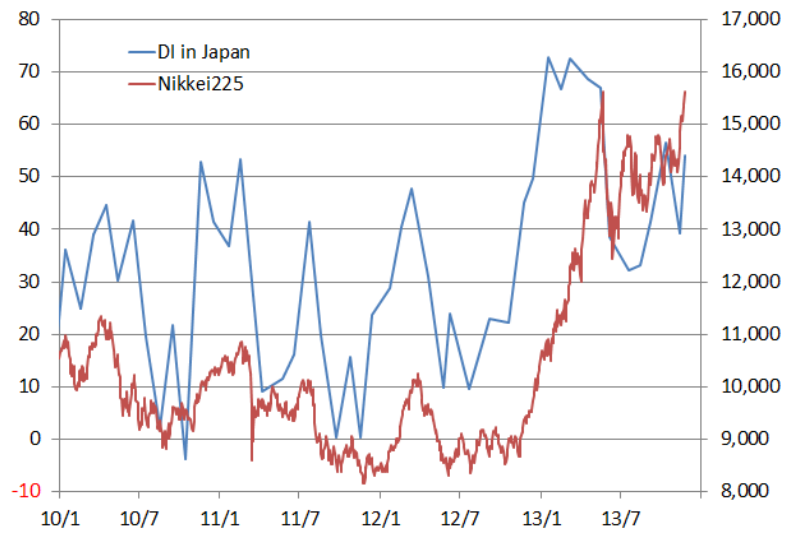
(Japan, U.S., China(HK))



Source: Monex Securities

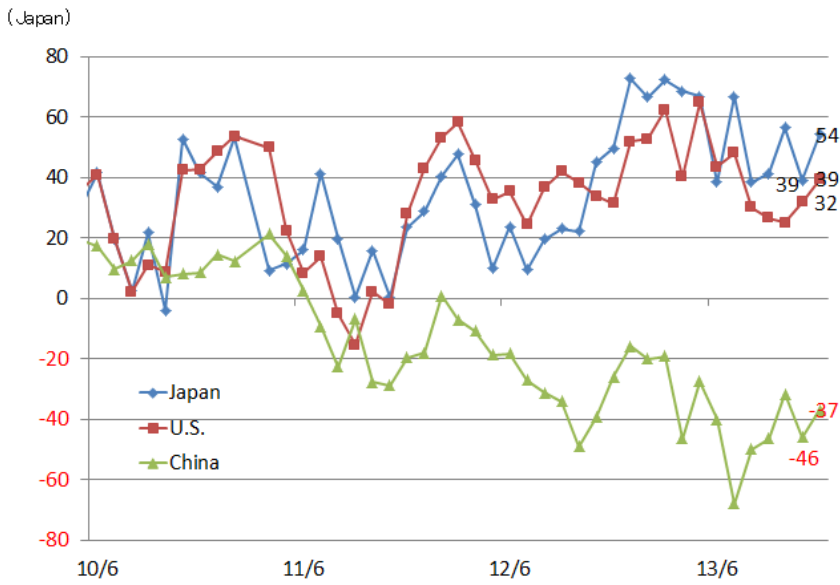
Figure2: Japanese Investor's Domestic DI and Nikkei 225

(Japan)



