



Outlook for Japanese Economy & Stock Market

Monthly comments & views by
Sumitomo Mitsui DS Asset Management (SMDAM)

-July 2019-

Executive summary

■ Japanese Economy

As of the writing of this month's issue, it is still very much uncertain if a US-China top meeting is held at G20 meeting in Japan (June 28-29). It seems that China has hardened its stance for the negotiation and ready for a long lasting struggle with US. Our main scenario assumes that full 25% tariff on USD 300 bil. imports is avoided. US president Trump will become anxious to make some kind of positive conversation with Xi Jinping, the Chinese leader, considering that US Presidential Primary Election Campaign is going to begin as early as in February next year.

- GDP for Jan-Mar quarter was marginally up-revised from 2.1% to 2.2% (QoQ, annualized) due to stronger private capital expenditure, which was revised from -0.3% to +0.3% (QoQ %). SMDAM did not change top line GDP forecasts for FY2019 & 2020 this month.
- It may look slow or even stagnant from outside, but Japanese society is making necessary reforms. Change of the deep rooted culture & practice should take time, however, it is making progress, and will eventually put Japan in an advantage over other advanced economies, which also have aging population lagging Japan. (p11,12)

■ Japanese Stock Market

If full 25% tariff on USD 300 bil. imports from China is avoided and at least US-China negotiation continues, global stock market will gradually settle down and prepare for the next upward move. On the contrary, if the negotiation completely breaks up, large negative shock is inevitable both on the global economy & stock markets. If the global economy turns to a severe downturn, consumption tax hike in October will be postponed meanwhile stimulus measures, initially planned for countering negative effects from tax hike, will be implemented. Relatively large room for swift fiscal stimulus and cheap stock valuation could be supportive for the Japanese stock prices.

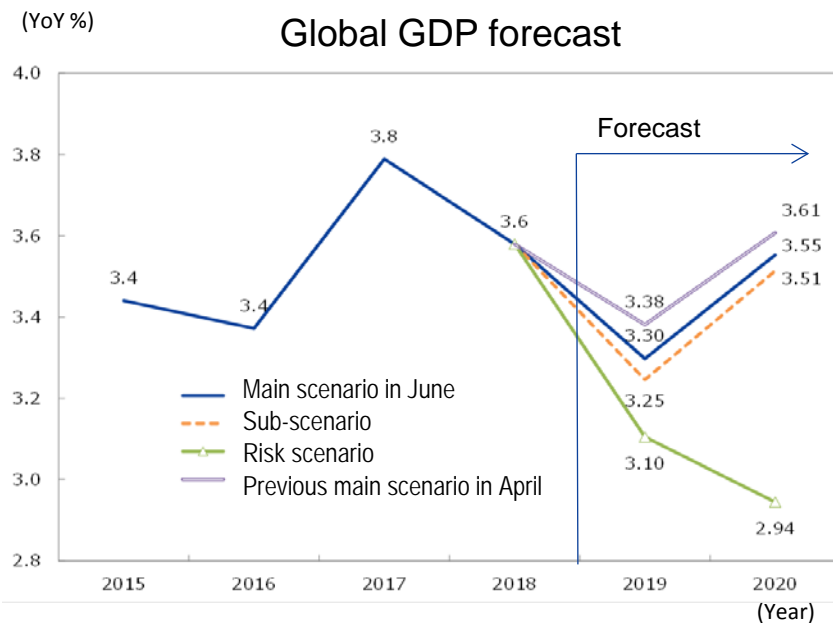
- Japanese companies are getting more and more willing to make positive business restructuring. Number of M&A deals between Japanese companies (IN-IN) rose from 2,174 in 2006 to 2,814 in 2018 increasing by 30%, which is an evidence that business restructuring is progressing in Japan. (p23)



Outlook for Japanese Economy

Outlook for the global economy

- As of the writing of this month's issue, it is still very much uncertain if a US-China top meeting is held at G20 meeting in Japan (June 28-29). It seems that China has hardened its stance for the negotiation and ready for a long lasting struggle with US.
- Our main scenario assumes that full 25% tariff on USD 300 bil. imports is avoided. US president Trump will become anxious to make some kind of positive conversation with Xi Jinping, the Chinese leader, considering that US Presidential Primary Election Campaign is going to begin as early as in February next year.



Scenarios

	Main scenario in June	Sub-scenario in June	Risk scenario in June
US-China tariff	US 25% tariff on USD 200 bil + retaliation by China	US 10% tariff on USD 300 bil + retaliation by China	US 25% tariff on USD 300 bil + retaliation by China
Huawei & Chinese tech companies	30% sales cut on Huawei	30% sales cut on Huawei	30% sales cut on Huawei+5 other Chinese companies
Shock on CAPEX	CAPEX (ex. construction) down by 1%	CAPEX (ex. construction) down by 2%	CAPEX (ex. construction) down by 2.5%
Shock on consumption	Consumption in China down by 0.5%	Global consumption down by 0.25%	Global consumption down by 0.5%

Notes: Each real GDP assumption was made for US, China, Euro-area and Japan for each scenario. Other countries' forecasts were calculated using historical propensities of GDP to these four countries & regions. Forecasts and scenarios by SMDAM.
 (Source) IMF, National statistics of each country, compiled by SMDAM.

SMDAM Japanese economic outlook for FY18-20

- GDP for Jan-Mar quarter was marginally up-revised from 2.1% to 2.2% (QoQ, annualized) due to stronger private capital expenditure, which was revised from -0.3% to +0.3% (QoQ %). SMDAM did not change top line GDP forecasts for FY2019 & 2020 this month.
- Japanese economy is forecast to keep moderate growth going into FY2020.

(YoY %)	FY15	FY16	FY17	FY18	FY19E	FY20E
Real GDP growth	1.3%	0.9%	1.9%	0.7%	0.4%	0.5%
Private Consumption Expenditure	0.7%	0.0%	1.1%	0.4%	0.3%	0.3%
Private Housing Investment	3.7%	6.3%	-0.7%	-4.3%	1.3%	-2.2%
Private Capital Investment	1.6%	-0.5%	4.5%	3.5%	1.8%	0.5%
Public Consumption Expenditure	1.9%	0.7%	0.4%	0.9%	0.9%	0.9%
Public Capital Investment	-1.6%	0.6%	0.5%	-3.9%	1.8%	0.9%
Net Exports (contrib. to GDP growth)	0.1%	0.8%	0.4%	-0.1%	-0.3%	0.1%
Exports	0.8%	3.6%	6.4%	1.3%	-2.0%	1.3%
Imports	0.4%	-0.9%	4.1%	2.0%	-0.1%	0.9%
Nominal GDP	2.8%	0.7%	2.0%	0.5%	1.0%	0.9%
GDP Deflator	1.5%	-0.2%	0.1%	-0.2%	0.6%	0.5%
Industrial Production	-0.7%	0.8%	2.9%	0.2%	-1.9%	0.3%
CPI (excl. fresh food)	-0.1%	-0.2%	0.7%	0.8%	0.1%	0.2%

