

Japan Governance Reforms

20 years, but still more to do

Leslie Hoy, Ph. D., CFA
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May 2024

We have come a long way...



1. More than 20 years of reforms are finally having an impact

- ✓ Board structure, Stewardship Code, Corporate Governance Code, GPIF asset allocation

2. TSE push for capital efficiency

- ✓ Simple messages can work.
- ✓ The shame game is working.

3. Market for corporate control

- ✓ METI TOB guidelines are well received—not longer talking about ‘hostile’ takeovers
- ✓ Activism is having an impact on corporate actions.

1. Political consensus that things needed to change

- ✓ Moving from measures to promote restructuring to focus on profitability and growth.
- ✓ Government focus on “comply or explain” a good compromise.
- ✓ Relatively little political opposition to change from LDP or other major opposition parties.

2. GPIF allocation a massive wake up call for all pensioners

- ✓ Crossing the rubicon—now most Japanese citizens are dependent on the stock market in some way.

3. Domestic asset managers facing existential questions

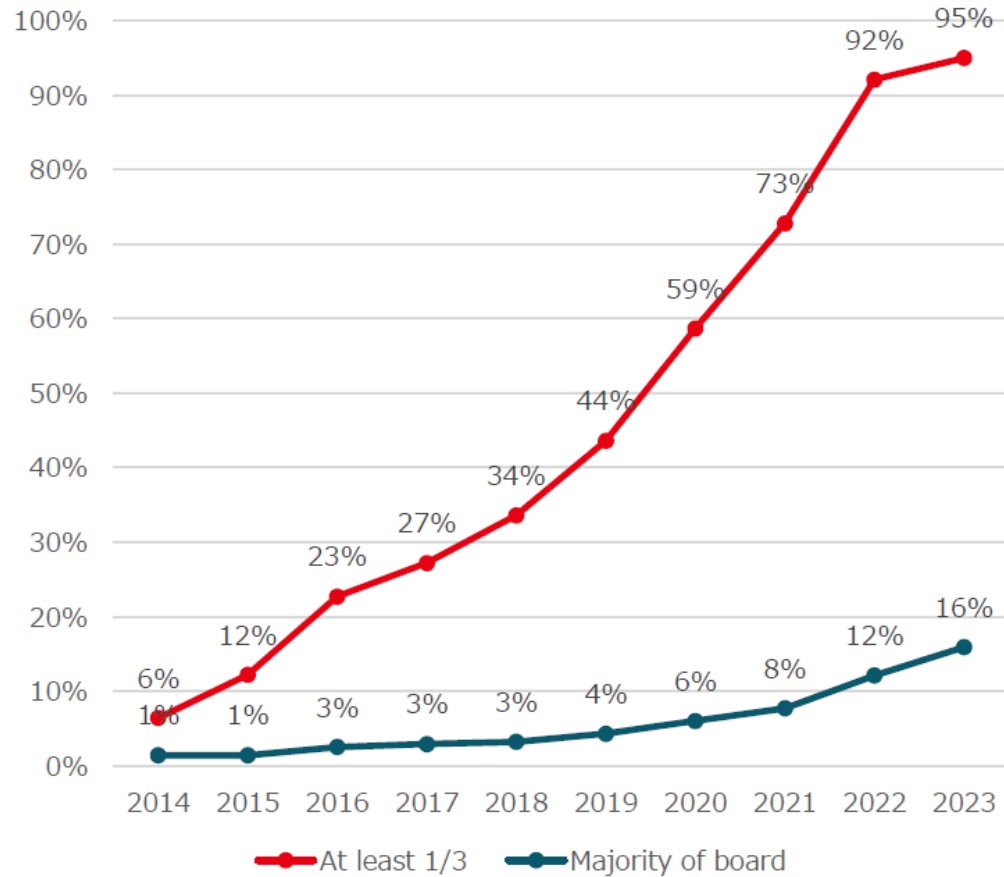
- ✓ Domestic institutions proactively following Stewardship code.
- ✓ More proactive proxy voting on profitability and other matters.

4. Culture of shame works

- ✓ Hard to measure, but many Japanese companies doing this because it is good for society.
- ✓ Toyota exemplifies that you can focus on all stakeholders without neglecting shareholders.

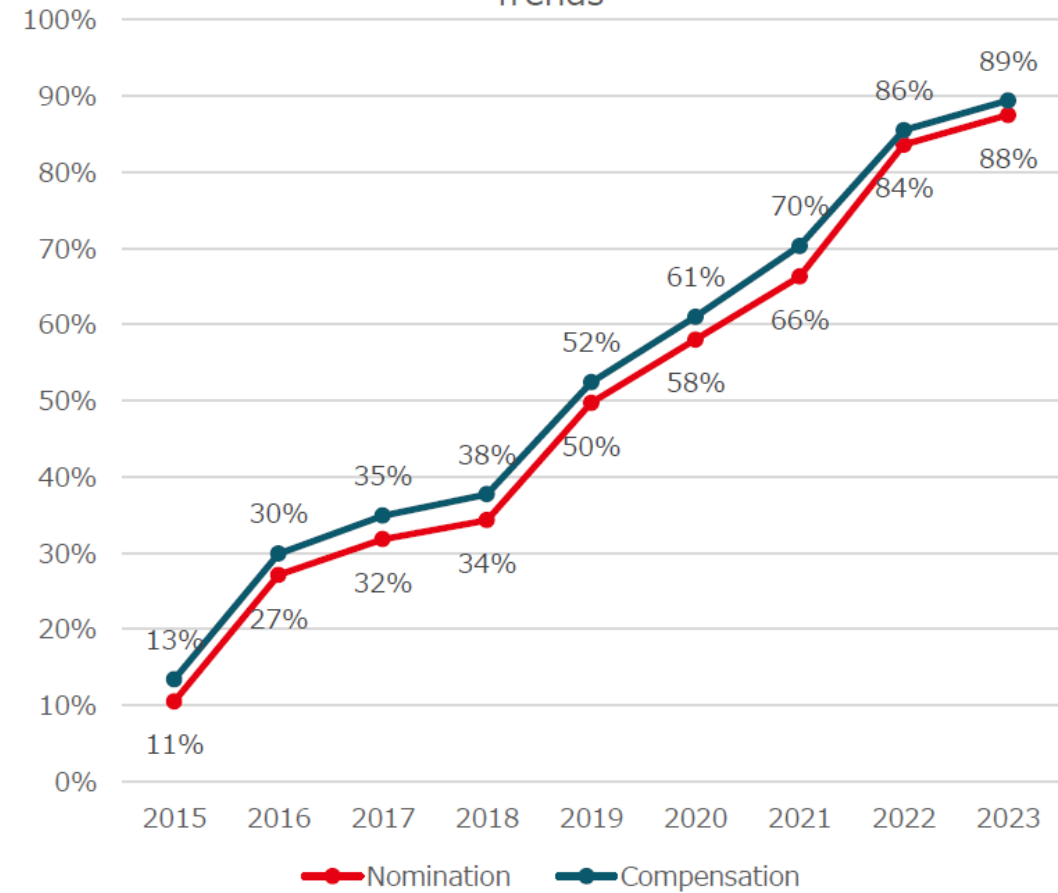
Board are becoming more independent

Board Independence



Source: JPX

Nomination/Compensation Committee Adoption Trends



Source: JPX

Board diversity improving



Source: The Cabinet Office

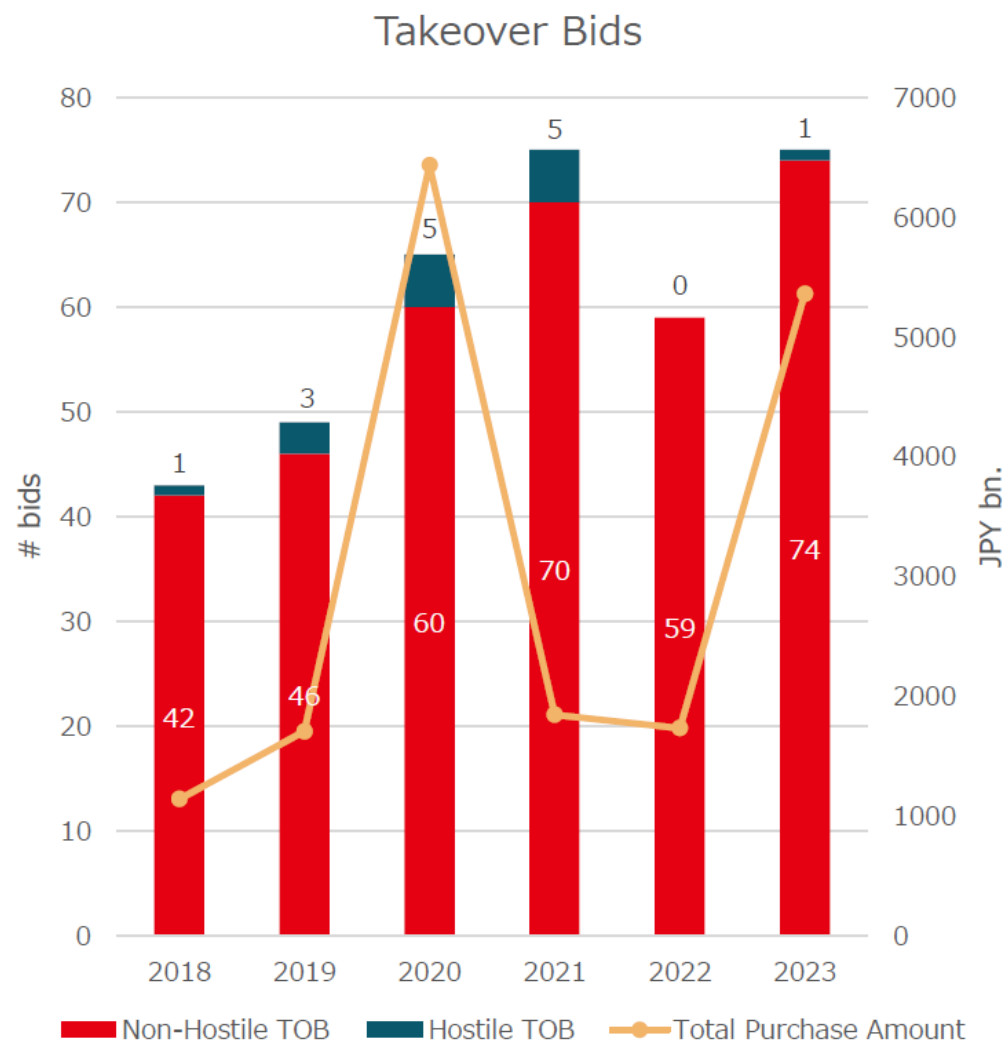
● 52 (2.8%) of Prime Market listed companies have at least 30% female directors



