



What Worked - Japan

Low PE and High Beta names continue to do well

28th Apr 2017
Patrick Hansen

What Worked

Mostly positive, PE working well

Only 44 names in TOPIX 500 were down this week. However, there was a clear rotation away from names up over the last month into underperforming names. Izumi (8273) is down 2%, Peptidream (4587) is down 0.4% and Kyowa Hakko Kirin (4151) is up just 1%. Low PE names continue to outperform. This is the third week in a row that low PE names have done well. Showa Denko (4004) is up 22%, Tokuyama Corp (4043) is up 14% and Alps Electric (6770) is up 11%.

Beta bouncing

High Beta names also have done well in the last 3 weeks after 2 months of underperformance. Daido Steel (5471) is up 20%, Ibiden (4062) is up 16% and IHI Corp (7013) is up 12%. Names with a high % of Institutional Investors also outperformed this week. DMG Mori (6141) is up 11% and Capcom (9697) is up 9%.

Who Moved

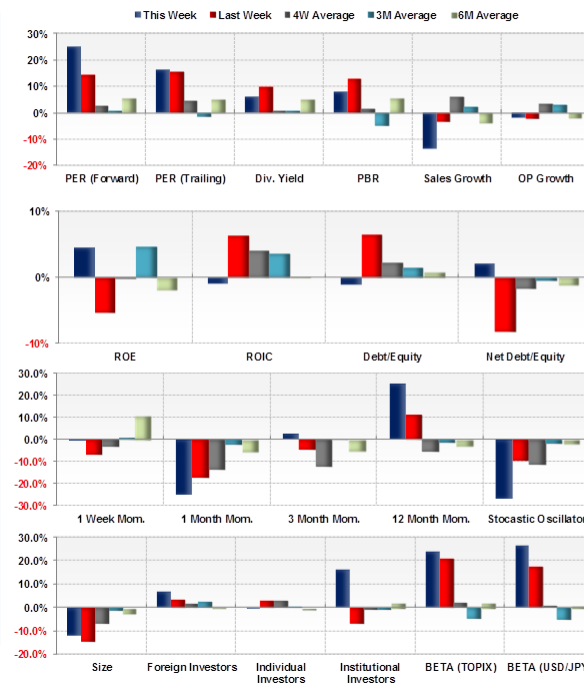
Some volume before golden week

32 names moved on volume this week. On the positive side, Showa Denko (4004) is up 22%, Daido Steel (5471) is up 20% and OBIC (4684) is up 12% all on strong volume. On the other side, ITO EN (2593) is down 1.5%, LINE (3938) is down 1% and Park24 (4666) is down 1%.