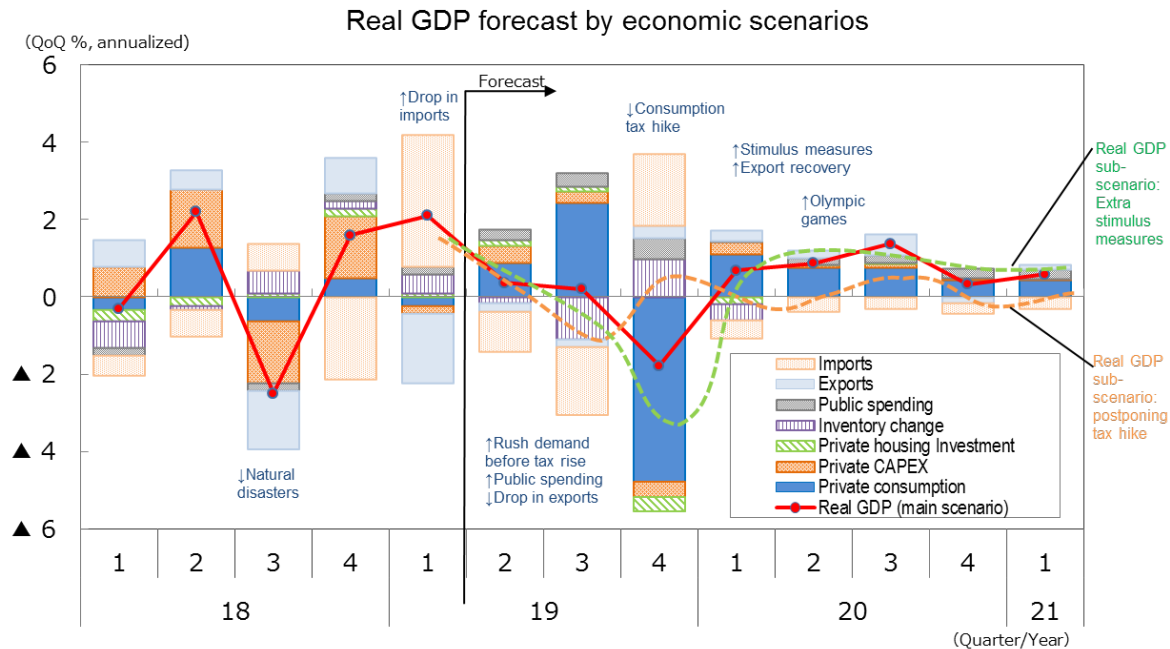
Note: E=SMDAM forecasts. SMDAM views are as of 18th Jun. 2019 and subject to updates thereafter without notice

(%, YoY except Net Exports)

(Source) Cabinet Office, Bank of Japan, Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, SMDAM forecasts

Quarterly GDP forecast for Japan by economic scenarios

- In the current main scenario, consumption tax is hiked in October with planned counter stimulus measures. GDP is forecast to dip briefly in the 4Q, directly impacted by consumption tax hike, and then keeps moderate growth.
- In one of the sub-scenarios, consumption tax hike is postponed due to global uncertainties.
- In the other sub-scenario, combination of global downturn and consumption tax hike make larger dip on GDP in 4Q and stimulus measures are up-scaled.



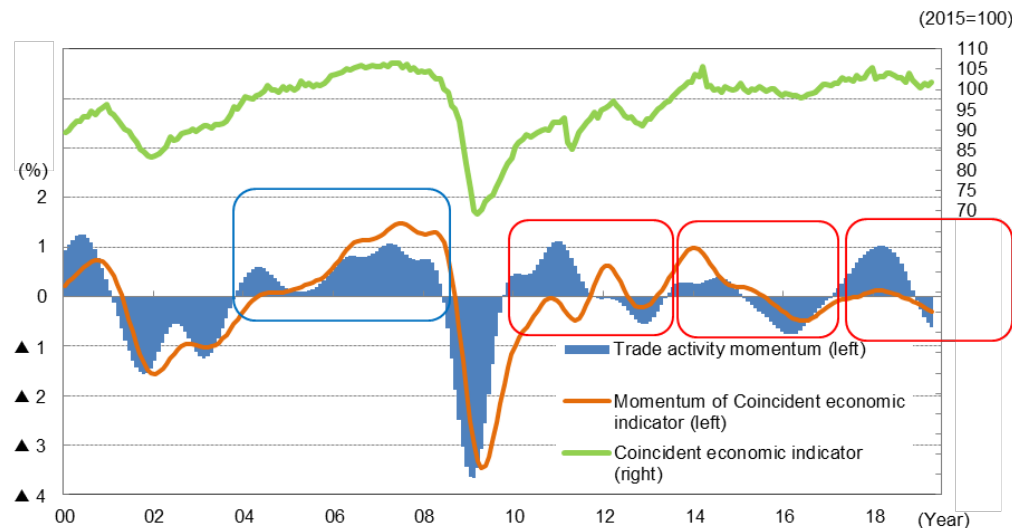
Note: SMDAM views are as of 18th Jun. 2019 and subject to updates thereafter without notice

(Source) Cabinet Office, Bank of Japan, Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, SMDAM forecasts

Downturn in the current mini-cycle is progressing

- After the end of Global Financial Crisis, Japan has experienced 2 and a half mini cycles as indicated in red squares. According to this analysis, currently, Japanese economy is probably in a soft patch as in 2015-16 or a mini recession in 2012-13.
- Current trade momentum is expected to bottom out in the 2nd Half of 2019.
- If US-China trade conflicts flare up further, the timing of the bottom could be delayed.

Momentum of Japanese economic indicator and trade activities

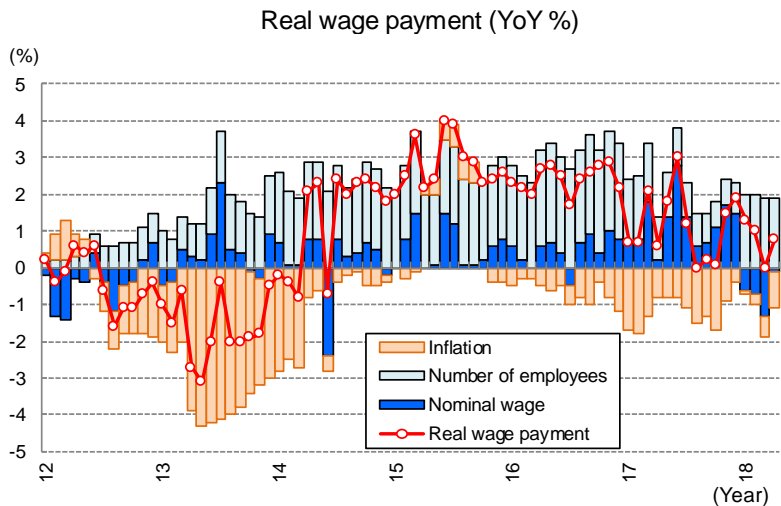


Note: Data is monthly from Jan 2000 to Apr 2019 for coincident economic indicator and to May 2019 for trade activity momentum. Trade activity momentum is composed by SMDAM using various trade related statistics. Momentum of coincident economic indicator was created by SMDAM using coincident economic indicator published by cabinet office.

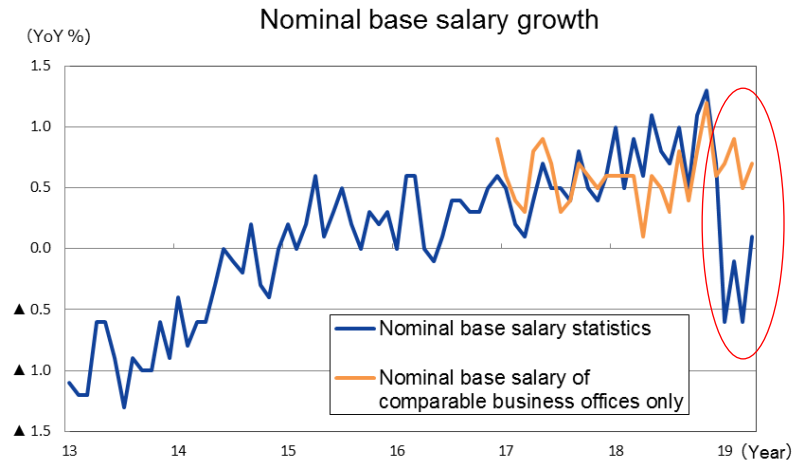
(Source) Cabinet Office and other various trade related statistics, compiled by SMDAM

Total wage is growing due mainly to increasing labor force

- Total wage payment is moderately growing due mainly to increase in number of employees.
- Some reports said that nominal wage saw a sharp decline in Jan-Mar in Japan, however, it was caused by sample distortion of the statistics, “Monthly Labour Survey”, which rotates substantial part of samples.
- Right hand chart shows difference between the statistics calculated by all samples (blue line) and extracted business offices (orange line), which had been included in the sample continuously. Orange line did not make such sharp decline in Jan-Mar period as blue line shows.