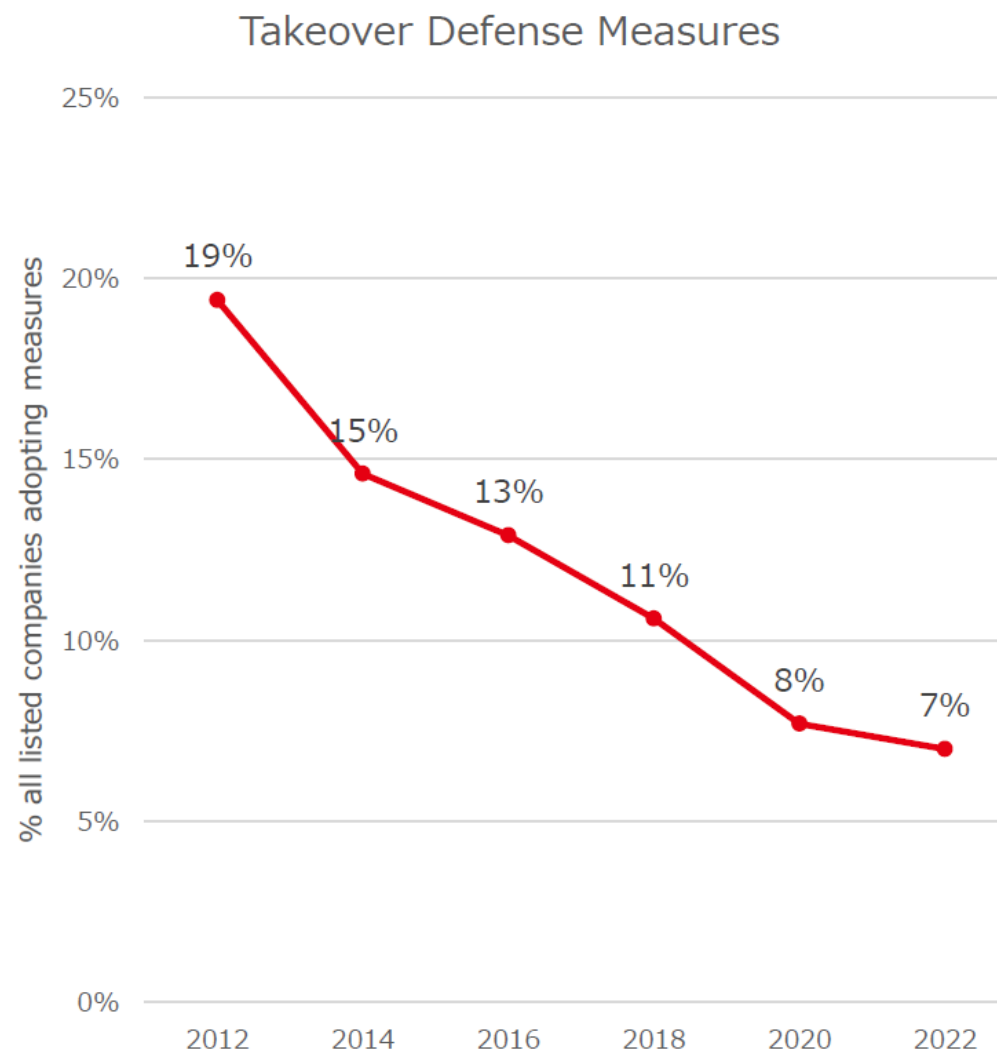
Source: Prepared by TSE based on materials published by the Cabinet Office

Note: "Female directors" includes executive officers or equivalent positions, in addition to corporate auditors and Shikko-Yaku.

Take over bids rising, defense measures declining

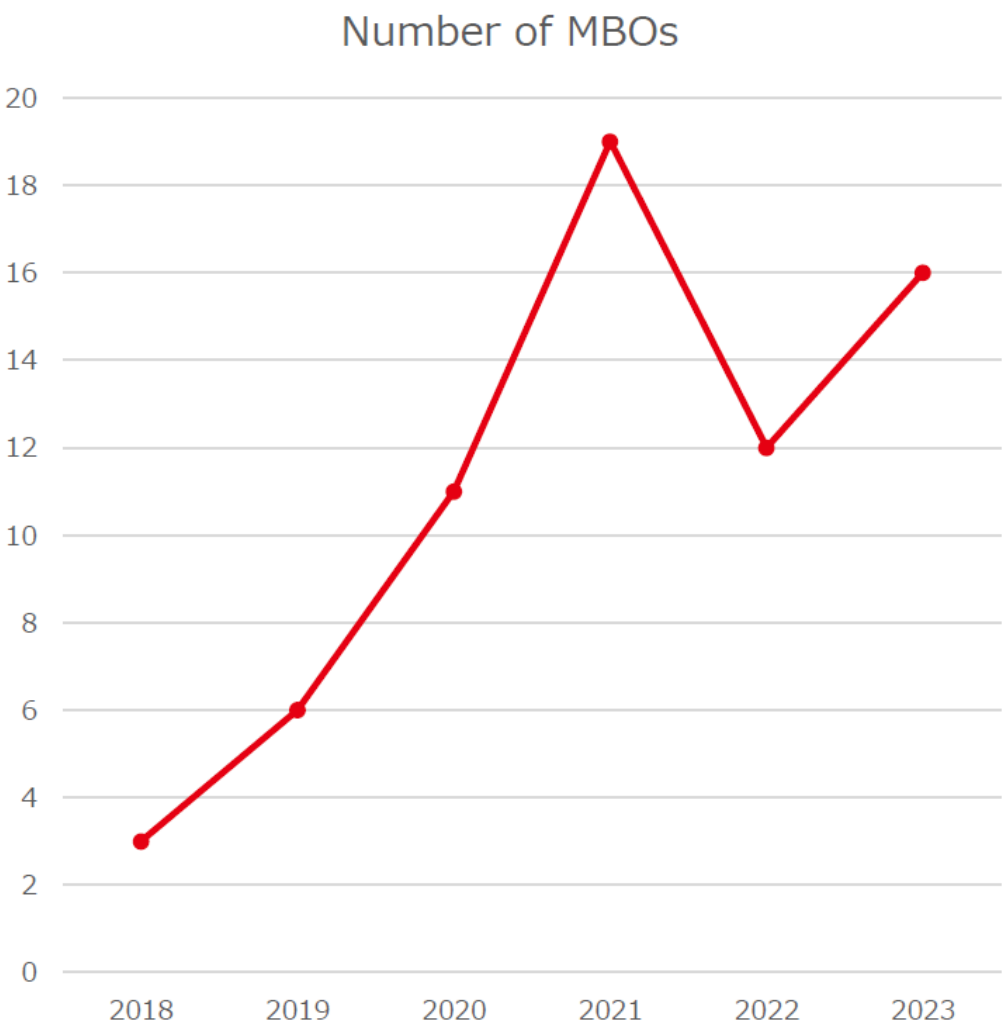
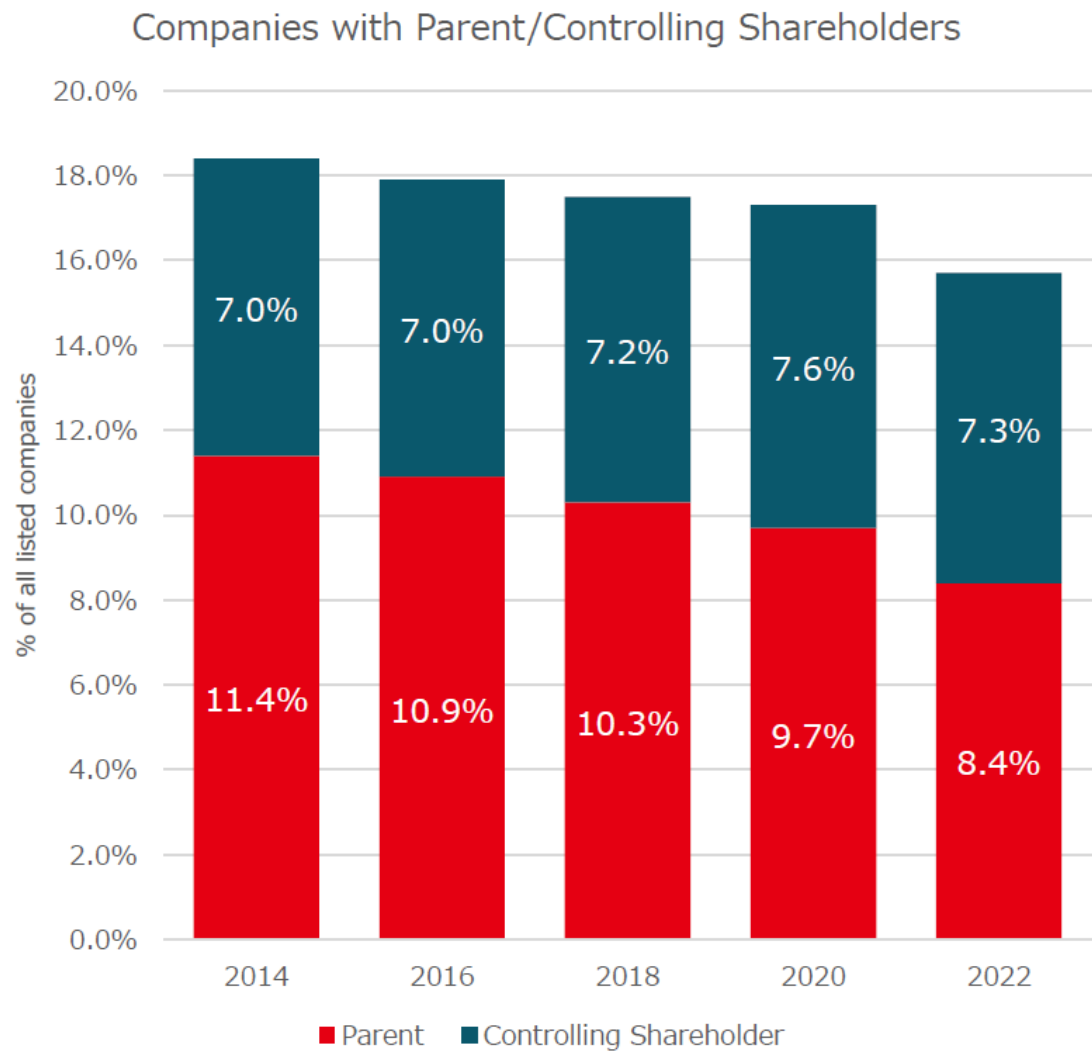