Summary

TOPIX 500, Week Ending 28 Apr 2017

Signal	2.8%		1.9%		1.2%		0.9%		9.8%	
	This Week	Last Week	4W Average	3M Average	6M Average	IC	Spread*	IC	Spread*	
Value & Growth										
PER (Forward)	24.9%	1.3%	14.6%	0.2%	2.6%	-0.6%	0.9%	0.4%	5.2%	8.8%
PER (Trailing)	16.3%	0.9%	15.4%	0.4%	4.6%	-0.2%	-1.4%	-2.9%	4.8%	6.1%
Div. Yield	6.2%	-0.0%	10.1%	0.4%	0.9%	-0.8%	0.8%	0.3%	5.1%	11.3%
PBR	8.1%	0.5%	12.8%	0.2%	1.6%	-0.5%	-4.8%	-3.7%	5.5%	10.1%
Sales Growth	-13.6%	-0.8%	-3.5%	-0.4%	6.0%	1.6%	2.2%	2.0%	-3.8%	-7.4%
OP Growth	-2.0%	0.3%	-2.3%	-0.4%	3.5%	1.4%	3.1%	3.2%	-1.8%	-4.0%
Quality										
ROE	4.5%	0.4%	-5.3%	-0.2%	-0.1%	0.8%	4.7%	4.8%	-1.9%	-3.4%
* ROIC	-0.9%	-0.8%	6.3%	0.2%	4.1%	1.3%	3.7%	1.4%	0.1%	-5.9%
* Debt/Equity	-1.1%	-0.7%	6.5%	0.7%	2.3%	0.4%	1.5%	0.7%	0.7%	-5.6%
* Net Debt/Equity	2.2%	0.2%	-8.1%	-0.4%	-1.7%	-0.3%	-0.5%	-1.3%	-1.1%	-1.8%
Momentum & Technical										
1 Week Mom.	-0.3%	-0.3%	-7.1%	-0.4%	-3.3%	-1.2%	0.8%	-1.6%	10.3%	5.7%
1 Month Mom.	-25.0%	-2.3%	-17.5%	-1.0%	-13.7%	-4.0%	-2.5%	-2.8%	-5.7%	-2.5%
3 Month Mom.	2.9%	0.3%	-4.4%	-0.4%	-12.3%	-2.8%	0.3%	0.1%	-4.8%	-1.2%
12 Month Mom.	25.3%	1.8%	11.2%	0.4%	-5.4%	-1.9%	-1.3%	-1.5%	-2.8%	-9.9%
Stochastic Oscillator	-27.1%	-1.9%	-9.4%	-0.6%	-11.2%	-2.8%	-1.9%	-1.9%	-2.0%	0.8%
Other										
Size	-12.0%	-1.1%	-14.6%	-0.6%	-6.6%	-1.2%	-1.1%	-1.0%	-2.1%	-1.9%
Foreign Investors	6.9%	0.0%	3.3%	0.3%	1.5%	0.3%	2.7%	2.6%	0.5%	2.6%
Individual Investors	-0.2%	0.5%	3.1%	-0.1%	3.1%	0.8%	0.6%	1.2%	-0.4%	-0.8%
Institutional Investors	16.5%	0.6%	-8.8%	-0.3%	-0.8%	-0.9%	-0.9%	-0.7%	2.0%	2.2%
BETA (TOPIX)	24.2%	1.9%	20.9%	1.0%	2.0%	-0.0%	-4.9%	-2.8%	2.0%	6.1%
BETA (USD/JPY)	26.0%	2.0%	17.5%	1.0%	1.0%	-0.3%	-5.0%	-3.8%	1.1%	3.4%



* 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)



Important Disclosures:

This material was prepared for you and is for your information and use only. This material should only be distributed to other members of that organization on a need to know basis and should not be distributed or disseminated to any other person or entity.

This material is for information purposes only and it should not be regarded as an offer to sell or as a solicitation of an offer to buy the securities or other instruments mentioned in it. This material is based on current public information that Custom Products Group Limited ("Custom Products") considers reliable, but we make no representation that it is accurate or complete, and it should not be relied on as such. No investment opinion or advice is provided, intended, or solicited. Custom Products offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. This material is provided with the understanding that Custom Products is not acting in a fiduciary capacity. Opinions expressed herein reflect the opinion of Custom Products and are subject to change without notice.

The products mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors. The value of and the income produced by products may fluctuate, so that an investor may get back less than they invested. Value and income may be adversely affected by exchange rates, interest rates, or other factors. Past performance is not necessarily indicative of future results. If a product is income producing, part of the capital invested may be used to pay that income. © 2016 Custom Products Group Limited. All rights reserved.

Contacts

Hong Kong

Simon Rigney

☎ +852-3958-2394 (HK)
☎ +81-3-5786-3712 (Tokyo)
✉ simon.rigney@custprd.com

Salt Lake City

Patrick Hansen

☎ +852-8191-6925 (HK)
☎ +1-801-230-4796 (SLC)
✉ patrick.hansen@custprd.com

Tokyo

Robert Rowland

☎ +81-3-5786-3711
✉ robert.rowland@custprd.com

Michael Newman

☎ +81-3-5786-3713
✉ michael.newman@custprd.com

Office Locations

Hong Kong

15/F Langham Place
8 Argyle Street
Mong Kok, Kowloon
Hong Kong S.A.R.

Tokyo

17/F Roppongi Hills North Tower
6-2-31 Roppongi,
Minato-ku, Tokyo
Japan 106-0032

Salt Lake City

299 South Main Street
Suite 1300
Salt Lake City, UT
United States, 84111