Note: Data is from Jan. 2012 to Apr. 2019.
(Source) Ministry of Health, Labour and Welfare

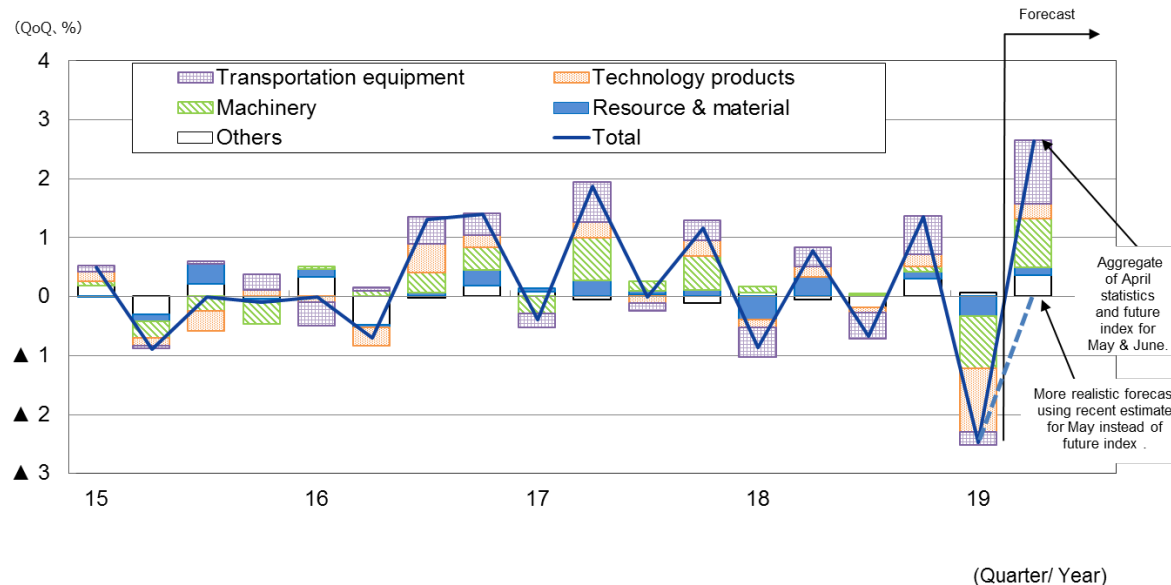


Note: Data is from Jan 2013 to Apr 2019. Data for comparable business offices is released simultaneously in order for checking possible sample distortion.
(Source) Ministry of Health, Labour and Welfare

Industrial Production is forecast to recover in 2Q 2019

- In 1Q of 2019, Industrial Production in Japan was hit by abrupt slowdown in global economy, especially China, for which contraction in “Technology” and “Machinery” were severe.
- Future index of the Industrial Production statistics predict a rebound in 2Q, for which “Transportation equipment” and “Machinery” are two large contributors. Rebound in “Technology” is relatively small.
- Future index tends to overstate production actually achieved. When adjusted for this experience, Industrial Production is estimated to be about flat instead of 2.6% increase.

Industrial Production and contribution by sectors



(Source) Data forecast and estimate by Ministry of Economy, Trade and Industry, compiled by SMDAM

Japanese companies are going to keep robust capital investments

- Japanese companies are planning substantial 9% increase in capital investments in the current fiscal year.
- Mid and small sized companies are feeling more shortage in capital equipment, software and so on.
- According to another survey regarding the purpose of the CAPEX, 1) maintenance, 2) enhancing capacity, 3) enhancing product & service quality, and 4) enhancing labor efficiency were frequently selected by respondents.

CAPEX plan

(YoY %)	FY 2019
All industries	9.0
Manufacturing	9.2
Non-manufacturing	8.8

Capital condition DI (excess-short)

(% in number of respondents)	Jun-19
Large enterprises	1.7
Mid sized enterprises	6.5
Small enterprises	7.7

Note: Investment in software, plant and equipment excluding land.

(Source) Business Outlook Survey by Ministry of Finance

Japan is still competitive in innovation, but has some weaknesses

- According to World Economic Forum, Japan was ranked 8th in innovation among 137 economies, which is still competitive, however on a moderate declining trend. As a strength, R&D in Japan is largely led by companies and producing the largest number of patents in this ranking.
- On the weak side, however, this company led R&D tends to be “progressive” rather than “innovative” and often lacks in global collaboration. Government initiative on innovation is stronger in economies such as US, Germany Singapore and China.
- Facing with strong global competition in developing key technologies such as AI or Autonomous Driving Technology, Japanese companies are changing approach to more open and more collaborating with global partners.

Global Competitiveness Ranking of Innovation among 137 economies

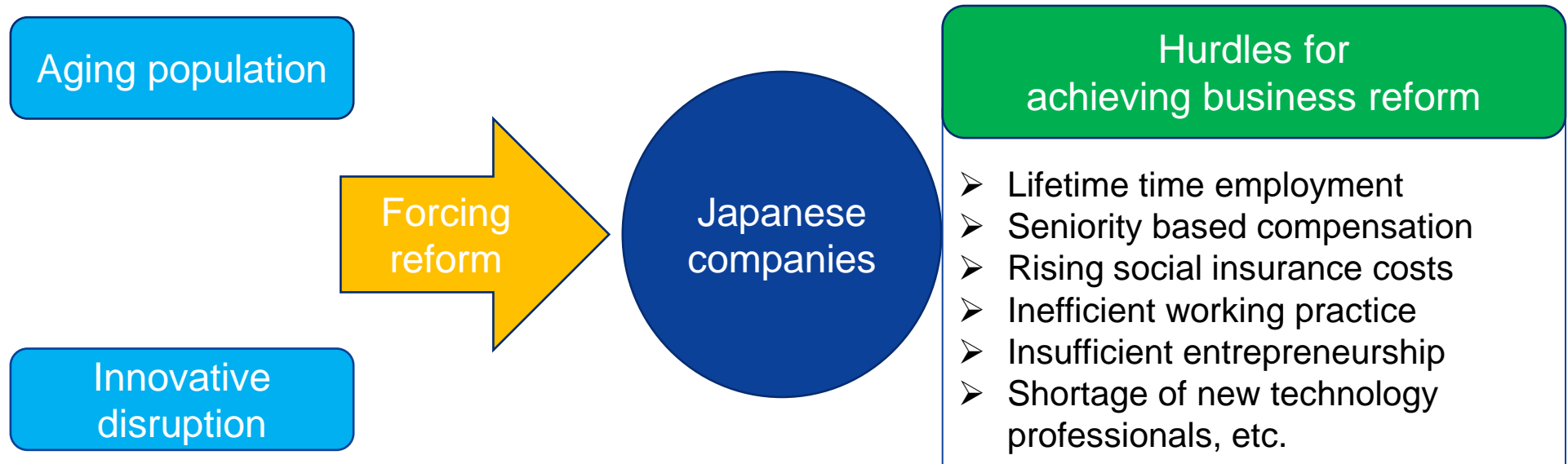
	Switzerland	U.S.	Israel	Finland	Germany	Netherlands	Sweden	Japan	Singapore	Denmark	China
Innovation total	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	28th
a) Capacity for innovation	1	2	3	7	5	6	4	21	23	16	44
b) Quality of scientific research institutions	1	5	3	8	11	4	13	14	12	16	36
c) Company spending on R&D	1	2	3	7	4	8	6	5	17	16	21
d) University-industry collaboration in R&D	1	2	3	4	7	5	10	23	8	21	28
e) Gov't procurement of advanced technology products	37	2	11	20	6	19	17	23	5	39	10
f) Availability of scientists and engineers	12	2	6	1	11	19	20	8	9	44	29
g) PCT patents	3	10	6	4	7	9	2	1	12	8	30

Note: All numbers are rankings among 137 economies. Top 10 rankings are highlighted in green. Japan's relative weakness is highlighted in orange.