Source: M&A Online



Source: JPX

Listed subs declining

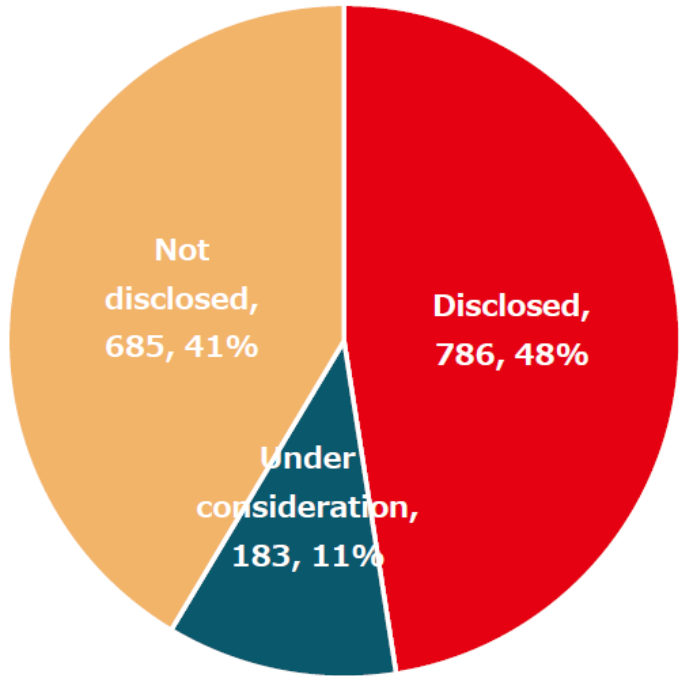


Source: JPX

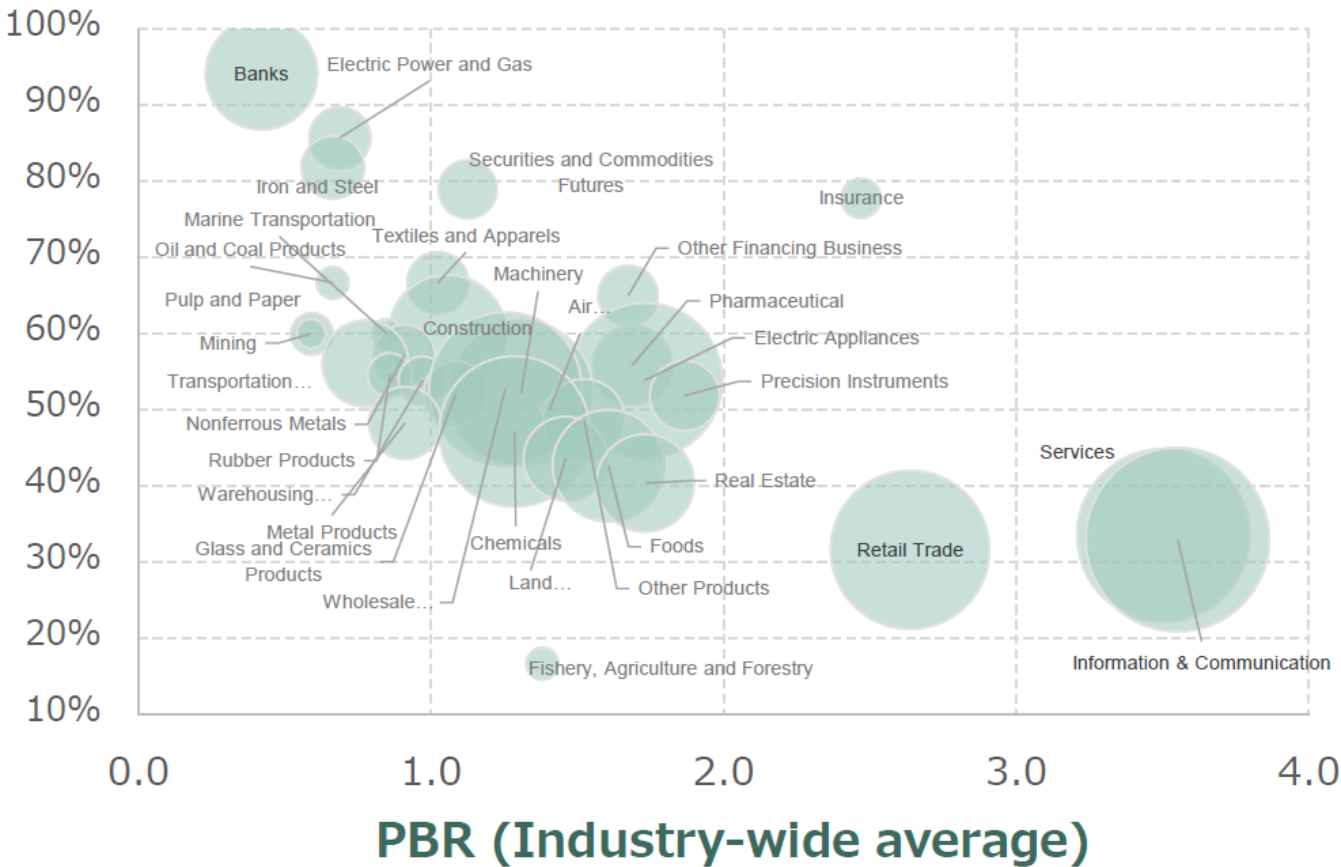
Source: M&A Online

TSE focus on capital efficiency working

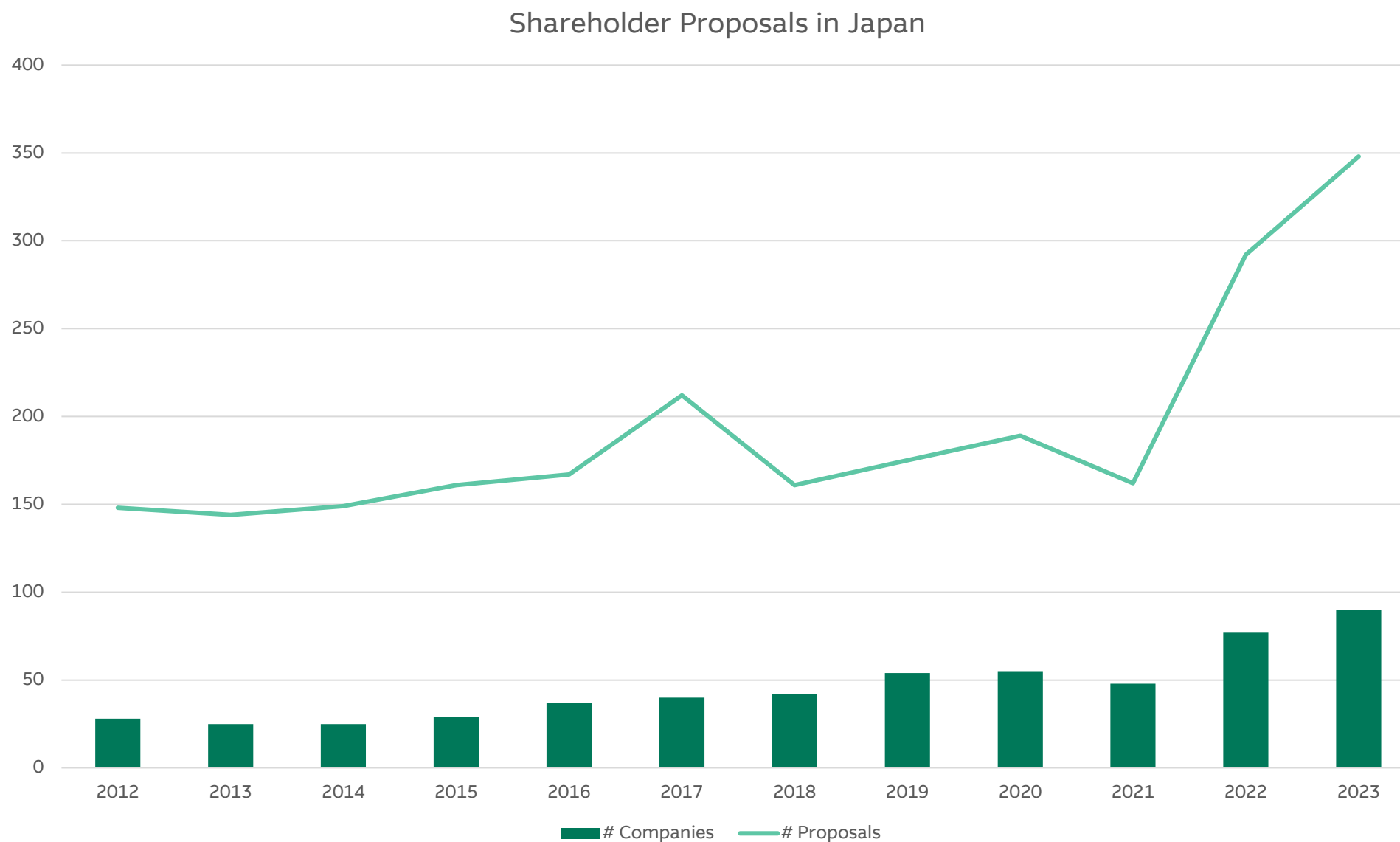
Capital Efficiency Improvement Disclosure
(Prime Market)



Disclosure Rate (as of Dec., 2023)



