

MONEX GROUP

Twenty-Fourth Monex Global Retail Investor Survey, December 2017

The forecast DI for the world stock markets rose sharply in all three regions

Tokyo, Florida and Hong Kong, December 15, 2017 – Monex, Inc. (“Monex”), TradeStation Securities, Inc. (“TradeStation”) and MONEX Boom Securities (H.K.) Limited (“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.

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For Immediate Release

Monex, Inc.
 TradeStation Securities, Inc.
 Monex Boom Securities (H.K.) Limited

Twenty-Fourth Monex Global Retail Investor Survey, December 2017

~The forecast DI for world stock markets rose sharply in all three regions~

Monex, Inc. (Minato-ku, Tokyo; Oki Matsumoto, President; hereinafter “Monex, Inc.”) conducted the twenty-fourth Monex Global Retail Investor Survey* in collaboration with Group companies TradeStation Securities, Inc. (Florida, the U.S.; John Bartleman, President) and Monex Boom Securities (H.K.) Limited (China (Hong Kong), Ivan Law, COO) from November 27 to December 1, 2017.

Summary Findings

1. Global Survey Results: Survey of Retail Investors in Japan, U.S. and China (H.K.)

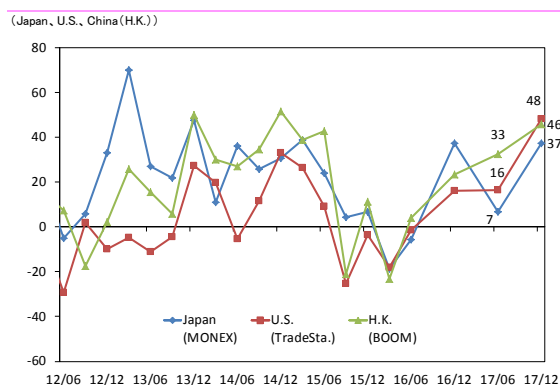
Global stock markets kept rising. Japanese and U.S. stock markets maintained a particularly firm tone. The Dow Jones Industrial Average reached a new historic high at the beginning of December, closing above 24,000 dollars. The Nikkei Stock Average also hit its highest level for 26 years, briefly moving above 23,000 yen on November 9. One characteristic of this survey is that, under these positive market conditions, investment sentiment improved among retail investors in all three regions.

We asked retail investors in each region about their views on world stock markets for the coming three months. In all three regions, the DI rose sharply from the previous survey (conducted between May and June 2017). Especially among retail investors in the U.S. and Japan, the DI showed a substantial increase of more than 30 points. The results suggest that gains in world stock markets improved sentiment among retail investors.

[Figures 1 on Page 2 (Exhibit)]

[Forecast DI: Japan] June 2017: 7 Dec. 2017: 37 (+30 points)
 [Forecast DI: U.S.] June 2017: 16 Dec. 2017: 48 (+32 points)
 [Forecast DI: China (H.K.)] June 2017: 33 Dec. 2017: 46 (+13 points)

Figure1: Outlook on Stocks Globally for the Next 3 Months

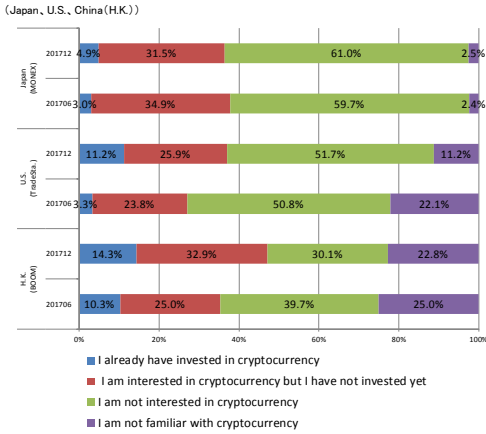


Source: Monex, Inc.

We asked retail investors about the investment appetite for “cryptocurrency” such as bitcoins which we see increased number of media coverage these days. It was a characteristic of this survey that the percentage of retail investors actually investing increased from the previous survey in all three regions. The percentage of retail investors in U.S. and China (Hong Kong) answering that they had already invested in cryptocurrency exceeded 10%, and investment in cryptocurrency may be gradually becoming more widespread around the world.