(Source): World Economic Forum, The Global Competitiveness Report 2017–2018

Japanese society is changing slowly but steadily

- It may look slow or even stagnant from outside, but Japanese society is making necessary reforms.
- Many problems are stemming from deep rooted Japanese culture & social practice, which became apparent in the face of “aging population” and “innovative disruption”.
- Change of the deep rooted culture & practice should take time, however, it is making progress, and will eventually put Japan in an advantage over other advanced economies, which also have aging population lagging Japan.



Japanese society is changing slowly but steadily

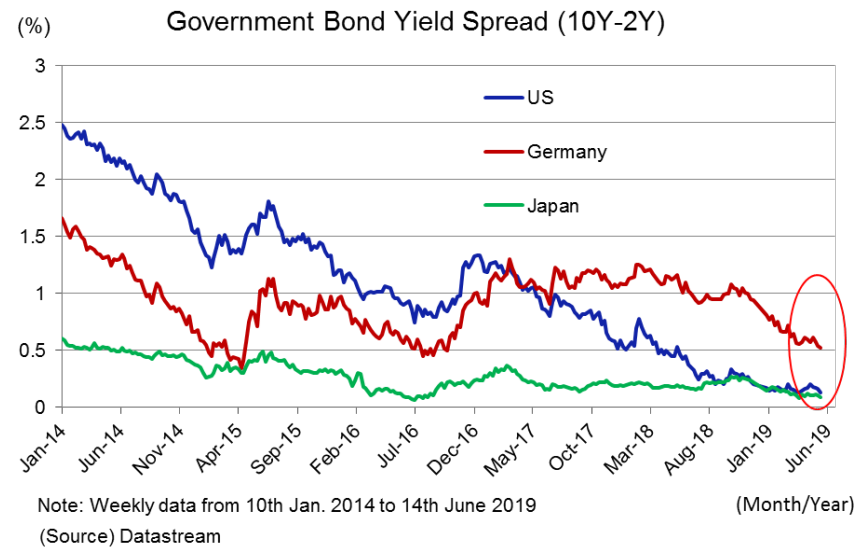
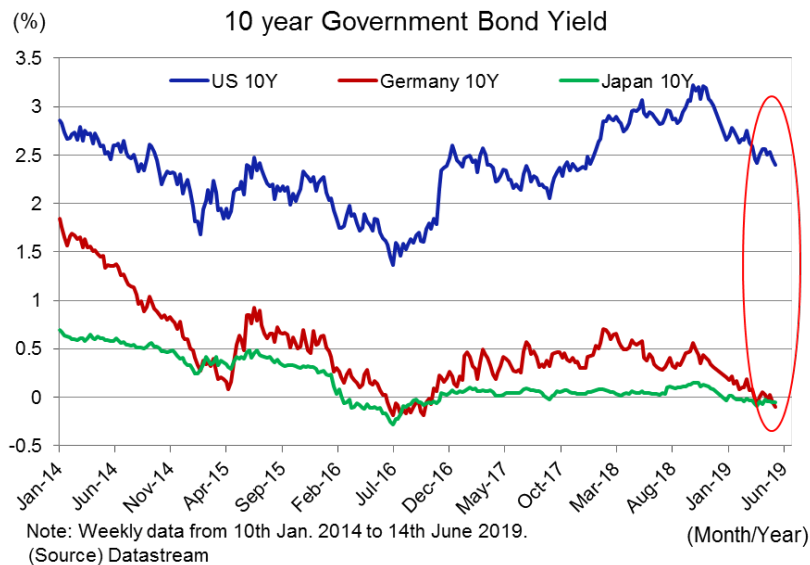
■ Examples of long-term social challenges and progressing solutions

Source of problems	Challenges	Solutions
1. Aging population	a) Pension system reform	<ul style="list-style-type: none"> ● Unconventional "macro-slide" has been implemented to curb pension payment increase referring to "low birth rate" and so on. ● Encourage people to continue working into 70's. ● Encourage people to shift saving to investments. (NISA*, DC)
	b) Labor shortage	<ul style="list-style-type: none"> ● Capital investment for enhancing labor efficiency. (FA, AI, IoT, autonomous driving car, renovating software, etc.) ● Allowing more foreign workers. ● Encourage people to delay retirement. ● Support female workers. (increase nursery, etc.)
2. Weak consumption propensity	c) Clearing peoples worry for the future life	<ul style="list-style-type: none"> ● Pension system reform. ● Gradual adjustment of seniority based wage system to shift compensation from elderly to younger workers. ● Increase of new generation companies. ● Increase of young people working with non-seniority wage system.
3. Rigid employment practice	d) Encouraging business structure reform	<ul style="list-style-type: none"> ● Elder people to retire or continue working at lower wage. ● Gradual adjustment of seniority based wage system. ● More fluid labor market enabling companies to make restructuring. ● Young people are not expecting lifetime employments and focusing on building own career (already progressing).
4. Inefficient working practice	e) Enhancing labor efficiency	<ul style="list-style-type: none"> ● Work style reform to progress.
5. Insufficient entrepreneurship 6. Shortage of new technology professionals	f) Enhancing "challenge spirit" g) Education reform	<ul style="list-style-type: none"> ● Increase of successful new generation companies. ● Increase of young people with skills of new technologies. ● Young and talented people chose new generation companies rather than old & large firms (already progressing).

Note: *NISA is "Nippon Individual Savings Account". (Source) SMDAM

Long term interest rates continue falling

- Long term bond yields continue falling both in US and Europe. Slowdown in economic activities and rising uncertainties caused by such as US-China conflict, US-Iran conflict and Brexit are factors behind. Global money is flowing to safer sovereign fixed income securities.
- FRB in US is now expected to make preemptive rate cuts possibly starting in July.



Many important events ahead

- G20 meeting is important for deciding the direction of US-China negotiations.
- Other important global events will be such as next prime minister in UK and Brexit and development of US-Iran conflict, which is not included as scheduled events in the following table.
- As domestic events, upper house election and consumption tax hike are important.

