

Nikkei 225 in July

As of the end of July, the Nikkei Stock Average stood at 8695.06, down 311.72 points, or 3.5%, from the end of June. The index rose up to 9104.17 on July 4, in line with appreciation of US equity market, its highest level since May 8. But uncertainty about the Euro area economic outlook and concern over negative impact of Yen soaring on profitability of listed companies pushed the Nikkei 225 down. The index rallied later in the month after an euro-supportive comment by European Central Bank President.

This month's Topic : Nikkei 225 Risk Control Index

Nikkei 225 Risk Control Index declined by 1.9% in July

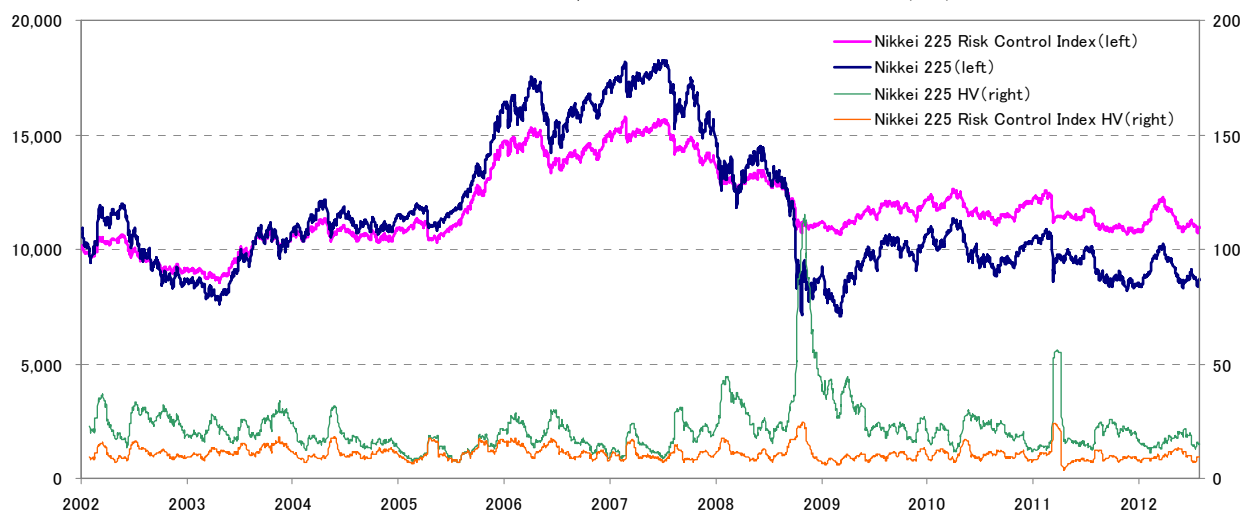
The Nikkei 225 Risk Control Index stood at 10996.77 as of July 31, a 1.9% decline from its closing of June 29, 1.6 percentage point lower, comparing with 3.5%, the drop of its underlying index, the Nikkei Stock Average (Nikkei 225) for the same month.

The Nikkei 225 Risk Control index is an index that tracks an investment strategy to control its volatility. The target volatility is 15 based on the Nikkei Stock Average Volatility Index, i.e. volatility expected by market participants. Specifically, the risk control index is adjusted as its price movement is less volatile on condition that the maximum value of the volatility index for the past 20 days exceeds 15. The volatility control index has appreciated by roughly 10% since end of 2001, its inception, while the Nikkei 225 has fallen by 17% for the same period.

The Nikkei 225 Risk Control Index has stood out especially when the stock market turned turbulent although the index has tendency to rise less when the stock market surges,. For instance for the 2 month period from September 2008, the risk control index slid by 14% while the Nikkei 225 plunged by 35% due to the world financial crisis triggered by the bankruptcy of Lehman Brothers.

The risk control index has outperformed the Nikkei 225 since April 2012 when the Japanese stock market was more uncertain due to Europe debt anxiety. Its recent historical volatility, annualized standard deviation based on the daily return for the past 20 days is around 7 to 9 %, around 60% level of the historical volatility of the Nikkei 225.

Risk Control Index & Nikkei 225, Index levels & Historical Volatilities (HV)



○Nikkei 225 and its derived indices

(Data as of end of July)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	8695.06	-3.46%	-0.04%	1.19%	10255.15	27-Mar	8295.63	4-Jun
Nikkei 225 VI (Volatility)	20.17	-7.65%	0.15%	7.16%	30.93	4-Jun	17.60	20-Jul
Nikkei 225 Covered Call	8594.81	-2.81%	-0.05%	1.12%	9993.99	27-Mar	8166.45	4-Jun
Nikkei 225 Risk Control	10996.77	-1.90%	-0.02%	0.62%	12255.86	27-Mar	10711.47	25-Jul
Nikkei 225 Leveraged	3572.62	-6.97%	-0.09%	2.38%	5023.30	27-Mar	3266.86	4-Jun
Nikkei 225 Inverse	6431.34	3.40%	0.04%	1.19%	6773.84	16-Jan	5511.00	27-Mar

Name of Index	Index Value	Change	Historical High	The year	Historical Low	The year
Nikkei 225 Dividend Point	106.72	7.01%	115.44	2008	47.39	2002

○Benchmark and other indices

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 300	149.41	-4.03%	-0.05%	1.13%	176.27	27-Mar	141.08	4-Jun
Nikkei China Related 50	810.48	-6.30%	-0.07%	1.42%	1024.28	27-Mar	771.86	25-Jul
Nikkei 500 Average	766.91	-2.77%	-0.03%	1.03%	863.79	27-Mar	721.87	4-Jun
Nikkei Japan 1000	864.63	-4.42%	-0.05%	1.13%	1025.25	27-Mar	818.37	4-Jun
Nikkei JASDAQ Average	1307.91	-2.11%	0.01%	0.61%	1402.75	2-May	1185.44	12-Jan

Note: Avg Return and Volatility are calculated on the daily return for the past 1 year.

"Change" in the Nikkei 225 Dividend Point Index indicates a comparison with the value at the end of July 2011.

Historical High and Low in the dividend index were based on the values in the same month since 1998.

To learn more about the Index of this month

<http://indexes.nikkei.co.jp/en/nkave/index/profile?id=nk225rc>

Data from the 'Nikkei Index' Premium Data Package was used for this report. For more detailed information, http://indexes.nikkei.co.jp/nkave/archives/file/brochure_en.pdf