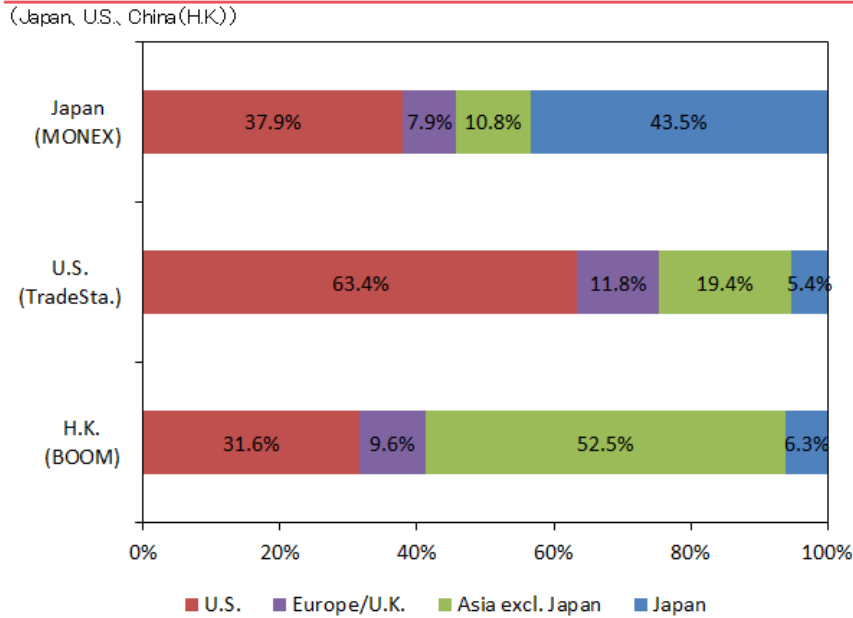
Source: Monex Securities

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



Source: Monex Securities

**Figure4-1: Areas of Best Equity Performance**



Source: Monex Securities

Figure4-2: Areas of Best Equity Performance

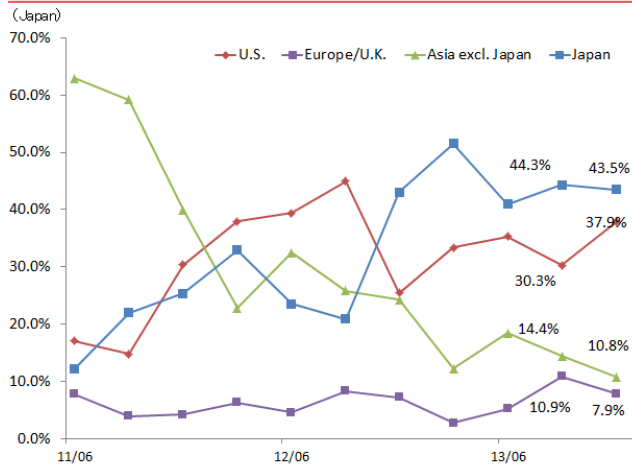


Figure4-3: Areas of Best Equity Performance