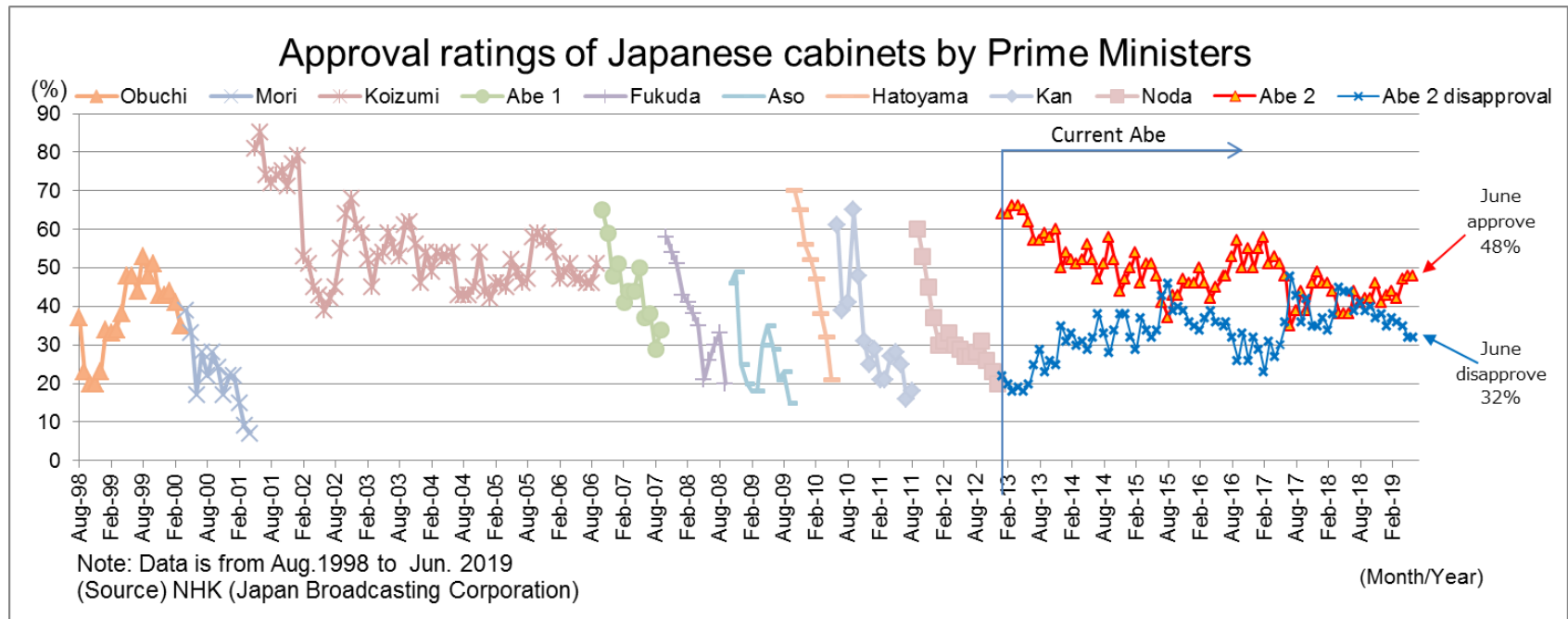
Upcoming key events

	Month	Region/Country	Events	Notes
2019	June	US	17 Public hearing on tariff increase on USD 300 bil. imports from China	Public comments are accepted by 24th June.
			18-19 FOMC meeting	
		Japan	1 Mobile service price cut by DOCOMO and KDDI	Large downward impact on CPI as much as -0.3%.
			10 2nd preliminary estimate for Jan-Mar GDP	
			14-15 Bank of Japan Monetary Policy Committee Meeting	
	Global	28-29 G20 top meeting in Osaka, which PM Abe chairs	US-China top meeting happens?	
	July	UK	New leader of Conservative Party is decided	
		Japan	Upper house election	
	September	Japan	18-19 Bank of Japan Monetary Policy Committee Meeting	
	October	Japan	1 Consumption Tax is scheduled to rise from 8% to 10%	
Rakuten begins mobile carrier business as the 4th company in Japan				
	UK-EU	31 Time limit for Brexit		
November	US-Japan,EU	13 Limit for deciding US action on car tariffs		
December	Japan	18-19 Bank of Japan Monetary Policy Committee Meeting		
2020	February	US	US Presidential Primary Election Campaigns are expected to begin	
	Jul-Aug	Japan	Tokyo Olympic Games	

(Source) Various publications, assembled by SMDAM

Approval rating for PM Abe's cabinet stays at high level

- PM Abe has been handling difficult diplomatic agendas without a big trouble so far. US-Japan trade negotiation will not get hard before Japanese upper house election in July. G20 meeting in Japan on 28th and 29th and possible under the table negotiation with North Korea will be important for PM Abe.
- National support for the PM Abe's cabinet will be deeply affected by how he could handle difficult diplomatic agendas.





Outlook for Japanese Stock Market

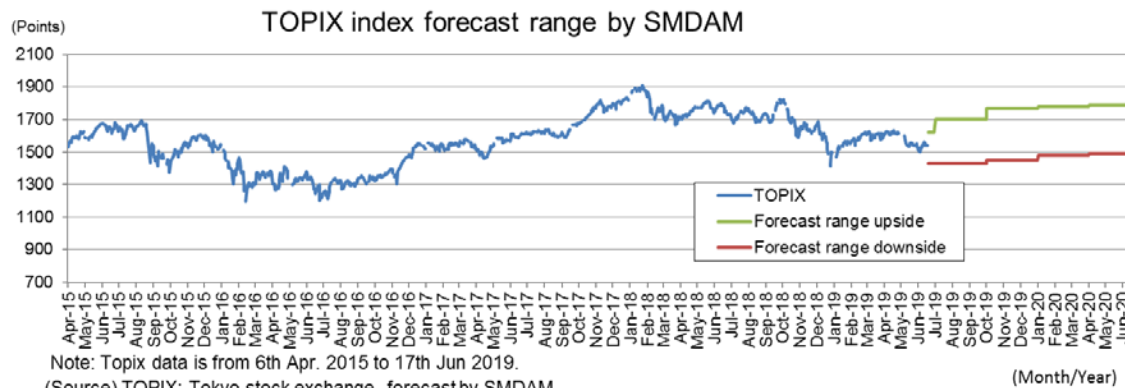
US-China negotiation will be a watershed event

■ SMDAM short-term view

➤ Uncertainties linger on Japanese stock market as influential global events are waiting ahead such as US-China conflict and Brexit. For US-China negotiation to progress, US President Trump needs to soften his threatening posturing on China. If full 25% tariff on USD 300 bil. imports from China is avoided and at least US-China negotiation continues, global stock market will gradually settle down and prepare for the next upward move. On the contrary, if the negotiation completely breaks up, large negative shock is inevitable both on the global economy & stock markets.

■ Longer-term outlook (6-months and beyond)

➤ Assuming that Japan is currently in an economic mini cycle and not heading to a recession, Japanese stock market is expected to gather strength in the latter half of 2019 as the momentum of the corporate earnings gradually recovers. If the global economy turns to a severe downturn, consumption tax hike in October will be postponed meanwhile stimulus measures, initially planned for countering negative effects from tax hike, will be implemented. Relatively large room for swift fiscal stimulus and cheap stock valuation could be supportive for the Japanese stock prices.



Note: SMDAM's projection is as of 18th Jun. 2019 and subject to updates without notice.