Shareholders are more active

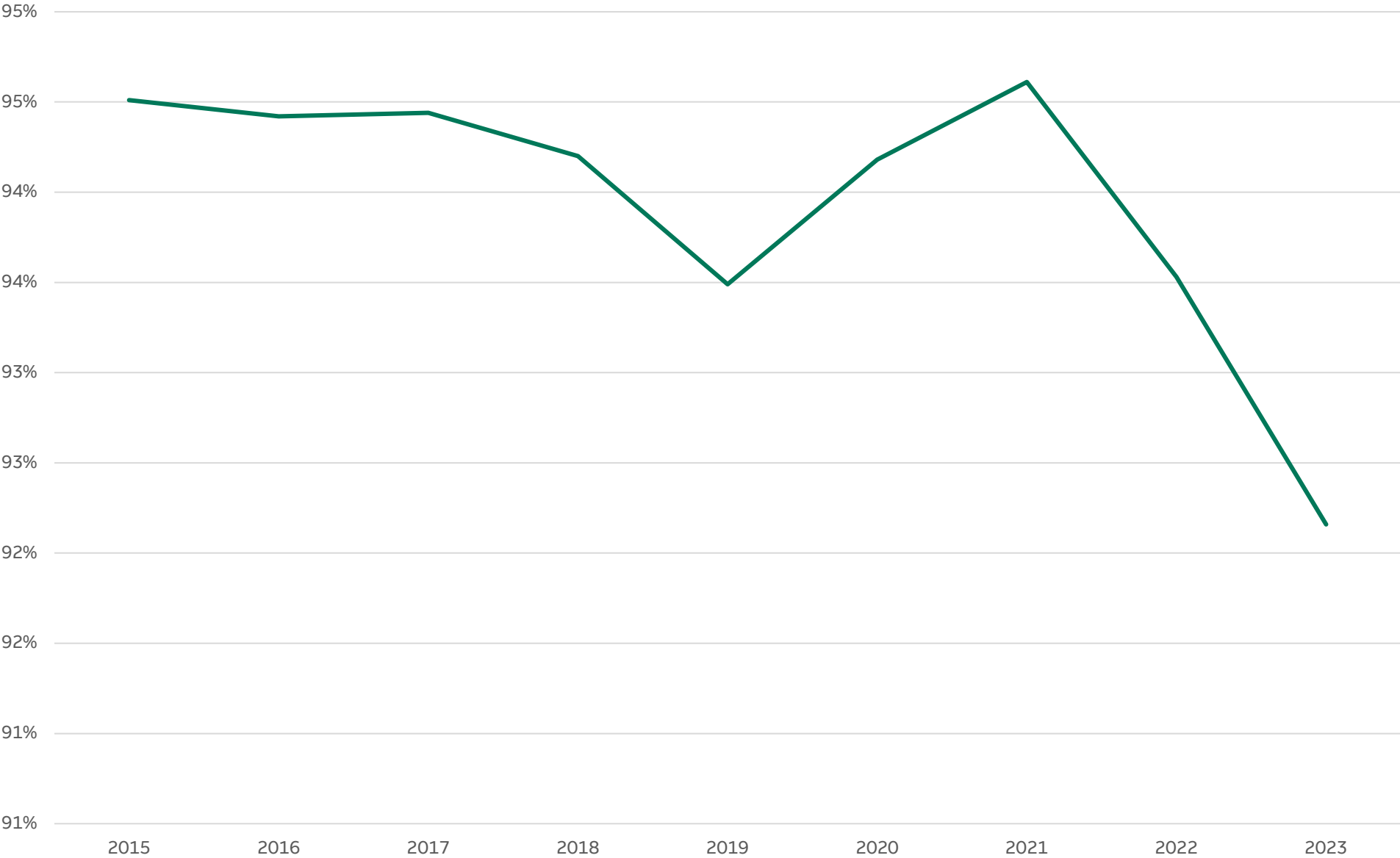


Source: Diamond, Nikkei

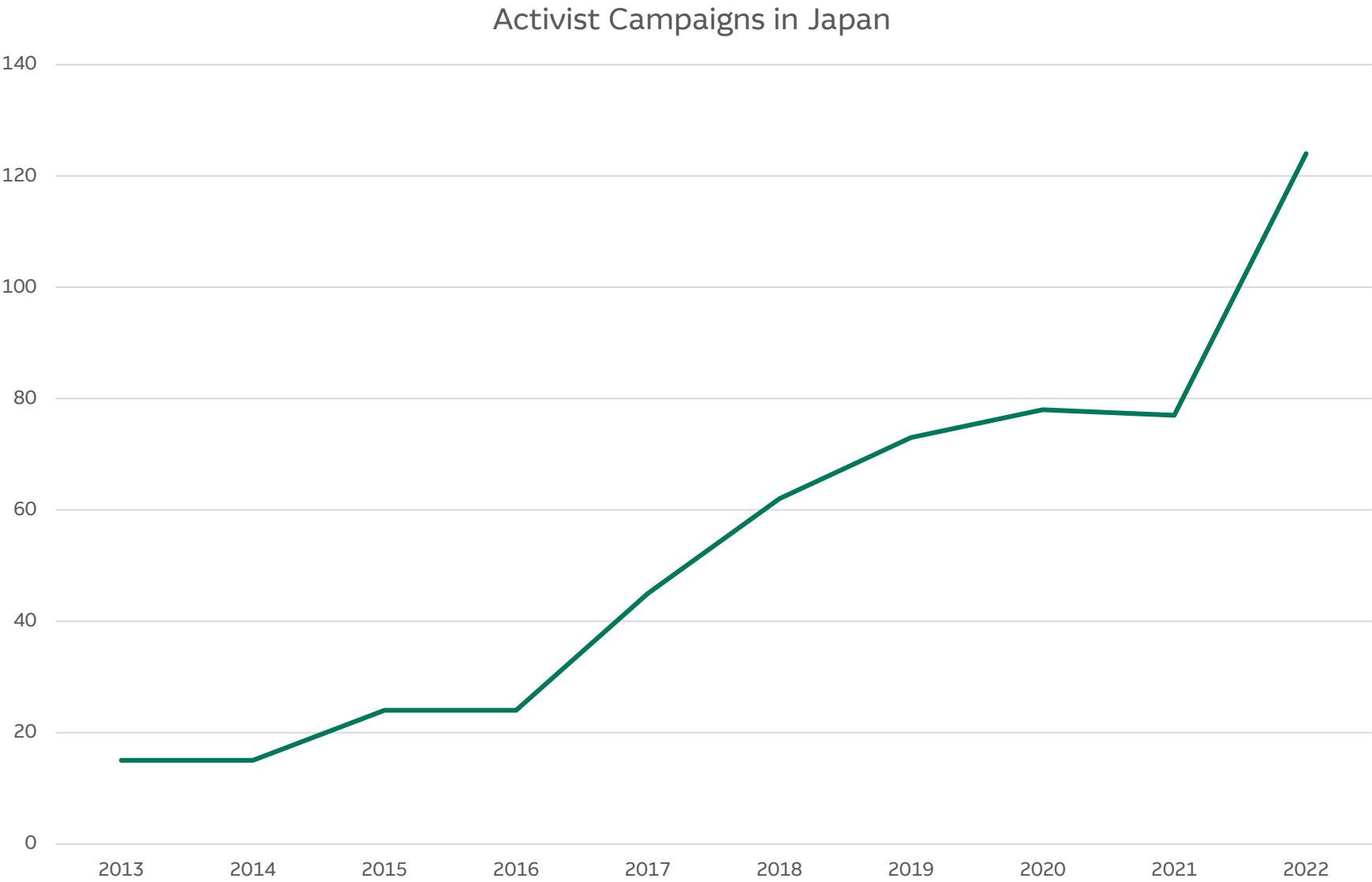
CEOs need to take notice these days



CEO Approval

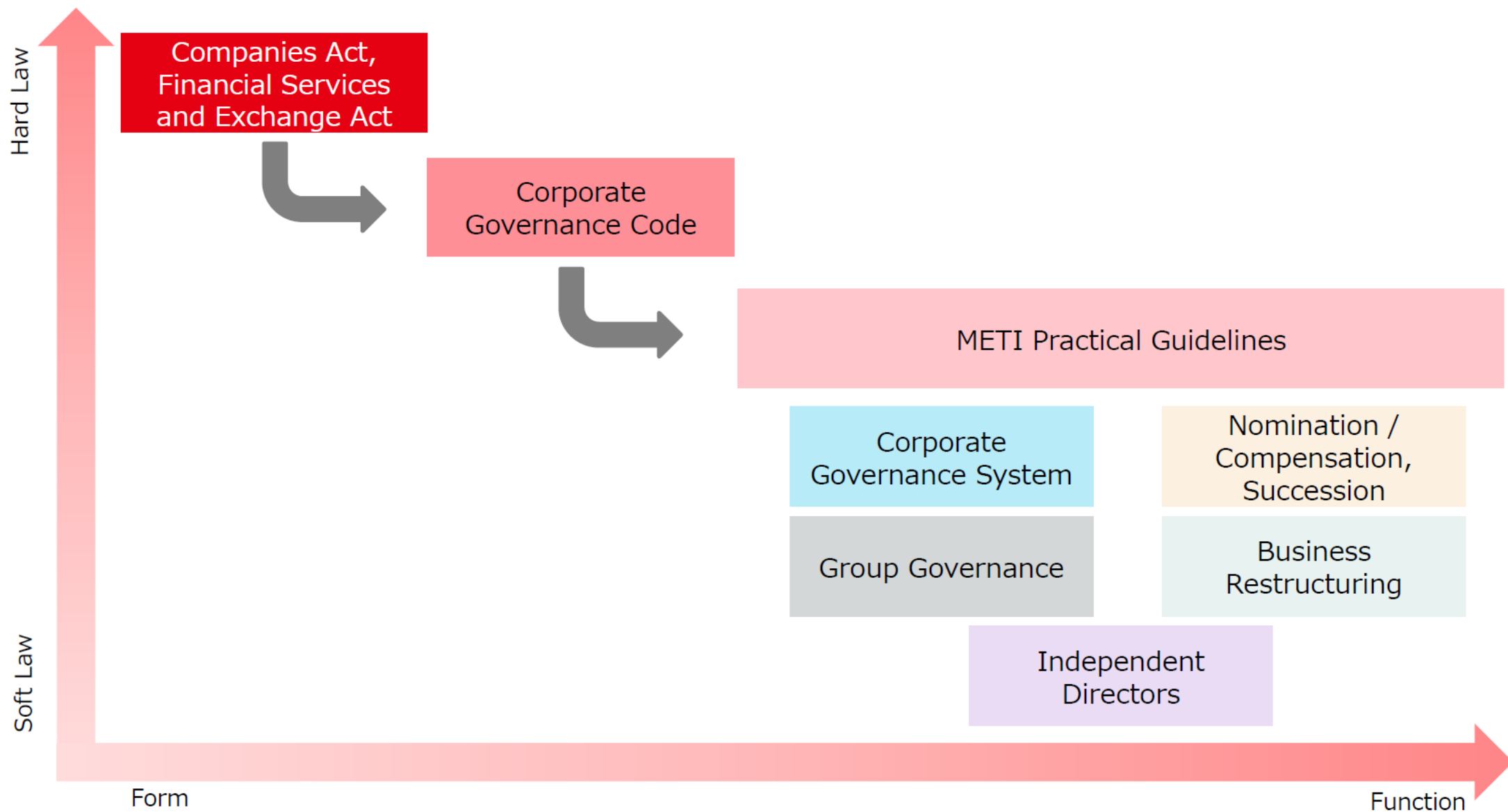


Shareholder activism on the rise



Source: Activist Insight

Hard and soft laws to promote consolidation



Source: Compiled by JPX based on METI website

METI guidelines remove some opposition

Core Principles:

Principle 1: Corporate Value and Shareholders Common Interests

Proposals should be evaluated based on increasing shareholder value based on quantifiable factors, particularly enterprise value