[Figures 7 on Page 6 (Exhibit)]

Figure7: About Cryptocurrency



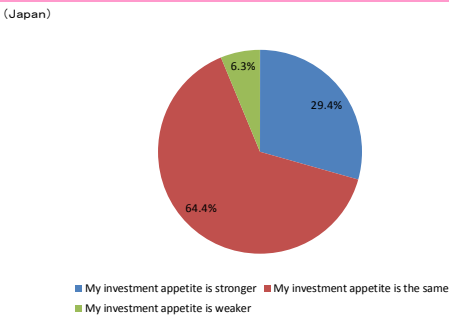
Source: Monex, Inc.

2. Japan Quarterly Survey Results: Survey of Retail Investors in Japan

On October 27, 2017, Monex, Inc. announced its forecast that the Nikkei Stock Average would continue to rise toward 30,000yen. We asked Japanese retail investors whether there had been any change in their investment appetite following this forecast. Around 30% of retail investors answered that their investment appetite became stronger, far exceeding the percentage who answered that their investment appetite became weaker. Moreover, a majority of Japanese retail investors answered that they thought the Nikkei Stock Average would reach a high of between 25,000 yen and 30,000 yen in 2018.

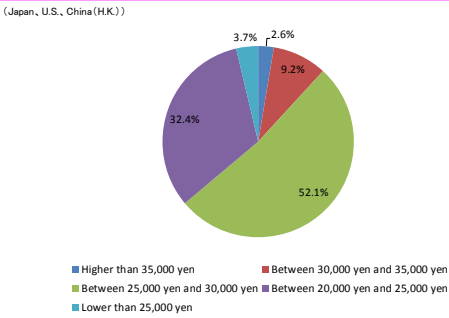
[Figures from12-1 to 12-2 on Page 9 (Exhibit)]

Figure12-1: Was there any change in your investment appetite following our forecast that the Nikkei Average would reach 30,000 yen?



Source: Monex, Inc.

Figure12-2: What is the highest level you think the Nikkei Average will reach in 2018?



Source: Monex, Inc.

Please refer to the details of the results of the survey in the attached report.

* An outline of the survey conducted in Japan, the U.S. and China (H.K.)

	Japan	U.S.	China (H.K.)
Survey period	Nov. 27 to Dec.1, 2017.	Nov. 27 to Dec.1, 2017.	Nov. 27 to Dec.1, 2017.
Number of responses	1,024	116	356

** DI (diffusion index): The percentage of respondents who answered “will rise or improve” minus the percentage of respondents who answered “will fall or deteriorate”

Monex, Inc. has been surveying retail investors about their attitudes regarding financial market conditions, providing you with the survey results as the “Monex Retail Investor Survey” since October 2009. In addition to Japan, as our group has established securities businesses in the U.S. and China (Hong Kong), we expanded this retail investor survey geographically and added the U.S. and China (Hong Kong) in order to compile the "Monex Global Retail Investor Survey" since June 2011. Monex, Inc., TradeStation Securities, Inc. and Monex Boom Securities (H.K.) Limited have been jointly conducting this survey and observing retail investors’ attitudes about financial market conditions in Japan, the U.S. and in China (Hong Kong) on a regular basis.

Monex Global Retail Investor Survey

December 2017

Executive Summary

Yutaka Masushima, Market Analyst, Monex Inc.

We are pleased to bring you results of our twenty-fourth Monex Global Retail Investor Survey.

During the period covered by the survey, global stock markets kept rising, with Japanese and US stock markets making particularly strong gains. The Dow Jones Industrial Average reached a new historic high at the beginning of December, closing above 24,000 dollars. The Nikkei Stock Average also hit its highest level in 26 years, briefly moving above 23,000 yen on November 9. One characteristic of this survey is that, under these positive market conditions, investment sentiment improved among retail investors in all three regions.