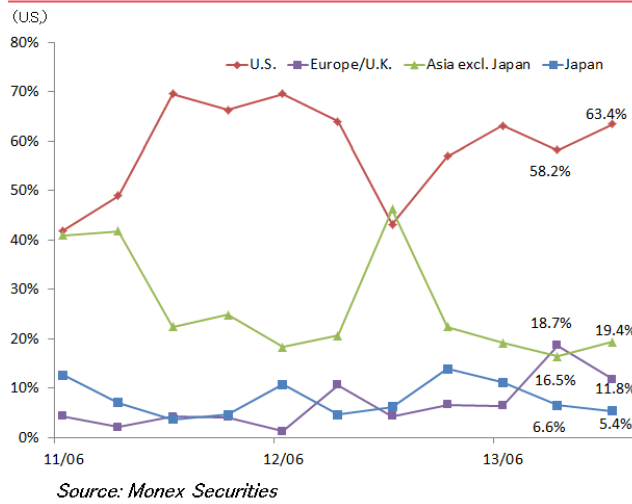
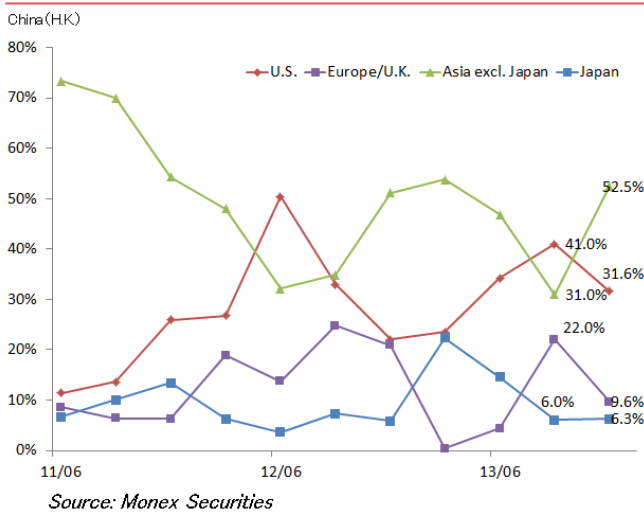
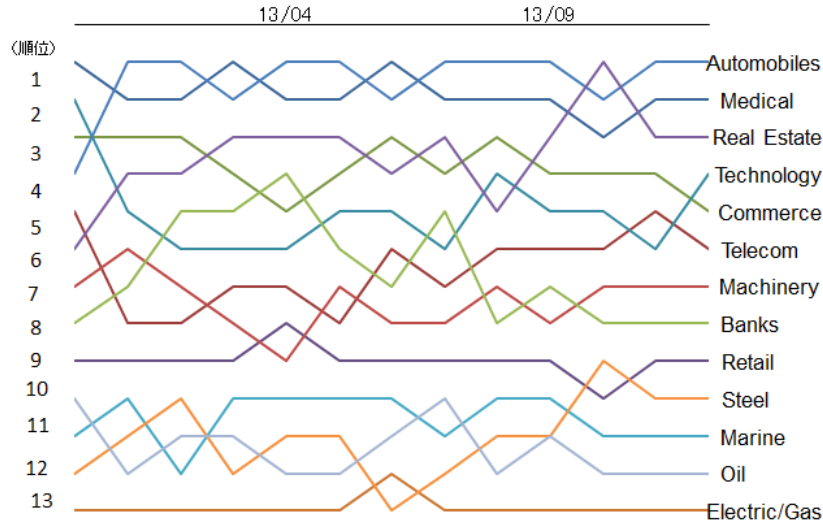


Figure4-4: Areas of Best Equity Performance



**Figure5: Attractive Sectors in Japan (Monthly)**

(Japan)



Source: Monex Securities

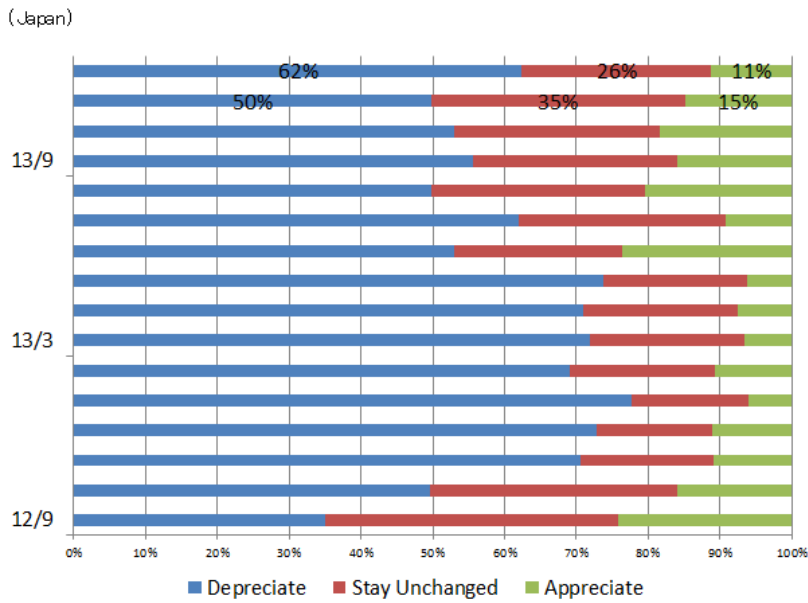
**Attractive Sectors in U.S. and Hong Kong (Quarterly)**