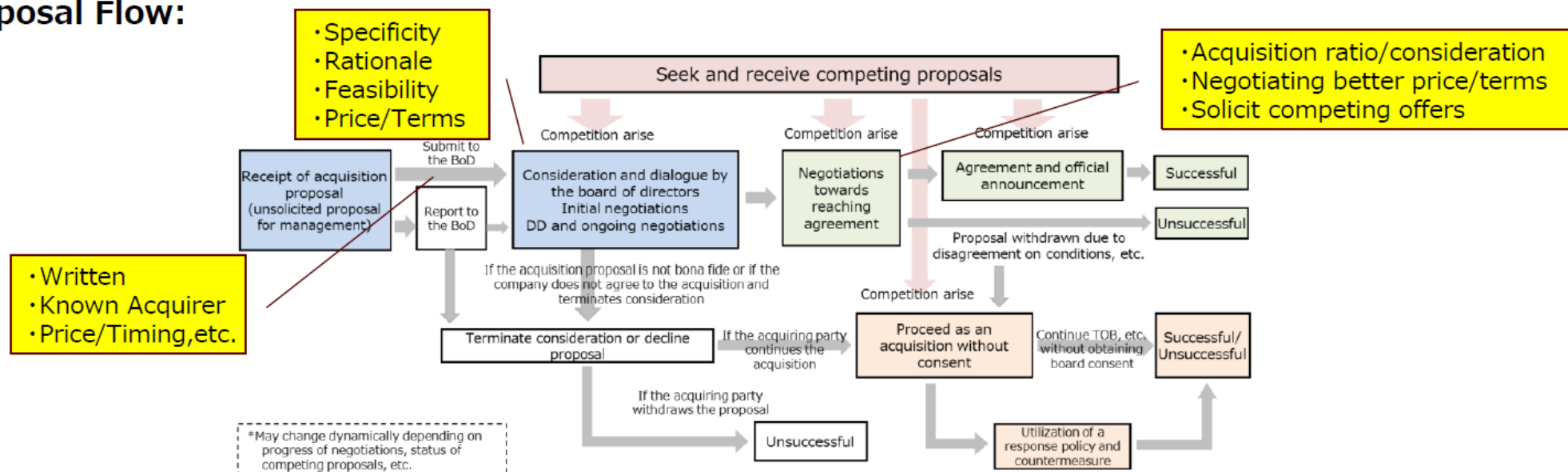
Principle 2: Shareholder Intent

Shareholder intent should be respected by allowing them to choose to tender shares or not based on adequate information and time

Principle 3: Transparency

Both the acquiring company and the target should provide adequate information to shareholders to make an appropriate decision

M&A Proposal Flow:



Takeover Defense Countermeasure Considerations:

Shareholder Intent

Necessity/Proportionality

Prior Disclosure

Capital Market Dialogue

What is needed from here?

1. The pace of change is too slow for some

- ✓ Danger of loss of interest if we don't be more.

2. All active investors need to be activists

- ✓ Proxy voting and demanding change.
- ✓ Retail investor proxy voting activity.

2. More disclosure and accessibility of disclosure

- ✓ Financial reports (*Yuho*) one month before AGM, Board training, access to *Yuho* for machine reading, large beneficial holders, trades by directors and other insiders.

3. More proxy war wins/unsolicited takeovers

- ✓ METI guidelines helping, but more symbolic victories needed.

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Japan Equities Updates

It's *beta*-to focus on *arufa*

Leslie Hoy, Ph. D., CFA

Head of Equities

Macquarie Capital Securities (Japan) Limited

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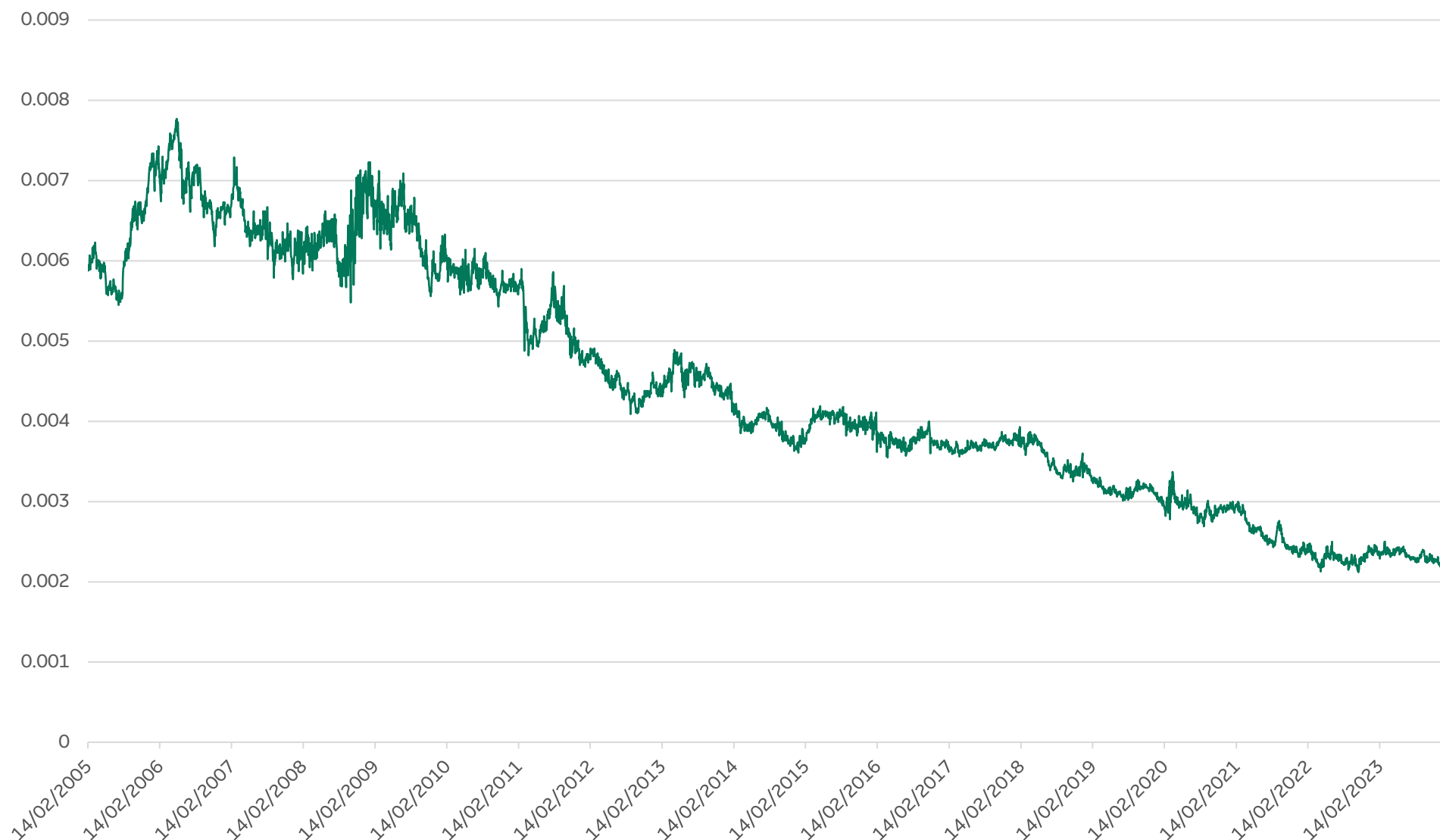
Japan breaking through historic highs

Up, up and away?



The pain trade has not yet come...

MXJP Index / MXUS Index in USD



Source: Bloomberg

Market finally awarding multiyear trends



1. Governance

- ✓ 20 years of reforms finally having real impact.

2. TSE Push for Capital Efficiency

- ✓ The shame game is working.

3. Market for Corporate Control

- ✓ Activism is having an impact on corporate actions.

4. NISA and Ideco

- ✓ Ratchet effect to get individual savings into risk assets.

5. Relative Choice in World of Uncertain Global Politics

- ✓ Policy consistency contrasts with more erratic policy elsewhere.

What is missing?

1. Wage Growth

- ✓ The number one issue for BoJ and government prodding may not be enough.

2. Consumer Strength

- ✓ Subset of wage growth. Inflation has been painful, but deflationary mindset still intact.

3. Labor Market Reforms

- ✓ Don't hold your breath.

4. Hopes for Demographic Rebound

- ✓ Foreigners living in Japan reach historic highs, but not enough.

5. The Pain Trade Has not yet Arrived

- ✓ USD investors have not been forced into FOMO.

What could go wrong?

1. Natural Disasters

- ✓ Noto earthquake had surprising impact on some companies.

2. Geopolitics

- ✓ The markets have shrugged off a lot of geopolitical risk.

3. China Economic Implosion

- ✓ Many companies have a substantial amount of FDI in China.

4. Transitory Inflation

- ✓ A stronger JPY, y/y comps hamper sustained inflation.

5. Stagflation

- ✓ Wage growth disappoints and weak yen continues to push up consumer prices.

1. Quality Growth

- ✓ Expensive, but have proven ability to compound growth over the long term: e.g. Keyence, Unicharm, Capcom, Hitachi next?