Media coverage on cryptocurrency is becoming more widespread and interest appears to be increasing gradually around the world. With some arguing that “cryptocurrency is a groundbreaking innovation” and others arguing that “cryptocurrency is not an innovation and the recent price increases are just a bubble,” the jury is, of course, still out. To find out more about the investment trend among retail investors, in this month’s survey, we asked retail investors about their experiences investing in cryptocurrency. In all three regions, the percentage of retail investors who had invested in cryptocurrency increased from the previous survey. While there are still many retail investors who have never invested in cryptocurrency interest appears to be gradually increasing after all.

Monex, Inc. announced its forecast that the Nikkei Average would continue to rise toward 30,000 yen. Of course, given risk factors such as “Russiagate” and the North Korea crisis, this is unlikely to be an inexorable upward trajectory. In an uncertain environment, there may be times when retail investors are unable to decide what to do. However, Monex, Inc. will continue to disseminate information on the latest developments that will serve as a useful reference for retail investors.

With your assistance, we have been able to compile and analyze extremely valuable data. We greatly appreciate your cooperation and hope that this survey will be of some aid in your investment decisions.

(Written as of Dec. 15, 2017)

Summary

1. Global Survey Results: Survey of Retail Investors in Japan, U.S. and China (H.K.)

(1-1) The forecast DI(*) for world stock markets rose sharply in all three regions.

We asked retail investors in each region about their views on world stock markets for the coming three months. In all three regions, the DI rose sharply from the previous survey (conducted between May and June 2017). Especially among retail investors in U.S. and Japan, the DI showed a substantial increase of 30 points or above. The results suggest that gains in world stock markets improved sentiment among retail investors.

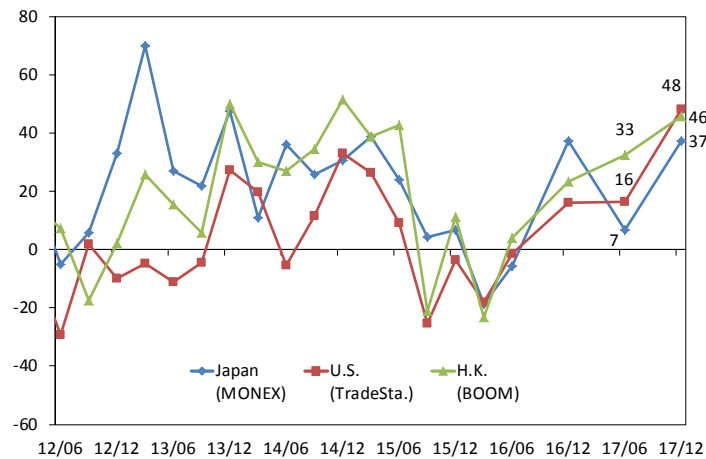
[Forecast DI: Japan] June 2017: 7 → Dec. 2017: 37 (+30 points)

[Forecast DI: U.S.] June 2017: 16 → Dec. 2017: 48 (+32 points)

[Forecast DI: China (H.K.)] June 2017: 33 → Dec. 2017: 46 (+13 points)

Figure1: Outlook on Stocks Globally for the Next 3 Months

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



Source: Monex, Inc.

* DI (diffusion index): The percentage of respondents who answered “will rise or improve” minus the percentage of respondents who answered “will fall or deteriorate.”

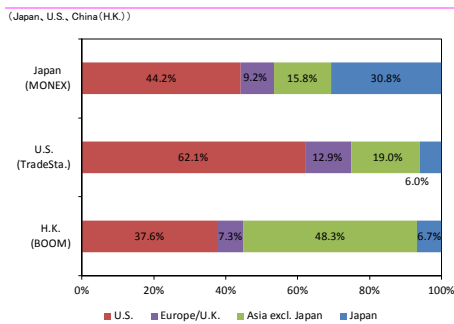
(1-2) Expectations for U.S. and Japanese stocks increased among retail investors in all three regions.

The percentage of retail investors in Japan and U.S. who answered that U.S. was the region where there is the greatest likelihood of stock price appreciation in the coming three months was the highest, as in the previous survey. Among retail investors in China (Hong Kong), however, expectations for Asia (excluding Japan) were highest. One trend common to retail investors in all three regions was that expectations for U.S. and Japanese stocks increased from the previous survey. Expectations for U.S. and Japanese stocks may have increased due to strong stock gains, with the Dow Jones Industrial Average reaching a new historic high and the Nikkei Stock Average also hitting its highest level in 26 years.