Base scenario & Upside / Downside risks for our forecasts

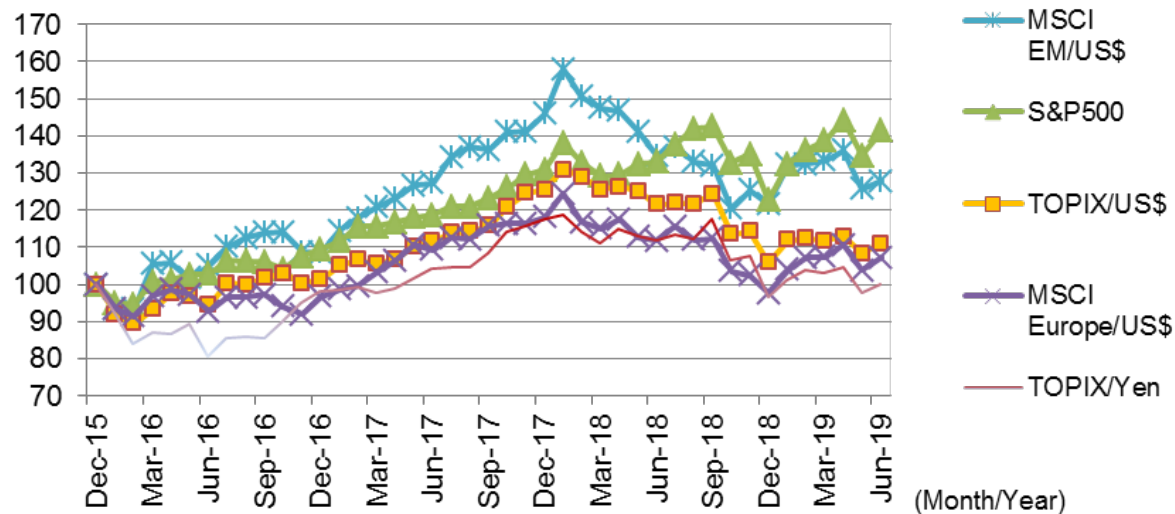
- Our **Base Scenario** is assuming the following views:
 - Severe tensions between US and China go on, however, US is going to avoid making a fatal blow for the global economy.
 - US economy keeps growing despite possible mild slowdown. Recession in 2019 is avoided.
 - Japan's private consumption grows mildly supported by wage growth.
 - Japanese yen does not get extremely stronger beyond 100 yen against US\$.
 - Tension in the East Asia or Middle East does not get out of control.
 - Central banks ease monetary policies again.
- **Upside Risks** include:
 - China makes significant concession in the trade negotiation with US.
 - Stronger-than-expected global growth.
 - Denuclearization in Korean peninsula makes a visible progress.
 - Japanese economy gets stronger than expected boosted by large fiscal spending.
- **Downside Risks** include:
 - US economy significantly slows down and puts global economy into a recession.
 - Chinese economy falls into a significant slowdown spreading negative shock globally.
 - Trade negotiation between US and China completely breaks up igniting a decades of power struggle.
 - Seriously escalating geo-political tensions in Middle East & East Asia.
 - Political turmoil flares up in US over the impeachment of the President Trump.
 - Populism gains in Europe further destabilizing EU.

Note: SMDAM's projection is as of 18th Jun. 2019 and subject to updates without notice.

Stock markets rebounded on expectation for rate cuts in US

- Global stock markets rebounded so far in June. US stock market is leading the rebound as FRB in US is expected to cut short term interest rates.

US\$ based performance of stock markets (Dec 2015=100)



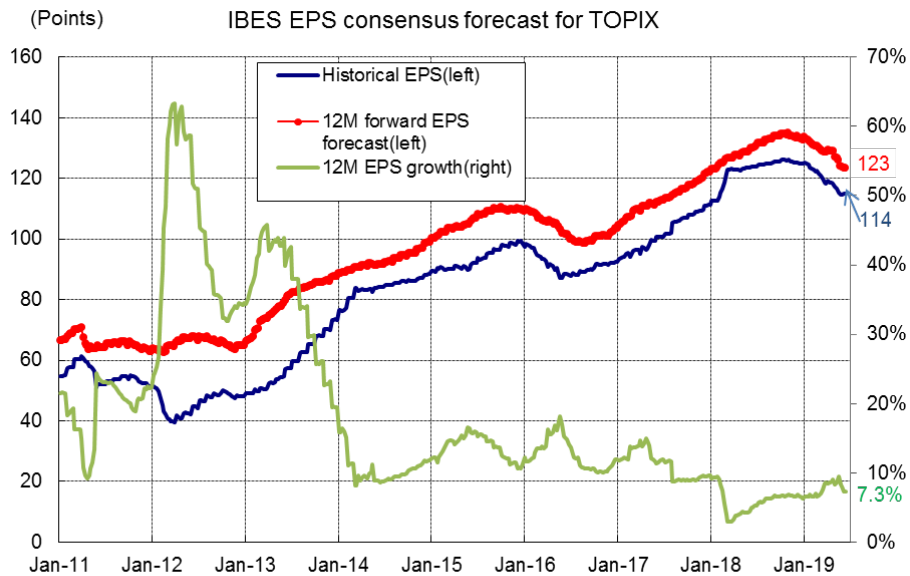
Notes: Data is up to 14th Jun 2019.

(Source) Datastream, MSCI and Tokyo Stock Exchange, compiled by SMDAM.



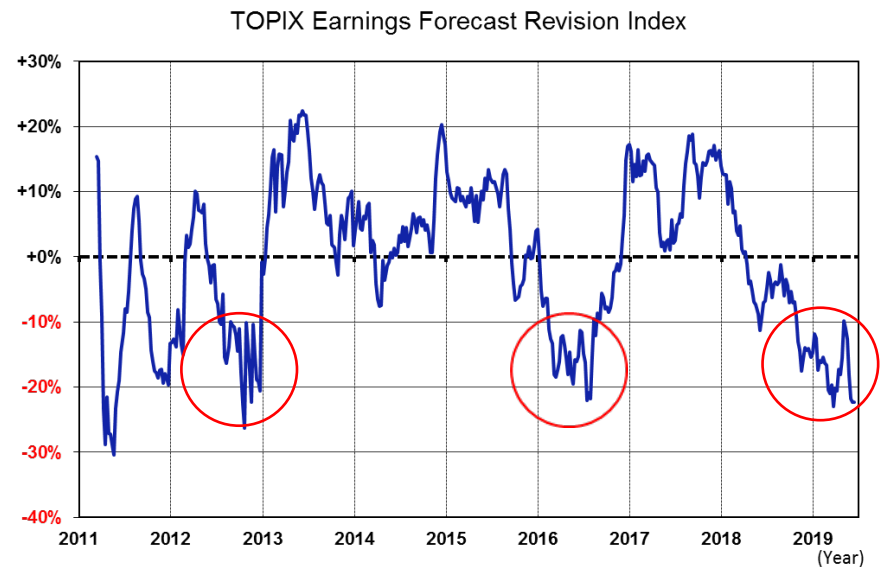
Earnings forecasts were revised downward after FY2018 results

- According to IBES, 12m forward consensus EPS forecast for TOPIX fell on completion of announcements of FY2018 financial results.
- Earnings forecast revision index seems to be making a consolidating move around the level, which were bottom of the previous contraction periods in 2012 and 2016.



Note: Weekly data from 7th Jan. 2011 to 16th Jun. 2019. (Month/Year)

(Source) Datastream, IBES



Notes: Revision index= % of Analyst upgrades out of total Topix firms - % of downgrades.

Data is weekly from 7th Jan. 2011 to 14th Jun. 2019.

(Source): IBES, SMDAM

Advancing Corporate Governance Code and Stewardship Code

- Stewardship Code (SC) was set in February 2014. Investors are taking more pro-active approach in talking to the companies and exercising proxy voting rights. Financial Services Agency discloses the name of institutional investors, which publicly accepted SC.
- After inception of Corporate Governance Code (CGC) in June 2015, pressure has been increasing on companies to improve its governance, efficiency and shareholder returns.
- These two codes have been progressively reviewed and enhanced, and making visible impact on the corporate behavior and investors' attitudes as shareholders.
- In the most recent amendment of CGC, companies are required to explain the rationale of "cross holdings" or "strategic holdings" of other companies' shares, which implicitly provide protection against takeovers and hostile shareholder actions, and is often negative for achieving shareholder value.