2. Cycle Stocks with Structural Tailwinds

- ✓ Quality businesses that can combine cyclical and structural growth: Tokyo Electron, Disco, Fanuc, Murata, Daikin, Denso, Shin-etsu Chemical, Renesas, Denso, Ibiden

3. Companies in Transition

- ✓ Self-help stories for conglomerates: e.g. Panasonic, Mitsubishi Electric, NEC, Nikon

❑ Technology

- ✓ Semiconductor production equipment, semiconductors, factory automation, SaaS, super computing

❑ Critical Materials

- ✓ Specialty chemicals (semiconductor materials, battery materials), specialty materials (carbon fiber), batteries (TDK, Panasonic)

❑ Consumption

- ✓ Cultural intellectual property (manga, anime, games), global brands (Unicharm, Fast Retailing, Toyota, Honda, Nintendo), Asia growth (Food & Life)

❑ Healthcare

- ✓ Globally recognized pharma (Daiichi Sankyo, Chugai, Rohto, Shionogi); medtec leaders (Olympus, Sysmex, Nakanishi)

❑ Reconfiguration of Global Supply Chains

- ✓ SPE, Semiconductors, Factory Automation

❑ Defense Spending

- ✓ Double spending as % of GDP

❑ Energy Transition

- ✓ Massive investment in grid required, hydrogen, battery materials, nuclear recovery

❑ Intellectual Property

- ✓ Leveraging great Japanese culture like *manga*, *Anime* and game characters

❑ Dealing with Demographics

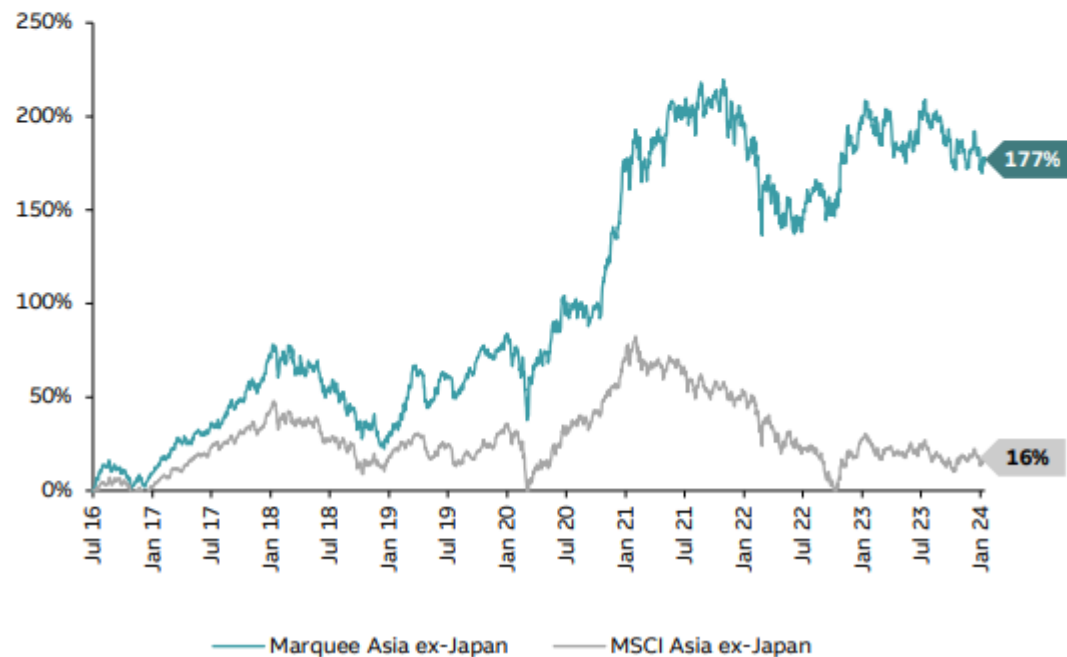
- ✓ Leveraging technology (IT, AI, Automation) to service an ageing society, Succession planning

Macquarie Asia Marquee

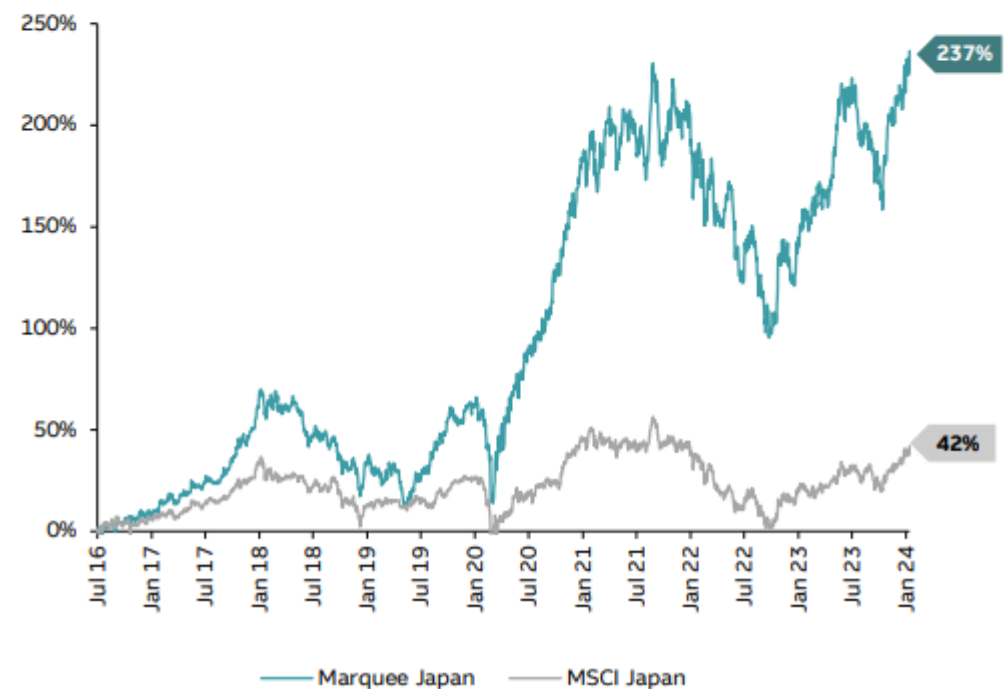
Marquee - Consistent performance since inception

- Marquee Asia ex-Japan has **outperformed** MSCI Asia ex-Japan by **161%** since inception.
- Marquee Japan has **outperformed** MSCI Japan by **195%** since inception.

Marquee Asia ex-Japan Performance (since inception)



Marquee Japan Performance (since inception)



Japan Marquee Ideas



Direction	Ticker	Name	Analyst
JP - Long	4568 JP	Daiichi Sankyo	Tony Ren
JP - Long	6902 JP	Denso	James Hong
JP - Long	6504 JP	Fuji Electric	Hiroshi Taguchi
JP - Long	6501 JP	Hitachi	Damian Thong
JP - Long	6861 JP	Keyence	Wendy Pan
JP - Long	6503 JP	Mitsubishi Electric	Damian Thong
JP - Long	3994 JP	Money Forward	Hiroshi Yamashina
JP - Long	6981 JP	Murata Manufacturing	Hiroshi Taguchi
JP - Long	6701 JP	NEC Corp	Hiroshi Yamashina
JP - Long	3659 JP	Nexon	Hiroshi Yamashina
JP - Long	6723 JP	Renesas Electronics	Hiroshi Taguchi
JP - Long	7735 JP	SCREEN Holdings	Damian Thong
JP - Long	4063 JP	Shin-Etsu Chemical	Damian Thong
JP - Long	6758 JP	Sony	Damian Thong
JP - Long	8035 JP	Tokyo Electron	Damian Thong
JP - Long	6728 JP	Ulvac	Damian Thong

Large Cap Alpha: Topix 100 Returns



	2017
TPX 100	15%
Lasertec	193%
Shiseido	187%
Recruit	105%
Daiichi Sankyo	96%
Sony Group	82%
Mitsubishi Estate	-16%
Japan Tobacco	-18%
MHI	-22%
Nomura Holdings	-24%
Subaru	-32%

	2018
TPX 100	-16%
Bandai Namco	34%
Eisai	33%
Shiseido	26%
Fast Retailing	26%
Unicharm	21%
Komatsu	-42%
takeda Pharma	-42%
Sumitomo Metal	-43%
Z Holdings	-47%
Renesas	-62%

	2019
TPX 100	16%
Lasertec	297%
M3	124%
Daiichi Sankyo	106%
Olympus	100%
Tokyo Electron	91%
Eneos	-14%
Seven & I	-16%
Suzuki Motor	-18%
Japan Post Hld	19%
Nissan Motor	-28%

	2020
TPX 100	6%
M3	195%
Lasertec	118%
Nidec	73%
Softbank Group	69%
Sysmex	66%
JR East	-30%
JR Central	-34%
Canon	-34%
ANA	-37%
JR West	-43%

	2021
TPX 100	13%
Nippon Yusen	265%
Lasertec	191%
Tokyo Electron	73%
Toshiba	64%
Recruit	61%
Kao	-24%
Fast Retailing	-29%
Chugai Pharma	-32%
Softbank Group	-33%
M3	-41%

	2022
TPX 100	-6%
MHI	97%
Resona	62%
Daiichi Sankyo	45%
MUFG	42%
Mitsui & Co	41%
Tokyo Electron	-41%
Omron	-44%
Sysmex	-49%
Nidec	-49%
Z Holdings	-50%

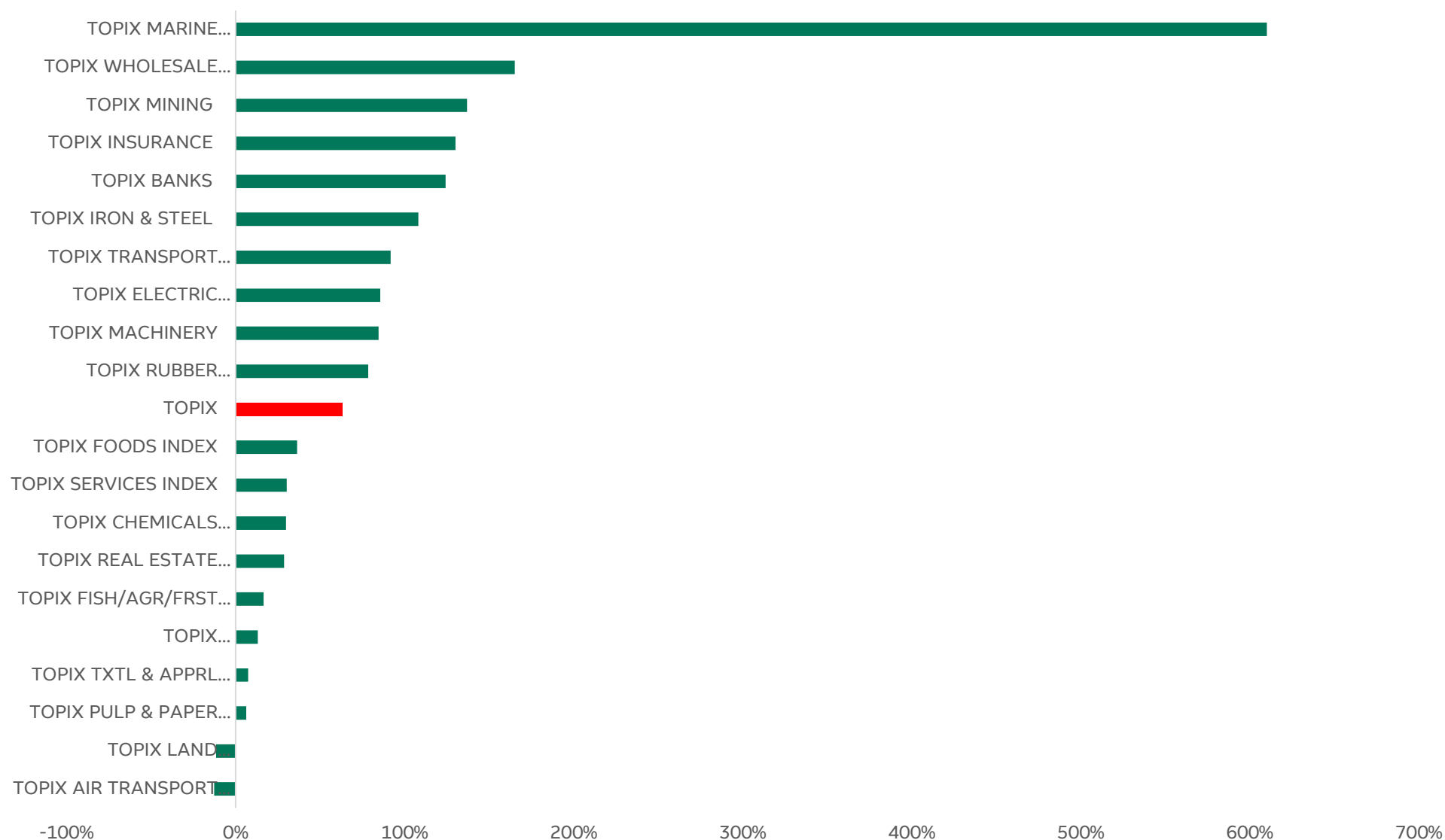
	2023
TPX 100	27%
Disco	178%
Advantest	126%
Renesas	115%
Tokyo Electron	95%
Shin-etsu Chemical	82%
Astellas	-16%
Nidec	17%
Eisai	-19%
Shiseido	-34%
M3	-35%