【Expectations for stock markets in the coming three months】

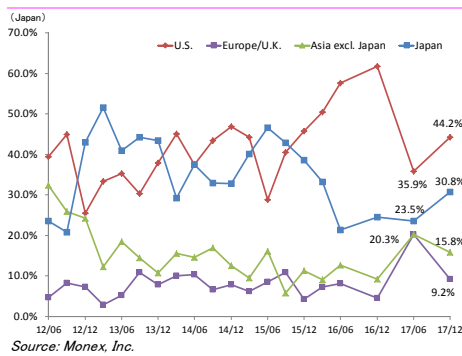
[Japan] U.S.: 44.2% Europe/U.K.: 9.2% Asia excl. Japan: 15.8% Japan: 30.8%
 [U.S.] U.S.: 62.1% Europe/U.K.: 12.9% Asia excl. Japan: 19.0% Japan: 6.0%
 [China (H.K.)] U.S.: 37.6% Europe/U.K.: 7.3% Asia excl. Japan: 48.3% Japan: 6.7%

Figure2-1: Expectation for Areas of Best Equity Performance for the Next 3 Months



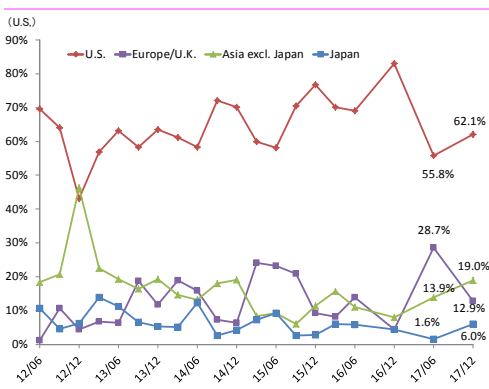
Source: Monex, Inc.

Figure2-2: Expectation for Areas of Best Equity Performance for the Next 3 Months



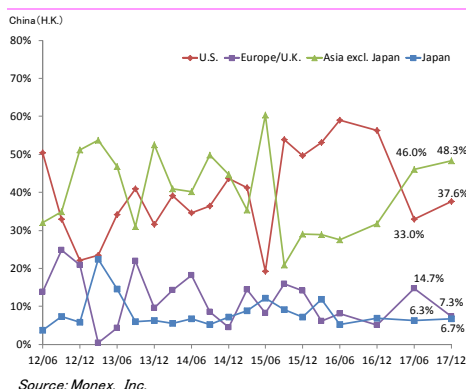
Source: Monex, Inc.

Figure2-3: Expectation for areas of Best Equity Performance for the Next 3 Months



Source: Monex, Inc.

Figure2-4: Expectation for areas of Best Equity Performance for the Next 3 Months

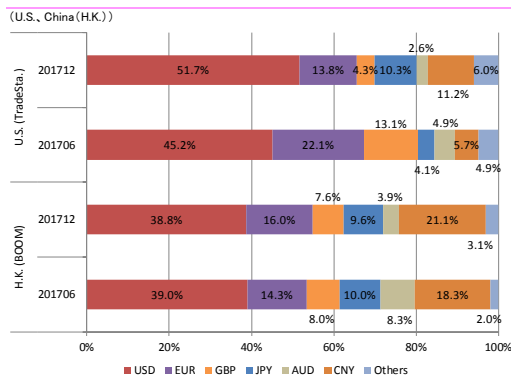


Source: Monex, Inc.

(1-3) The percentage of retail investors expecting a stronger dollar increased in U.S.

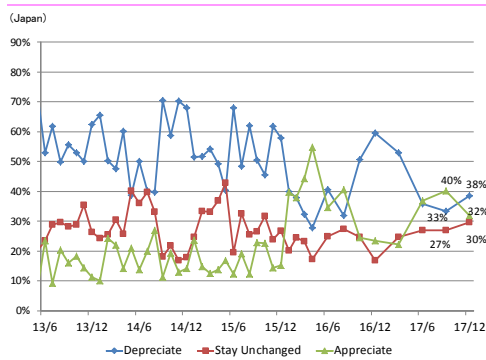
In both U.S. and China (Hong Kong), the currency that retail investors consider most likely to increase in value in the coming three months was U.S. dollar. However, while the percentage of retail investors in U.S. who answered U.S. dollar rose, the result for China (Hong Kong) fell slightly. The percentage of retail investors in Japan who forecast a weaker yen against the dollar in the coming three months was 38%, rising from 33% in the previous survey (conducted in September 2017).

