



What Worked - Japan

Value really has not worked for the last month

8th April 2016

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What Worked

Value punished

Despite TOPIX down just 1%, Value was destroyed. FY1 PE came in with a negative 35% IC. While PE really has not worked since the end of February it has only done this poorly once in the last 2 years. Nachi-Fujikoshi was down 12%, Daicel Corp was down 10% and Fuji Heavy Industries was down 9%. High Beta also names took a good hit this week. Along with the Value factors, Beta has not really done well since February and those were just sporadic bounces. Beta has not consistently done well since last October. This week NTN Corp was down 9%, Mazda was down 8% and Toyota Boshoku was down 9%.

Negative momentum working

Momentum continued to work, but this is negative momentum. Names down over the last year continued to go down. Mitsui Engineering & Shipbuilding was down 8% and IHI Corp was down 8%. Names with a high % of Retail Investors and OP growth names seem to be the only names that did well this week. Retail names have pretty much consistently worked since the end of last year. Cosmo Energy was up 11%, Sumitomo Dainippon Pharma was up 9% and Maruha Nichiro was up 13%.

Who Moved

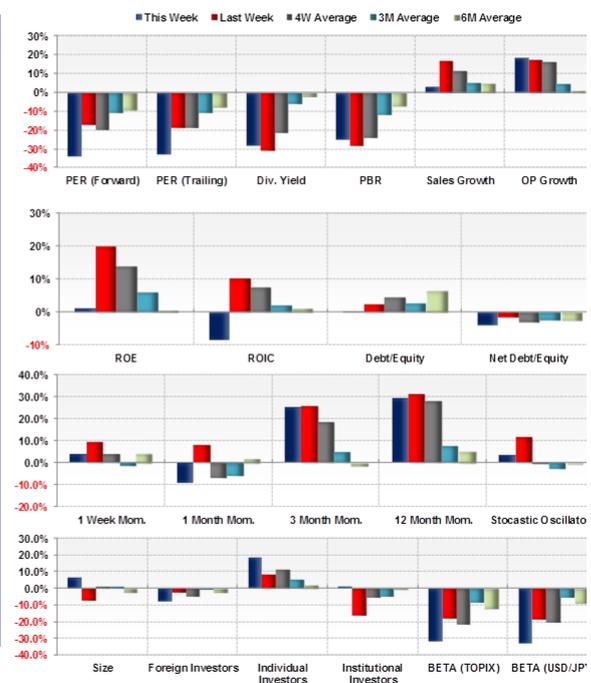
Volume lacklustre

Not a lot of names moved on volume this week. Only 13 names had volume more than 1 standard deviation above the mean this week. On the positive side, Kewpie Corp was up 16%, Toyobo was up 13% and Azbil Corp was up 5%. On the other side, Nachi-Fujikoshi was down 12%, Toyota Boshoku was down 9% and Hokuhoku Financial was down 4%..

Summary

TOPIX 500, Week Ending 08 Apr 2016

Signal	This Week		Last Week		4W Average		3M Average		6M Average	
	IC	Spread	IC	Spread	IC	Spread	IC	Spread	IC	Spread
Value & Growth										
PER (Forward)	-34.5%	-2.8%	-17.2%	-1.2%	-19.9%	-6.5%	-10.7%	-13.4%	-9.4%	-23.0%
PER (Trailing)	-33.2%	-2.6%	-19.1%	-1.5%	-19.1%	-6.3%	-11.0%	-13.7%	-7.5%	-21.6%
Div. Yield	-28.4%	-2.6%	-30.9%	-2.3%	-21.2%	-6.8%	-5.8%	-5.0%	-2.6%	-9.0%
PBR	-25.4%	-1.8%	-26.6%	-1.8%	-23.9%	-6.8%	-12.1%	-14.0%	-7.1%	-20.7%
Sales Growth	2.8%	0.5%	16.5%	1.5%	11.3%	4.1%	5.1%	9.1%	4.5%	17.4%
OP Growth	18.2%	1.4%	17.3%	1.3%	16.3%	5.1%	4.4%	2.6%	0.9%	5.5%
Quality										
ROE	1.2%	-0.1%	20.1%	1.7%	13.8%	5.2%	6.1%	7.1%	0.6%	8.5%
* ROIC	-8.5%	-0.7%	10.3%	0.9%	7.7%	2.9%	2.0%	1.6%	1.0%	2.5%
* Debt/Equity	0.3%	-0.5%	2.4%	0.5%	4.5%	1.7%	2.8%	4.3%	6.4%	14.3%
* Net Debt/Equity	-4.0%	0.2%	-1.5%	-0.0%	-3.0%	-0.3%	-2.4%	-1.7%	-2.5%	-2.1%
Momentum & Technical										
1 Week Mom.	4.0%	-0.1%	9.3%	0.5%	4.0%	-0.1%	-1.6%	-4.0%	3.9%	-6.7%
1 Month Mom.	-9.1%	-1.3%	8.2%	1.0%	-7.1%	-3.1%	-5.8%	-7.7%	2.0%	-10.0%
3 Month Mom.	25.6%	2.1%	25.7%	1.7%	18.6%	5.8%	5.2%	5.9%	-1.6%	2.9%
12 Month Mom.	29.7%	2.4%	31.2%	2.4%	28.1%	9.3%	7.8%	4.6%	5.0%	11.4%
Stochastic Oscillator	3.6%	0.2%	11.6%	1.0%	-0.7%	-0.3%	-3.0%	-3.3%	-0.2%	-6.7%
Other										
Size	6.8%	0.3%	-7.3%	-0.6%	1.4%	-0.0%	1.0%	0.3%	-2.4%	-3.4%
Foreign Investors	-8.0%	-1.3%	-2.7%	-0.4%	-4.7%	-2.2%	-0.1%	-2.9%	-2.3%	-6.3%
Individual Investors	18.3%	1.8%	8.6%	0.9%	11.5%	4.5%	5.4%	7.1%	2.1%	8.6%
Institutional Investors	1.4%	0.4%	-16.2%	-1.3%	-5.3%	-1.7%	-4.9%	-7.2%	-0.6%	-8.3%
BETA (TOPIX)	-31.8%	-2.8%	-18.2%	-1.2%	-21.6%	-6.3%	-8.1%	-8.7%	-11.5%	-19.1%
BETA (USD/JPY)	-32.7%	-3.5%	-18.7%	-1.6%	-20.1%	-6.7%	-5.6%	-7.3%	-8.5%	-16.1%



* 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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