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

Previous rank in ()

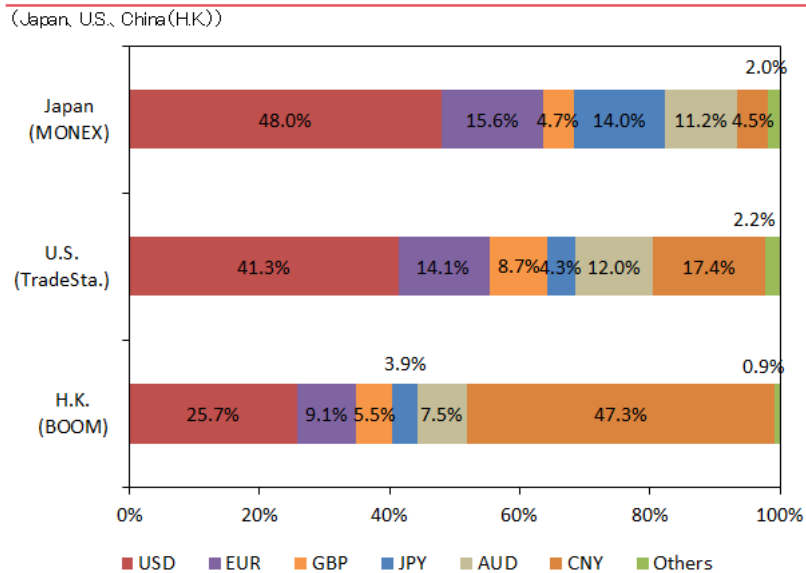
**2. Currencies**

**Figure6: JPY Against the Dollar for the Next 3 Months**



Source: Monex Securities

**Figure7: Strongest Currency Over the Next 3 Months**



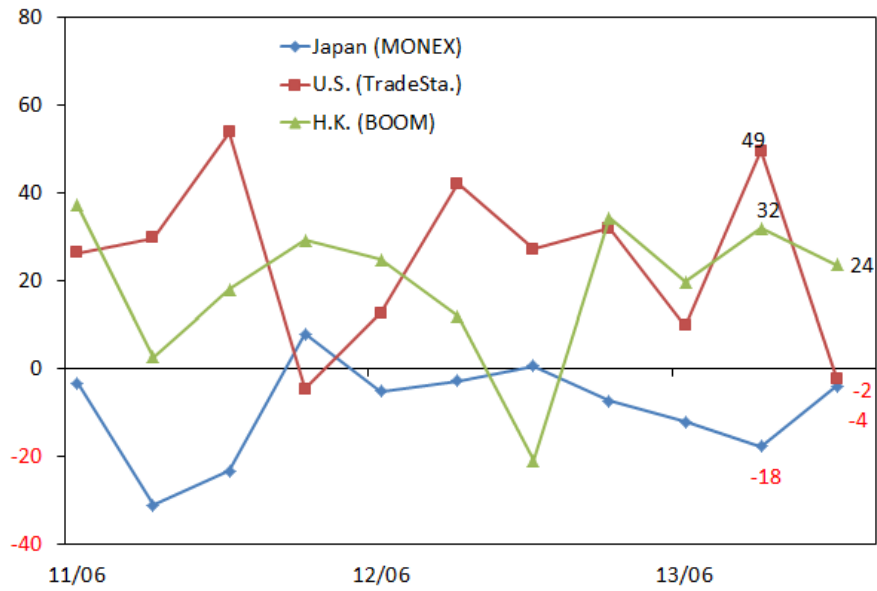
Source: Monex Securities



**3. Commodities**

**Figure8: Energy**

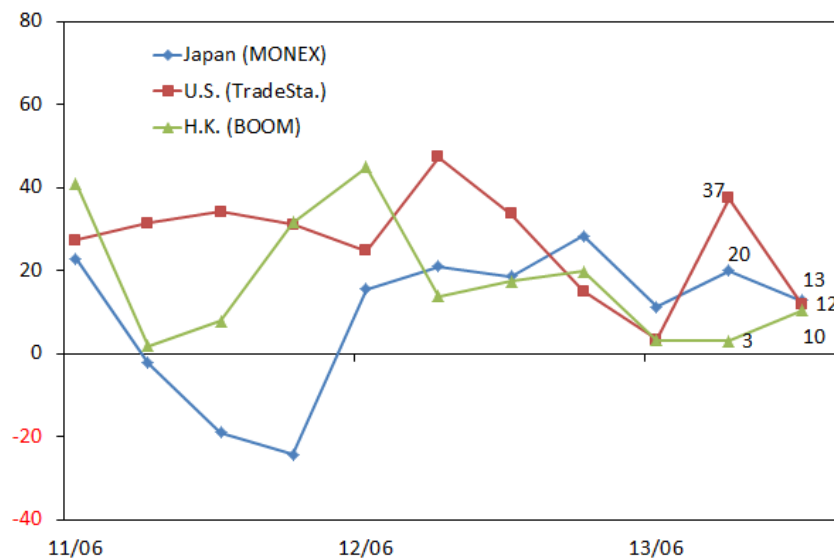
(Japan, U.S., China(HK))



Source: Monex Securities

**Figure9: Metals**

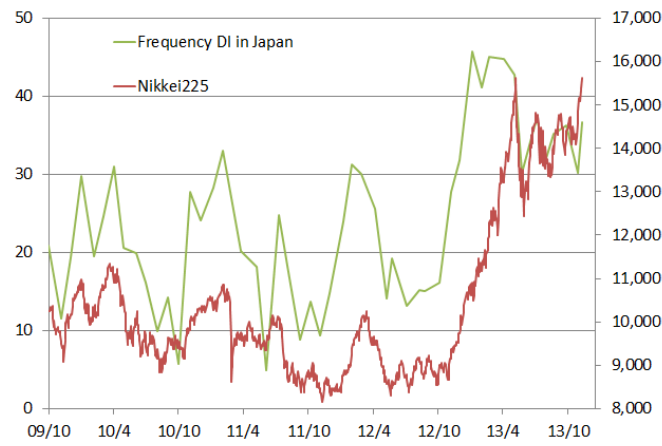
(Japan, U.S., China(HK))



Source: Monex Securities

### 4. About Japanese stock dealings

Figure10: Dealing frequency for the Next 3 Months



Source: Monex Securities

### 5. Topics individual investors look out for

Figure11: Topic (Previous)

(Japan)

	Japan	U.S.	Europe	China (incl.HK.)	emerging country (excl.China)
corporate performance	0.4%	0.4%	-2.1%	-3.2%	-2.4%
macroeconomics	4.4%	3.5%	-0.2%	1.1%	-2.4%
developments in exchange rate movements	2.3%	2.1%	0.2%	-1.2%	-0.5%
monetary policy	4.8%	-1.3%	-2.6%	-1.1%	-0.4%
politics, diplomacy	1.7%	-1.6%	-3.1%	-1.3%	-2.5%

Source: Monex Securities

Figure11-2: Topic

(Japan)