As of May 17	2024
TPX 100	20%
MHI	66%
Disco	60%
MS&AD	51%
Mitsui & Co.	50%
Mitsubishi Corp	50%
NTT	-12%
Oriental Land	-13%
Omron	-18%
LY Corp	-21%
M3	-31%

Source: Bloomberg
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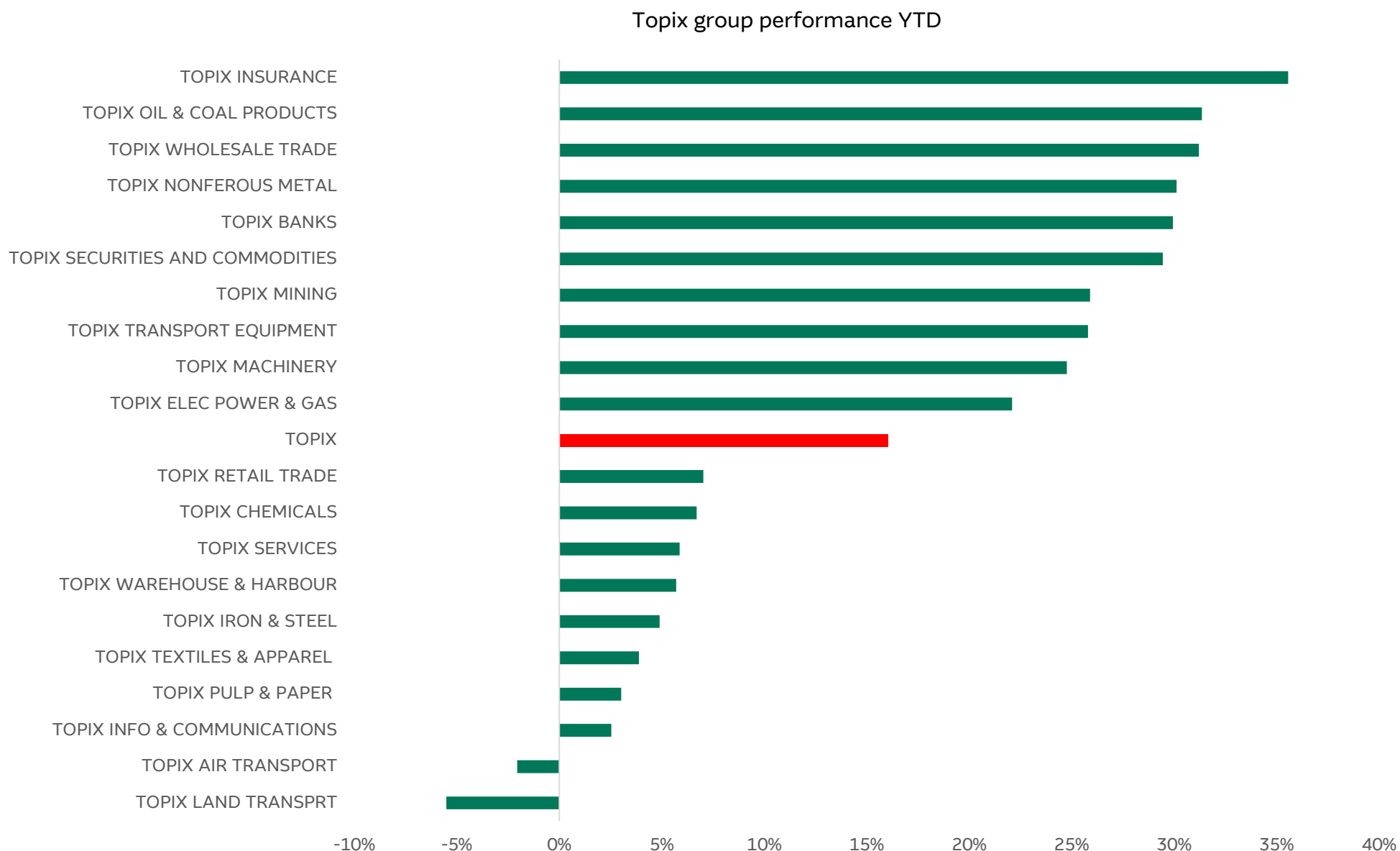
Potential for reversion on earnings recovery?

Topix group performance Feb 20-May 24



Source:

Thus year not just following the trends...

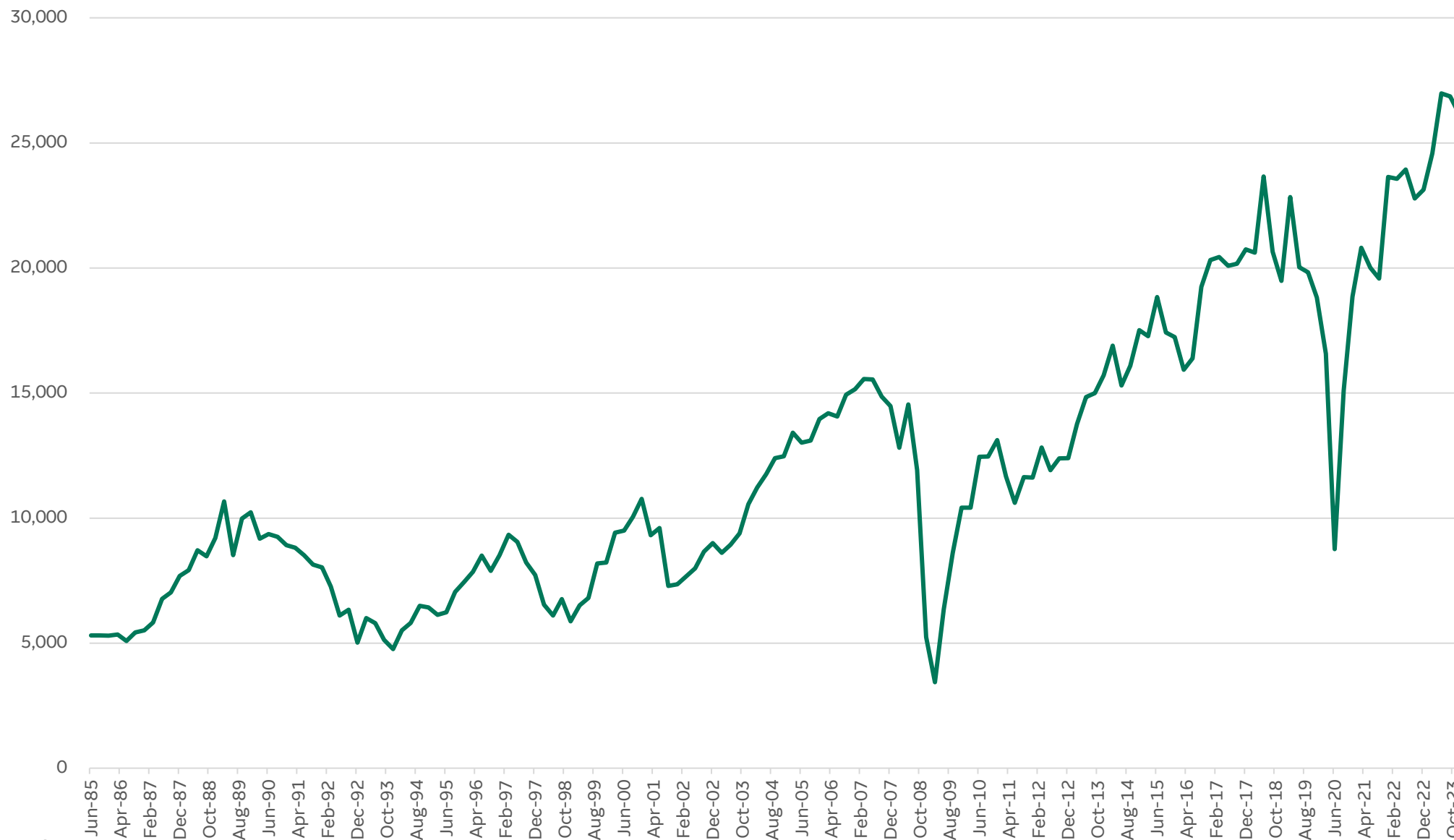


Source:

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Corporate profits are doing well

