



# What Worked - Japan

## High beta names bounced back, Div yield names continued to be hurt. 2<sup>nd</sup> Jun 2017

Patrick Hansen

### What Worked

*Beta back with a vengeance*

After 3 weeks of poor performance, names with high Beta to TOPIX and Beta to the Yen bounced back this week. H2O Retailing (8242) is up 9%, Dowa Holdings (5714) is up 10% and TADANO (6395) is also up 9%. There was a slight sell off in names with high dividend yield. This is the 5th week in a row that high dividend yield names have not done well. However, with only 51 names down in TOPIX 500 this week it was more about which names did not go up as much. Park24 (4666) is down 6%, FamilyMart (8024) is down 4% and Oracle Corp Japan (4716) is down 4%.

*Higher % Insto Ownership did well*

Names with a high percent of Institutional Investors did better this week after doing poorly over the last month. Showa Denko (4004) is up 12% and Tokyo Ohka Kogyo (4186) is up 10%. Long-term momentum names were up while short-term momentum names were hurt this week. Mitsui Mining and Smelting (5706) is up 5% and MinebeaMitsumi (6479) is up 7%.

### Who Moved

*Not a lot spiking on volume*

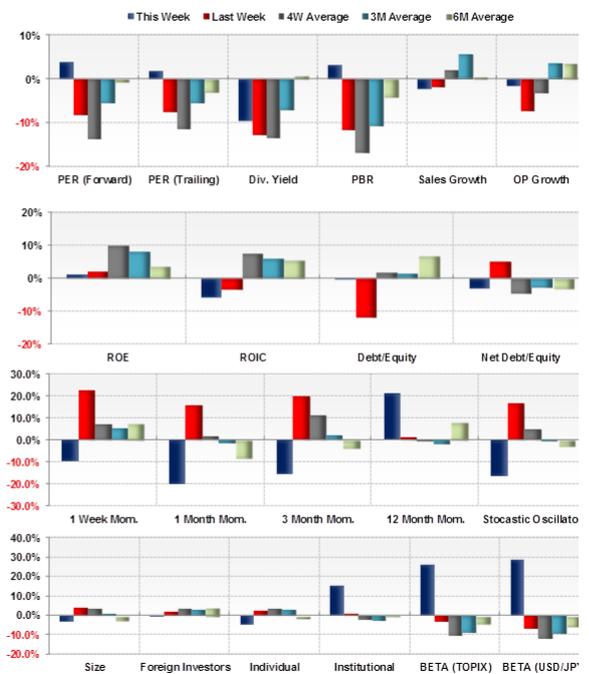
Only 24 names moved on volume this week. On the positive side, Tosoh Corp (4042) is up 8%, Miraca Holdings (4544) is up 7% and Sysmex Corp (6869) is up 6%. On the other side, Oracle Corp (4716) is down 4%, Fuji Media Holdings (4676) is down 2% and Otsuka (4768) is down 1%. All on strong volume.