Figure3-1: Strongest Currency Over the Next 3 Months(vs Previous survey)



Source: Monex, Inc.

Figure3-2: JPY Against the Dollar for the Next 3 Months



Source: Monex, Inc.

*Figure 3-1 shows a comparison with the previous survey (between May and June 2017) for retail investors in U.S. and China (Hong Kong). Figure 3-2 shows changes in USD/JPY forecast among Japanese retail investors from December 2012 to the present. Japanese retail investors were surveyed every month from the start of the survey to April 2016, every two months from June 2016 to December 2016, and every quarter from March 2017 to the present.

(1-4) On the list of most attractive sectors, “Technology” ranked top in all three regions.

As in the previous survey, “Technology” continued to be ranked in the top on the list of the most attractive sectors among retail investors in Japan, U.S. and China (Hong Kong). There was no major change in the other sectors. However, while “Finance” was ranked high by retail investors in U.S and China (Hong Kong), “Banks” ranked low in Japan, and a difference in bias was apparent.

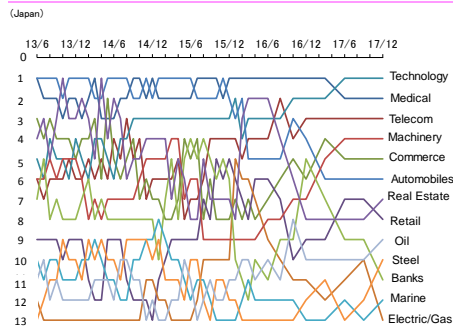
Figure4-1: Attractive Sectors

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

Source: Monex, Inc.

(in parentheses previous ranking)

Figure4-2: Attractive Sectors



Source: Monex, Inc.

*Figure 4-1 shows a comparison of rankings with the previous survey (conducted between May and June 2017) for retail investors in U.S. and China (Hong Kong). Figure 4-2 shows changes in the ranking among Japanese retail investors from June 2013 to the present. Japanese retail investors were surveyed every month from the start of the survey to April 2016, every two months from June 2016 to December 2016, and every quarter from March 2017 to the present.

(1-5) The Crude Oil DI rose sharply in all three regions.

The Crude Oil DI rose substantially from the previous survey among retail investors in Japan, U.S. and China (Hong Kong). The DI reached its highest level in several years, with rising oil prices giving retail investors a more bullish outlook. Results for the Metals DI were mixed, with the DI falling among retail investors in Japan but rising among retail investors in U.S. and China (Hong Kong).

[Expectations for Crude Oil]

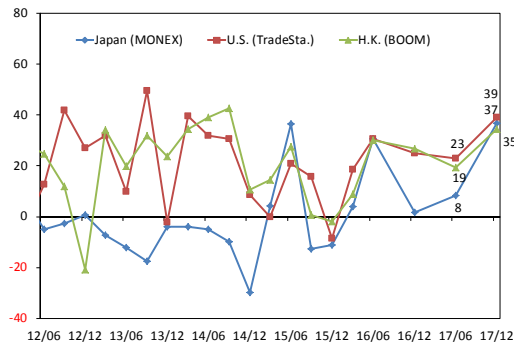
[Japan]	June 2017 : 8 → Dec. 2017 : 37 (+29 points)
[U.S.]	June 2017 : 23 → Dec. 2017 : 39 (+16 points)
[China (Hong Kong)]	June 2017 : 19 → Dec. 2017 : 35 (+16 points)

[Metals]

[Japan]	June 2017 : 40 → Dec. 2017 : 34 (-6 points)
[U.S.]	June 2017 : 28 → Dec. 2017 : 47 (+19 points)
[China (Hong Kong)]	June 2017 : 19 → Dec. 2017 : 27 (+8 points)