Total number of institutional investors, which publicly declared acceptance of the stewardship code	
Trust banks	6
Investment management companies	177
Insurance companies	23
Pension funds	35
Others (include proxy voting advising companies)	7
Total	248

Note: As of 8th May 2019.
 (Source) Financial Services Agency

Shareholders are putting positive pressure on companies

- Shareholders are raising voice for improving governance & management of the companies, in which they invest.
- Sumitomo Mitsui Asset Management (SMAM), which is a legacy company of current SMDAM, voted against as much as 38% of the appointment of directors in FY2017.
- As one of the guidelines relating to "Appointment of directors", SMAM voted against appointments if ROE was constantly lower than both industry average and 5% (it was raised to 7% in June 2018) for the last 3 years and the candidate had been on the board of directors for more than 3 years.

Results of exercising proxy voting rights in FY2017 (general meetings from July 2017 to June 2018)

Nature of resolutions	Total number	Supported		Opposed	
		Number	%	Number	%
Company resolutions	19,180	12,686	66.1%	6,494	33.9%
1 Appointment of directors	14,840	9,163	61.7%	5,677	38.3%
2 Appointment of auditors	1,516	1,107	73.0%	409	27.0%
3 Appointment of accounting auditors	28	28	100.0%	0	0.0%
4 Director compensation	675	572	84.7%	103	15.3%
5 Payment of retirement benefits	140	80	57.1%	60	42.9%
6 Appropriation of retained earnings	1,333	1,154	86.6%	179	13.4%
7 Matters related to restructuring	29	29	100.0%	0	0.0%
8 Matters related to anti-takeover measures	53	6	11.3%	47	88.7%
9 Matters related to capital policy	121	114	94.2%	7	5.8%
10 Amendment of the Article of Incorporation	441	433	98.2%	8	1.8%
11 Other company resolutions	4	0	0.0%	4	100.0%
Shareholder resolutions	141	20	14.2%	121	85.8%
1 Appointment of directors	23	5	21.7%	18	78.3%
2 Appointment of auditors	1	0	0.0%	1	100.0%
3 Director compensation	4	4	100.0%	0	0.0%
4 Appropriation of retained earnings	8	4	50.0%	4	50.0%
5 Matters related to capital policy	1	0	0.0%	1	100.0%
6 Amendment of the Article of Incorporation	94	5	5.3%	89	94.7%
7 Other shareholder resolutions	10	2	20.0%	8	80.0%

Note: Number of voting regarding appointment of directors and auditors are counted by individual candidates.

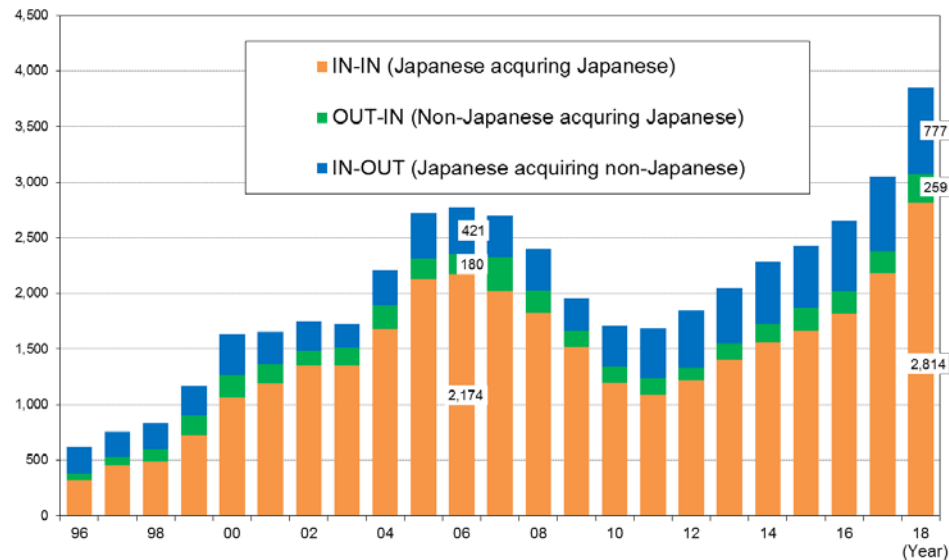
Data is for Sumitomo Mitsui Asset Management (SMAM) which is a legacy company of SMDAM.

(Source) SMDAM

Business restructuring is progressing for Japanese companies

- Japanese companies are getting more and more willing to make positive business restructuring.
- Number of M&A deals between Japanese companies (IN-IN) rose from 2,174 in 2006 to 2,814 in 2018 increasing by 30%, which is an evidence that business restructuring is progressing in Japan.
- Number of the deals of Japanese companies acquiring overseas businesses also rose from 421 in 2006 to 777 in 2018, increasing by 84%.

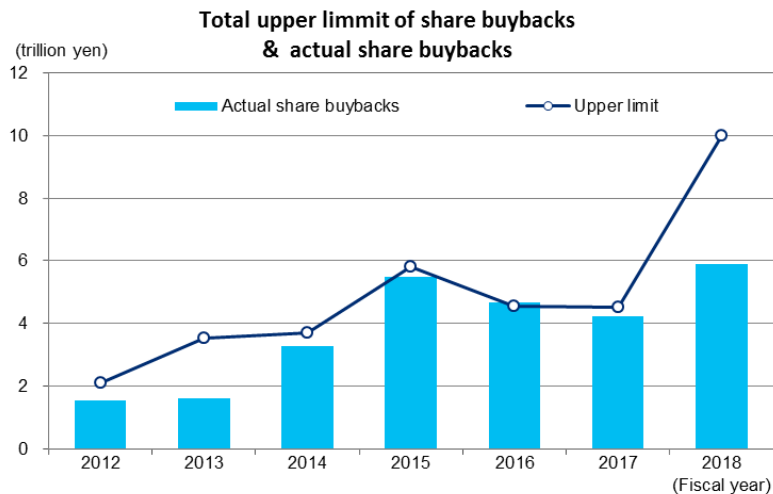
Number of M&A deals involving Japanese companies
(Excluding transactions among the same business group)



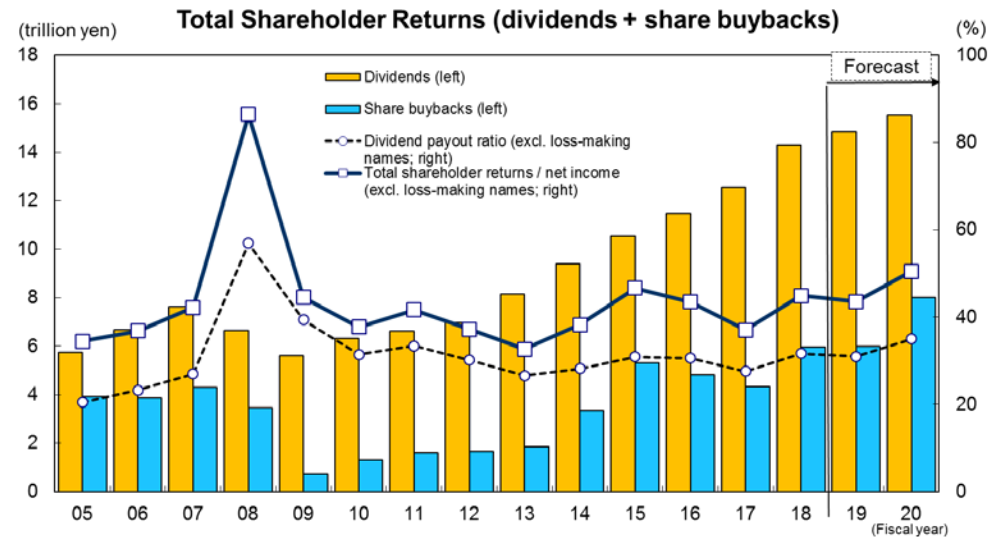
Note: IN-IN means Japanese company acquiring Japanese one, OUT-IN is for Non-Japanese company acquiring Japanese company, and IN-OUT is for Japanese company acquiring non-Japanese company.
(Source) RECOF and SMBC NIKKO Securities.