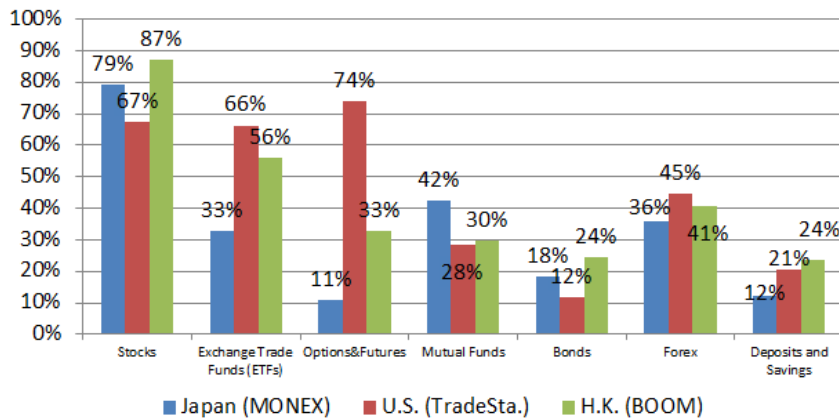
	Japan	U.S.	Europe	China (incl.HK.)	emerging country (excl.China)
corporate performance	89.2%	41.7%	11.7%	8.9%	8.5%
macroeconomics	64.1%	60.8%	25.9%	24.0%	18.0%
developments in exchange rate movements	69.0%	65.9%	27.5%	7.2%	15.0%
monetary policy	71.2%	63.8%	27.5%	15.4%	9.0%
politics, diplomacy	69.4%	55.4%	22.9%	41.5%	17.3%

Source: Monex Securities

**6. Investments individual investors find attractive**

**Figure 12: Investments individual investors find attractive**

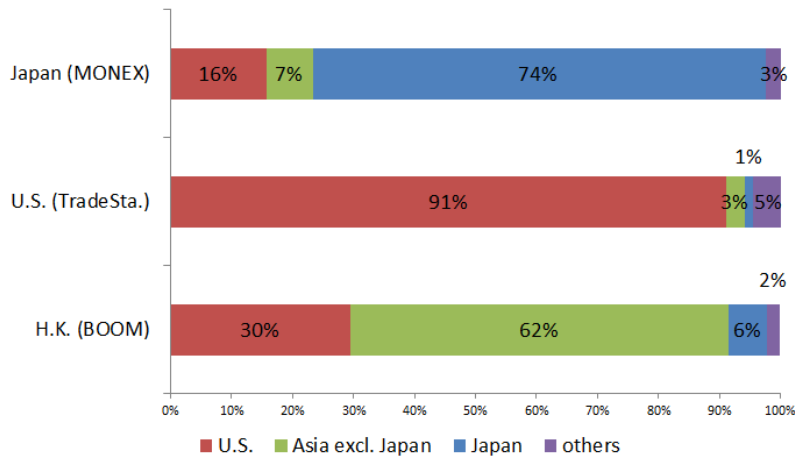
(Japan, U.S., China(H.K.))



Source: Monex Securities

**Figure 12-2: Region to invest in (Stocks)**

(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: 1,125  
 Period: 22-25 November , 2013

#### 【Gender】

Male	Female
83.5%	16.5%

#### 【Age】

Minor	20's	30's	40's	50's	60's	70's or over
0%	4.4%	17.0%	32.1%	23.7%	16.3%	6.5%

#### 【Financial assets】

Under JPY 5million	JPY 5 ~ 10million	JPY 10~ 20million	JPY20~ 50million	JPY50~ 100million	over JPY 100million
27.7%	17.8%	19.4%	23.9%	7.9%	3.3%

#### 【Frequency of trading】

day trading	few times a week	few times a month	once a few months	fewer than that
6.2%	17.4%	35.5%	26.5%	14.4%

#### 【Experience of stock investment】

less than a year	2~5years	5~10years	over 10years
10.3%	18.5%	26.0%	45.2%

### (United States)

Method: Internet research  
 Respondents: Customers of Trade Station Securities, Inc.  
 # of Responses: 95  
 Period: 14 -25November, 2013

### (Hong Kong)

Method: Internet research  
 Respondents: Customers of Monex BOOM Securities (H.K.) Limited  
 # of Responses: 560  
 Period: 14 -22November, 2013

The Monex Global Retail Investor Survey measures customer sentiment based upon answers to specific questions received from a random sampling of customers of Monex, Inc., TradeStation Securities, Inc., TradeStation Forex, Inc., and Monex 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, options, 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](http://www.tradestation.com).