Figure5-1: Crude Oil DI

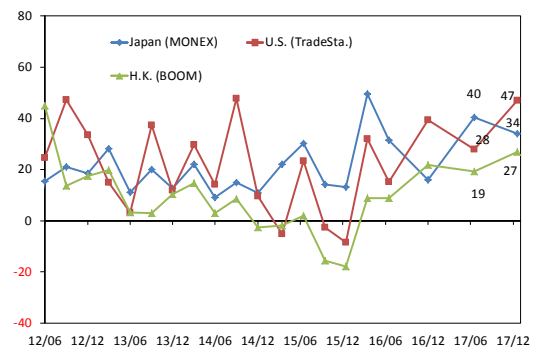
(Japan, U.S., China(H.K.))



Source: Monex, Inc.

Figure5-2: Metals DI

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



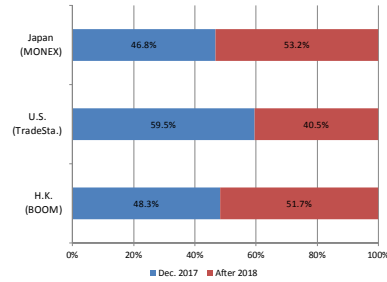
Source: Monex, Inc.

(1-6) The percentage of retail investors forecasting a further rate hike in U.S. in December ranged from 50% to 60%.

The percentage of respondents who answered that the timing of the FRB’s next rate hike would be December 2017 was around 60% in U.S. and just under 50% in Japan and China (Hong Kong). The market view is that a December rate hike is almost certain, and a difference in view compared with retail investors is evident.

Figure6: When will the Fed start to raise interest rates next time?

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



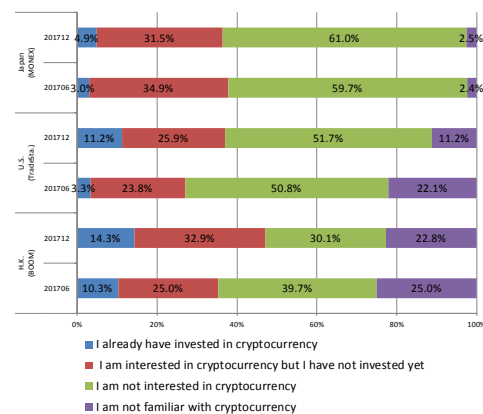
Source: Monex, Inc.

(1-7) The percentage of retail investors investing in cryptocurrency increased in all three regions.

We asked retail investors about much-talked-about “cryptocurrency” such as bitcoins. It was a characteristic of this survey that the percentage of retail investors actually investing increased from the previous survey in all three regions. The percentage of retail investors in U.S. and China (Hong Kong) answering that they had already invested in cryptocurrency exceeded 10%, and investment in cryptocurrency may be gradually becoming more widespread around the world.

Figure7: About Cryptocurrency

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



Source: Monex, Inc.

2. Japan Quarterly Survey Results: Survey of Retail investors in Japan

(2-1) The DI for Japanese stocks, U.S. stocks and Chinese stocks rose sharply.

We asked Japanese retail investors about their outlook for the stock markets in Japan, U.S. and China in the coming three months. The DI for all three (Japanese stocks, U.S. stocks and Chinese stocks) rose sharply from the previous survey (conducted in September 2017). In particular, the DI for U.S. stocks surged 48 points from the previous survey, turning positive. With U.S. economy booming and key economic indicators at historic levels, the implementation of tax cuts, etc. is expected, and Japanese retail investors may, therefore, expect further economic expansion in U.S.