### Summary

TOPIX 500, Week Ending 02 Jun 2017

| Signal                          | 2.8%   |        | 0.6%   |        | 3.9%   |        | 2.3%   |        | 8.6%  |        |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
|                                 | IC     | Spread | IC     | Spread | IC     | Spread | IC     | Spread | IC    | Spread |
| <b>Value &amp; Growth</b>       |        |        |        |        |        |        |        |        |       |        |
| PER (Forward)                   | 4.0%   | 0.3%   | -8.1%  | -0.3%  | -13.6% | -4.1%  | -5.5%  | -5.4%  | -0.7% | -5.6%  |
| PER (Trailing)                  | 1.7%   | 0.3%   | -7.6%  | -0.4%  | -11.3% | -3.7%  | -5.5%  | -6.4%  | -3.0% | -7.7%  |
| Div. Yield                      | -9.6%  | -0.8%  | -12.8% | -0.7%  | -13.5% | -3.4%  | -7.1%  | -5.6%  | 0.6%  | -3.6%  |
| PBR                             | 3.1%   | 0.2%   | -11.5% | -0.7%  | -16.8% | -6.1%  | -10.8% | -10.5% | -4.0% | -9.9%  |
| Sales Growth                    | -2.3%  | -0.4%  | -1.8%  | -0.2%  | 2.0%   | 1.7%   | 5.6%   | 5.8%   | 0.5%  | 2.6%   |
| OP Growth                       | -1.6%  | -0.5%  | -7.2%  | -0.1%  | -3.2%  | -1.1%  | 3.6%   | 2.8%   | 3.4%  | 1.6%   |
| <b>Quality</b>                  |        |        |        |        |        |        |        |        |       |        |
| ROE                             | 1.1%   | -0.2%  | 2.0%   | 0.2%   | 10.0%  | 3.8%   | 8.1%   | 9.1%   | 3.5%  | 8.5%   |
| * ROIC                          | -5.7%  | -0.5%  | -3.5%  | -0.6%  | 7.5%   | 2.8%   | 6.2%   | 4.5%   | 5.4%  | 5.5%   |
| * Debt/Equity                   | -0.0%  | -0.3%  | -11.8% | -0.9%  | 1.7%   | 1.5%   | 1.6%   | 2.4%   | 6.8%  | 3.6%   |
| * Net Debt/Equity               | -2.9%  | -0.1%  | 5.2%   | 0.1%   | -4.6%  | -1.7%  | -2.6%  | -2.4%  | -3.1% | -5.1%  |
| <b>Momentum &amp; Technical</b> |        |        |        |        |        |        |        |        |       |        |
| 1 Week Mom.                     | -9.4%  | -0.8%  | 22.9%  | 1.0%   | 7.3%   | 1.8%   | 5.3%   | 3.6%   | 7.1%  | 9.3%   |
| 1 Month Mom.                    | -20.1% | -1.5%  | 16.0%  | 1.2%   | -1.9%  | 0.8%   | -1.5%  | -2.0%  | -8.4% | -6.3%  |
| 3 Month Mom.                    | -15.5% | -1.0%  | 19.8%  | 1.1%   | 1.1%   | 3.9%   | 2.1%   | 2.0%   | -3.7% | -1.5%  |
| 12 Month Mom.                   | 21.4%  | 1.4%   | 1.2%   | 0.2%   | -0.3%  | -0.1%  | -1.8%  | -1.8%  | 7.8%  | -0.3%  |
| Stochastic Oscillator           | -16.5% | -1.1%  | 16.9%  | 0.7%   | 4.8%   | 1.2%   | -0.3%  | -0.8%  | -2.6% | -2.3%  |
| <b>Other</b>                    |        |        |        |        |        |        |        |        |       |        |
| Size                            | -3.2%  | -0.1%  | 4.1%   | 0.3%   | 3.5%   | 1.4%   | 1.0%   | 2.3%   | -2.2% | -1.4%  |
| Foreign Investors               | -0.0%  | 0.1%   | 2.1%   | 0.5%   | 3.6%   | 0.9%   | 3.2%   | 1.6%   | 4.0%  | 2.6%   |
| Individual Investors            | -4.8%  | -0.3%  | 2.4%   | 0.2%   | 3.5%   | 1.8%   | 2.8%   | 3.0%   | -1.4% | 2.9%   |
| Institutional Investors         | 15.1%  | 0.8%   | 0.9%   | 0.2%   | -2.3%  | -1.0%  | -2.6%  | -2.6%  | 0.0%  | -2.0%  |
| BETA (TOPIX)                    | 26.2%  | 1.4%   | -2.9%  | -0.1%  | -10.6% | -4.7%  | -8.7%  | -8.8%  | -3.5% | -8.5%  |
| BETA (USD/JPY)                  | 28.8%  | 2.0%   | -5.7%  | -0.1%  | -12.1% | -5.4%  | -9.6%  | -9.2%  | -5.0% | -11.0% |

\* ex Financials  
= Compound weekly spread return over the specified period  
Spread is defined as the Long/Short return of the quintiles (i.e. top 20% - bottom 20%, equal weighted)





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