Behavior of Japanese companies are making positive changes

- Share buyback is one of the powerful tools for Japanese companies in disposing of accumulated liquidity in the B/S and enhancing EPS growth as well as ROE.
- In FY2018 (from April 2017 to March 2018), total upper limit of share buybacks, proposed as board of directors' resolutions, increased sharply and also actual share buybacks increased to renew a historical record.
- Dividends also renewed historical record in FY2018 and expected to increase further in FY2019.



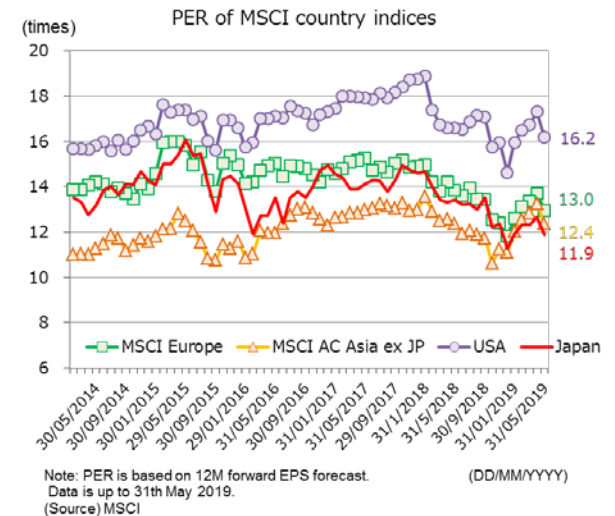
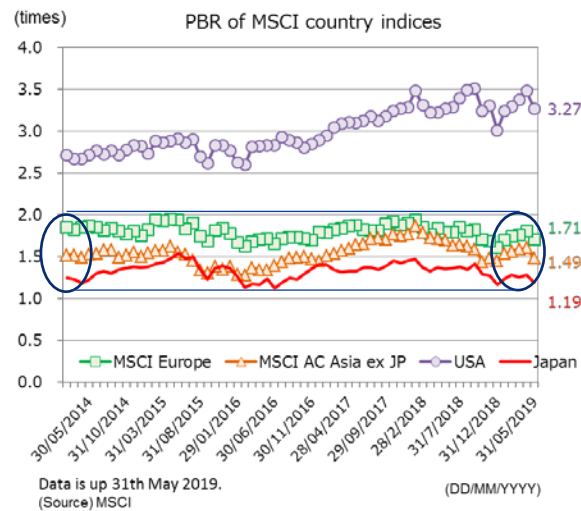
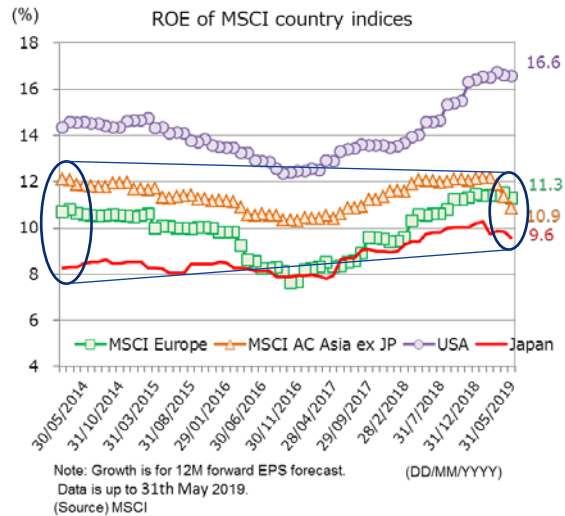
Note: Share buyback proposals: As of May 14, collected in units of one month based on the date of the Board of Directors' resolution. Share buybacks: As of end-April. Universe is TSE stocks (excluding overseas firms). (Source) Astra Manager, Citi Research.



Note: All listed firms. Dividend projections are Toyo Keizai estimates, share buybacks forecast is by Daiwa Securities. Data as of June 2019. (Source) Toyo Keizai, QUICK, INDB, compiled by Daiwa Securities.

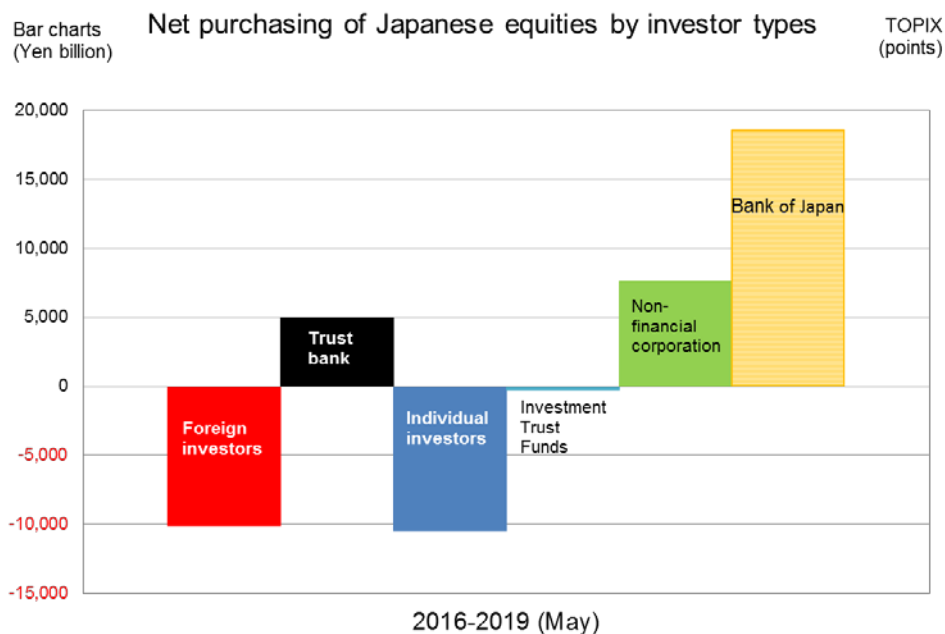
ROE for Japanese stocks has been steadily improving

- ROE has been improving for Japanese stocks. ROE gap between Europe and also between Asia got narrower in the last five years, which is exhibited on the left chart.
- However, this improvement in ROE has not reflected on PBR (Price to Book Ratio), which stays at low level compared to other markets, which is shown in the middle chart.



BOJ and company share buybacks are supporting Japanese stock market

- Since 2016, foreign investors were net sellers. Individuals also sold Japanese equities, though net selling by individuals should be smaller by trillions yen if IPO participation is considered, such as SoftBank Corp. and periodically made offering of Japan Post companies.
- Bank of Japan now holds stakes of more than 5% of the total listed Japanese companies. Admitting controversies that BOJ is distorting the stock market, existence of such political strong buyer is surely one of the advantages of the Japanese stock market compared to its global peers when the environments get sour.



Note: Data is for Tokyo stock exchange and Nagoya stock exchange up to 31st May 2019.
BOJ ETF figure is officially released data from BOJ.

(Source) Japan Exchange Group, Bank of Japan



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