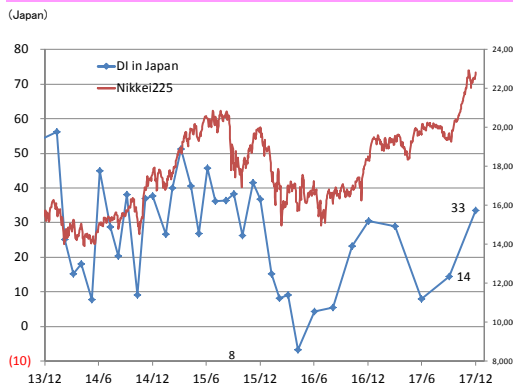
[Japanese Stocks DI]	Sep. 2017: 14 → Dec. 2017: 33 (+19 points)
[U.S. Stocks DI]	Sep. 2017: -2 → Dec. 2017: 46 (+48 points)
[China stocks DI]	Sep. 2017: -23 → Dec. 2017: -9 (+14 points)

Figure9-1: Outlook on Stocks for the Next 3 Months



Source: Monex, Inc.

Figure9-2: Japanese Investor's Domestic DI and Nikkei 225



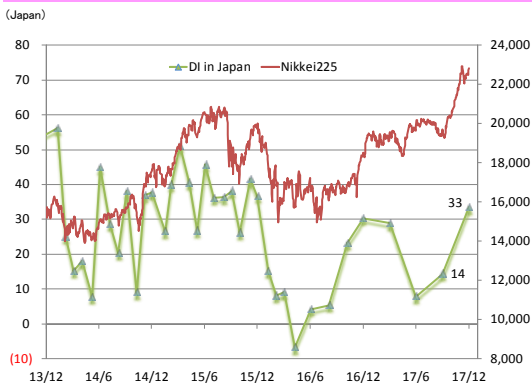
Source: Monex, Inc.

(2-2) Although the DI for “trading frequency” and “investment amount” for Japanese stocks rose, the DI for “number of stocks held” remained flat.

Although the DI for “trading frequency” and “investment amount” for Japanese stocks rose from the previous survey, the DI for “number of stocks held” remained flat.

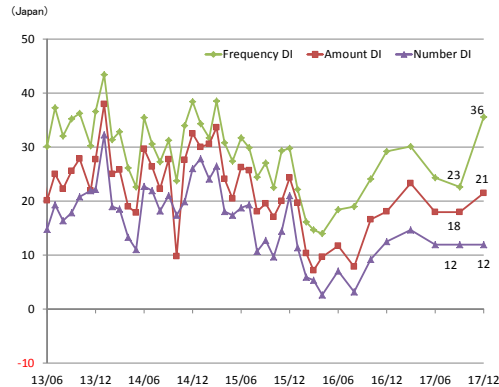
[DI of trading frequency]	Sep. 2017: 23 → Dec. 2017: 36 (+13points)
[DI of investment amount]	Sep. 2017: 18 → Dec. 2017: 21 (+3points)
[DI of the number of stocks held]	Sep. 2017: 12 → Dec. 2017: 12 (0 points)

Figure10-1:Investment Willingness for the Next 3 Months and Nikkei225



Source: Monex, Inc.

Figure10-2:Investment Willingness for the Next 3 Months



Source: Monex, Inc.

(2-3) Interest in the corporate earnings of Japanese companies remained high.

The topic that received the greatest attention among Japanese retail investors was “corporate earnings” in Japan. Japanese companies are expected to post record profits in the current fiscal year, and this may in part explain the continued high level of interest.

Figure11-1: Topic

(Japan)	Japan	U.S.	Europe	China (incl.HK.)	Emerging country (excl.China)
Corporate earnings	87.5%	46.1%	14.0%	13.7%	9.0%
Macroeconomics	57.9%	62.0%	21.4%	23.1%	15.7%
Exchange rate trend	67.9%	62.9%	20.7%	6.8%	9.6%
Rate movements	49.9%	69.3%	19.6%	6.3%	6.5%
Monetary policy	59.2%	67.2%	27.2%	14.9%	7.3%
Politics,diplomacy	60.1%	67.0%	32.3%	43.7%	21.4%

Source: Monex, Inc.

Figure11-2: Topic(Change From Previous Survey)

(Japan)	Japan	U.S.	Europe	China (incl.HK.)	Emerging country (excl.China)
Corporate earnings	-0.2	2.9	1.2	-0.9	-1.5
Macroeconomics	-2.8	-2.6	-5.0	-0.7	3.0
Exchange rate trend	-2.7	-4.2	-5.2	-1.6	-2.0
Rate movements	-1.1	-0.2	-0.5	0.3	-1.1
Monetary policy	-2.8	-0.7	-0.7	-0.7	1.4
Politics,diplomacy	-5.6	-5.2	0.2	-3.9	0.0

Source: Monex, Inc.

