



What Worked - Japan

Selloff in low PBR and high Beta names and into Quality

12th May 2017
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What Worked

Sell-off in Beta

There was a selloff in high Beta and Value, particularly low PBR, names this week. Low PBR names that went down this week were Isetan Mitsukoshi (3099) down 10%, Hitachi Zosen (7004) down 11% and Shinsei Bank (8303) down 8%. High Beta names that were also hurt were Subaru (7270) down 8%, Taiyo Nippon Sanso (4091) down 8% and Konica Minolta (4902) down 7%.

Quality benefitted

Quality names and to a lesser degree large-cap names benefited from the rotation away from Beta and Value. High ROE names that did well this week were COLOPL (3668) up 12%, Zenkoku Hosho (7164) up 11% and Start Today (3092) up 12%.

Who Moved

String week for volumes

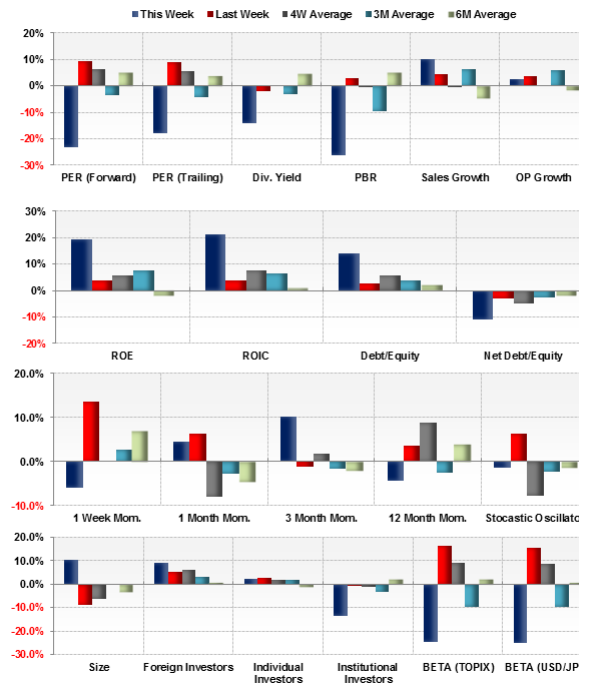
Strong volume week. 101 names moved on more than 1 standard deviation of volume. The volume spikes look to be spread relatively evenly across all sectors. On the positive side, Benesse Holdings (9783) is up 18%, Mitsubishi Tanabe Pharma (4508) is up 11% and IHI Corp (7013) is up 10%. On the other side, Kakaku.com (2371) is down 8%, Meitec Corp is down 7% and Asahi Glass (5201) is down 6%. Isetan Mitsukoshi and Subaru mentioned above also moved on strong volume.

Summary

TOPIX 500, Week Ending 12 May 2017

Signal	1.9%		1.2%		8.0%		2.1%		14.2%	
	IC	Spread	IC	Spread	IC	Spread	IC	Spread	IC	Spread
Value & Growth										
PER (Forward)	-23.1%	-2.0%	9.4%	0.5%	6.5%	-0.0%	-3.5%	-3.5%	4.7%	3.8%
PER (Trailing)	-18.0%	-1.8%	9.0%	0.5%	5.7%	0.0%	-4.3%	-5.6%	3.5%	2.1%
Div. Yield	-13.9%	-0.9%	-2.2%	0.0%	0.0%	-0.5%	-3.3%	-3.2%	4.3%	6.2%
PBR	-26.4%	-2.7%	3.1%	-0.0%	-0.6%	-2.0%	-9.7%	-9.1%	4.8%	1.4%
Sales Growth	10.0%	1.3%	4.5%	0.0%	-0.7%	0.1%	6.3%	6.0%	-4.8%	-3.0%
OP Growth	2.5%	0.1%	3.5%	0.4%	0.4%	0.5%	6.0%	5.3%	-1.4%	-1.4%
Quality										
ROE	19.3%	1.9%	4.0%	0.2%	5.6%	2.3%	7.7%	8.2%	-1.8%	2.4%
* ROIC	21.2%	1.7%	4.0%	-0.0%	7.7%	1.1%	6.7%	4.2%	0.7%	0.4%
* Debt/Equity	14.1%	1.8%	2.7%	0.3%	5.6%	2.0%	3.8%	3.8%	2.1%	-0.9%
* Net Debt/Equity	-11.0%	-1.0%	-3.0%	-0.2%	-5.0%	-1.3%	-2.4%	-2.2%	-1.7%	-3.6%
Momentum & Technical										
1 Week Mom.	-6.0%	-0.1%	13.7%	0.8%	0.1%	0.0%	2.6%	0.7%	6.8%	9.3%
1 Month Mom.	4.5%	0.1%	6.5%	0.2%	-7.9%	-2.9%	-2.7%	-3.9%	-4.6%	-4.0%
3 Month Mom.	10.3%	1.1%	-1.1%	-0.4%	1.9%	0.6%	-1.5%	-1.7%	-2.0%	-2.2%
12 Month Mom.	-4.4%	-0.1%	3.6%	0.2%	8.9%	2.2%	-2.6%	-2.1%	3.8%	-7.3%
Stochastic Oscillator	-1.4%	-0.1%	6.4%	0.5%	-7.9%	-2.0%	-2.3%	-3.3%	-1.5%	-0.9%
Other										
Size	10.6%	0.9%	-8.6%	-0.2%	-6.1%	-1.0%	0.4%	1.5%	-3.1%	-3.2%
Foreign Investors	9.4%	-0.1%	5.5%	0.3%	6.3%	0.6%	3.5%	2.0%	0.9%	1.2%
Individual Investors	2.3%	0.8%	2.8%	-0.4%	2.0%	0.8%	2.0%	2.7%	-1.0%	1.8%
Institutional Investors	-13.3%	-1.1%	-0.4%	0.2%	-1.0%	-0.6%	-3.2%	-2.2%	1.9%	-0.3%
BETA (TOPIX)	-24.4%	-2.5%	16.5%	0.7%	9.3%	1.0%	-9.5%	-8.2%	1.9%	-0.2%
BETA (USD/JPY)	-25.1%	-3.1%	15.8%	1.0%	8.7%	0.8%	-9.6%	-8.6%	0.5%	-2.5%

* 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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