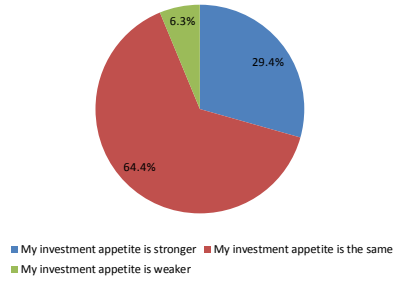
(point)

(2-4) Around 30% of Japanese retail investors showed increased investment appetite following Monex, Inc.’s forecast that the Nikkei Average would reach 30,000yen.

On October 27, 2017, Monex, Inc. announced its forecast that the Nikkei Stock Average would continue to rise toward 30,000yen. We asked Japanese retail investors whether there had been any change in their investment appetite following this forecast. Around 30% of retail investors answered that their investment appetite became stronger, far exceeding the percentage who answered that their investment appetite became weaker. Moreover, a majority of Japanese retail investors answered that they thought the Nikkei Average would reach a high of between 25,000 yen and 30,000 yen in 2018.

Figure12-1: Was there any change in your investment appetite following our forecast that the Nikkei Average would reach 30,000 yen?

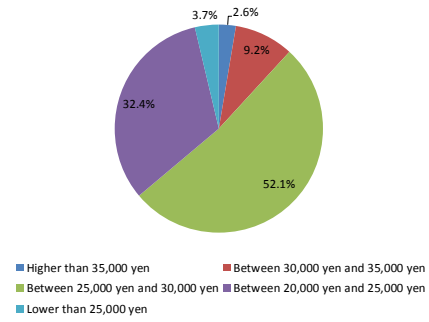
(Japan)



Source: Monex, Inc.

Figure12-2: What is the highest level you think the Nikkei Average will reach in 2018?

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



Source: Monex, Inc.

Outline of Survey & Characteristics of Respondents

(Japan)

Method: Online survey
 Respondents: Customers of Monex, Inc.
 # of Responses: 1,024
 Period: Nov. 27 to Dec.1, 2017.

[Gender]

Male	Female
85.0%	15.0%

[Age]

Minor	20s	30s	40s	50s	60s	70s or over
0.3%	2.9%	13.2%	27.5%	29.0%	19.3%	8.8%

[Financial assets]

Under JPY 5 million	JPY 5 ~10 million	JPY 10 ~ 20 million	JPY 20 ~ 50 million	JPY 50 ~ 100 million	Over JPY 100 million
21.5%	19.3%	19.6%	22.5%	11.6%	5.5%

[Frequency of trading]

Day trading	Several times a week	Several times a month	Once every few months	Fewer than that
4.3%	18.6%	32.9%	28.8%	15.4%

[Experience with stock investment]

Less than a year	1 ~ 5 years	5 ~ 10 years	Over 10 years
6.6%	19.4%	17.2%	56.7%

(United States)

Method: Online survey
 Respondents: Customers of TradeStation Securities, Inc.
 # of Responses: 116
 Period: Nov. 27 to Dec.1, 2017.

(Hong Kong)

Method: Online survey
 Respondents: Customers of Monex BOOM Securities (H.K.) Limited
 # of Responses: 356
 Period: Nov. 27 to Dec.1, 2017.

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, and Monex Boom Securities (H.K.) Limited. Details of the methodology used to conduct the survey are available upon request. Accuracy and completeness of the data derived from the survey are not guaranteed.

The Monex Retail Investor Survey has been published since October 2009, and the Monex Global Retail Investor Survey since June 2011.

*About the survey

-Surveys were not conducted in March 2011 given consideration to the circumstances following the Great East Japan Earthquake.

-Monex Global Retail Investor Surveys were conducted every quarter from June 2011 to June 2016, and every six months from June 2016.

- Retail investor surveys limited to Japan were conducted every month from October 2009 to April 2016, every two months from June 2016 to December 2016, and every quarter from March 2017 to the present.

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