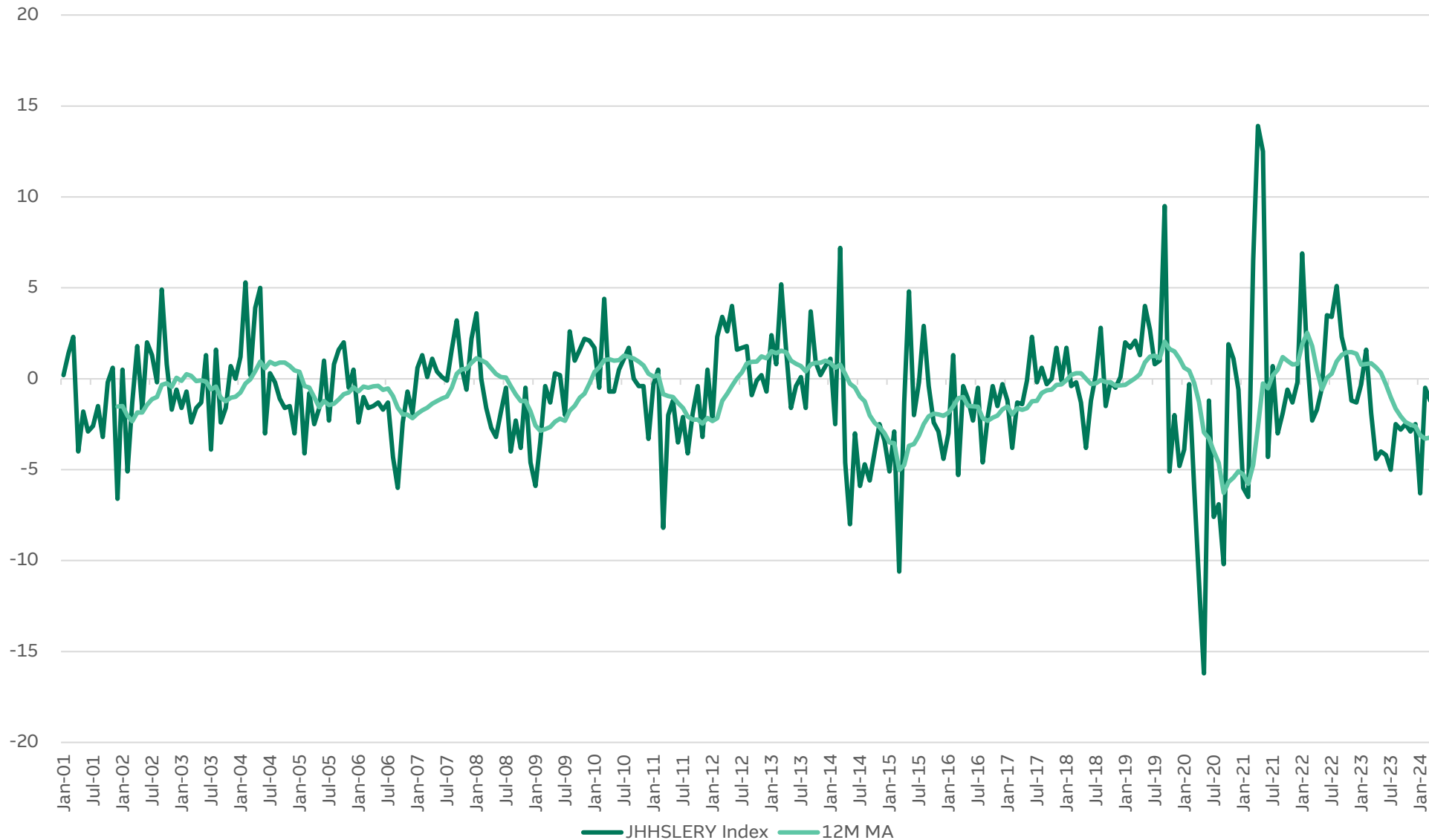
Corporate Profits



Source: MoF

Where is the Japanese consumer?

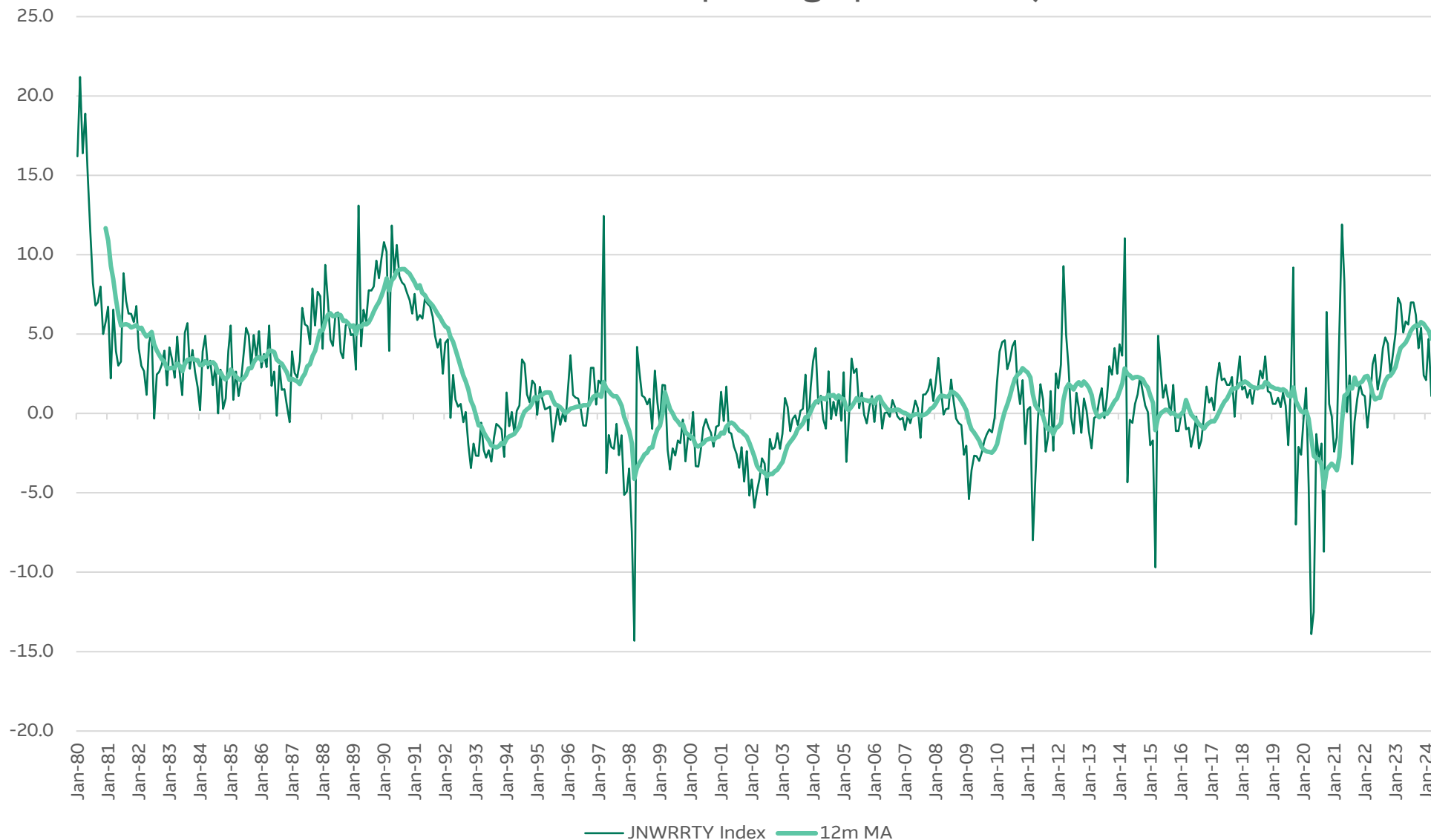
Japan Real Household Spending %



Source: Ministry of Internal Affairs and

Retail sales are trying, but recently a concern

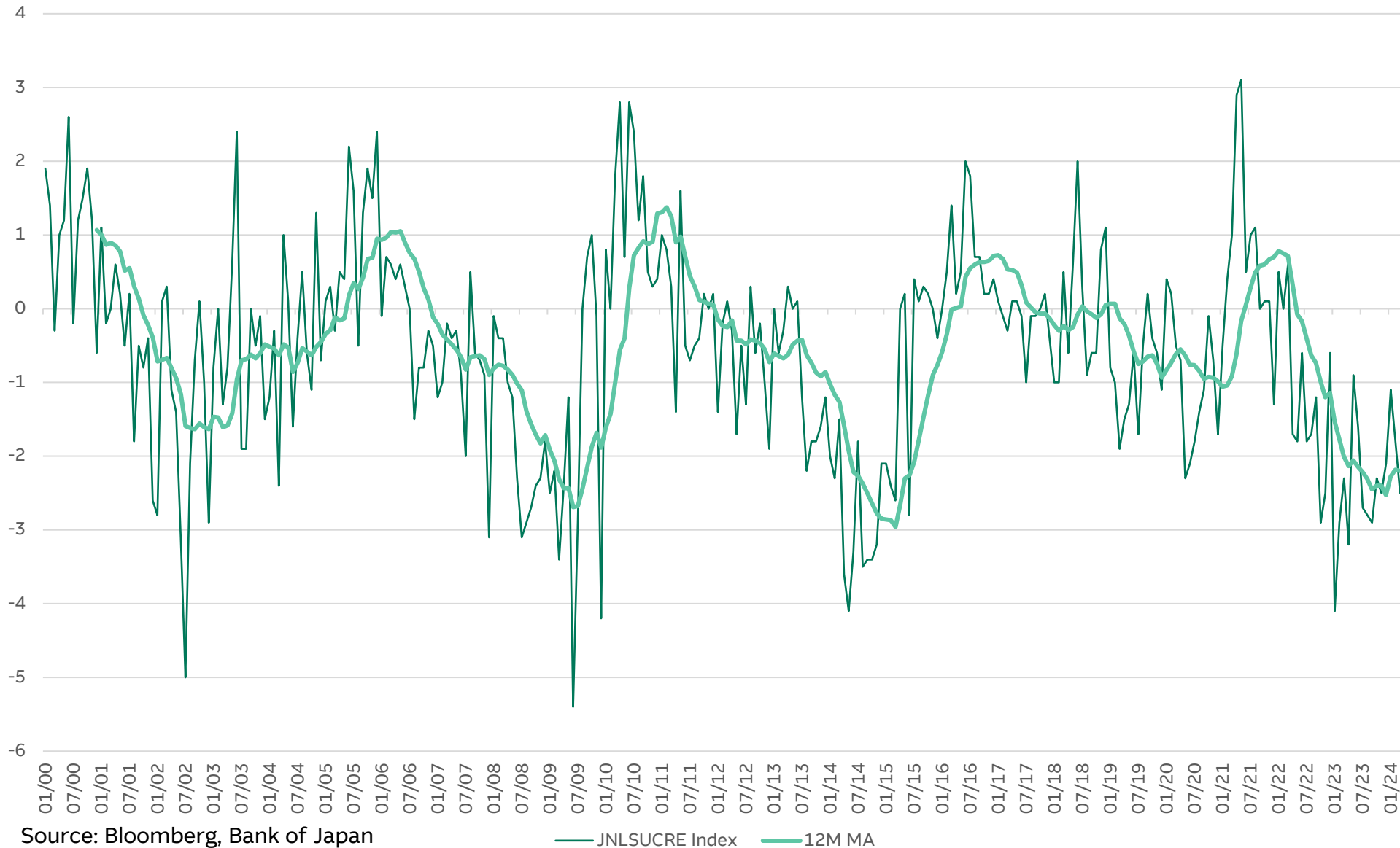
Retail sales have been picking up since July 2022



Source: Bloomberg, METI

The long game of wage growth

Real Wages



Source: Bloomberg, Bank of Japan

Foreigners have returned, but not like 2013-15



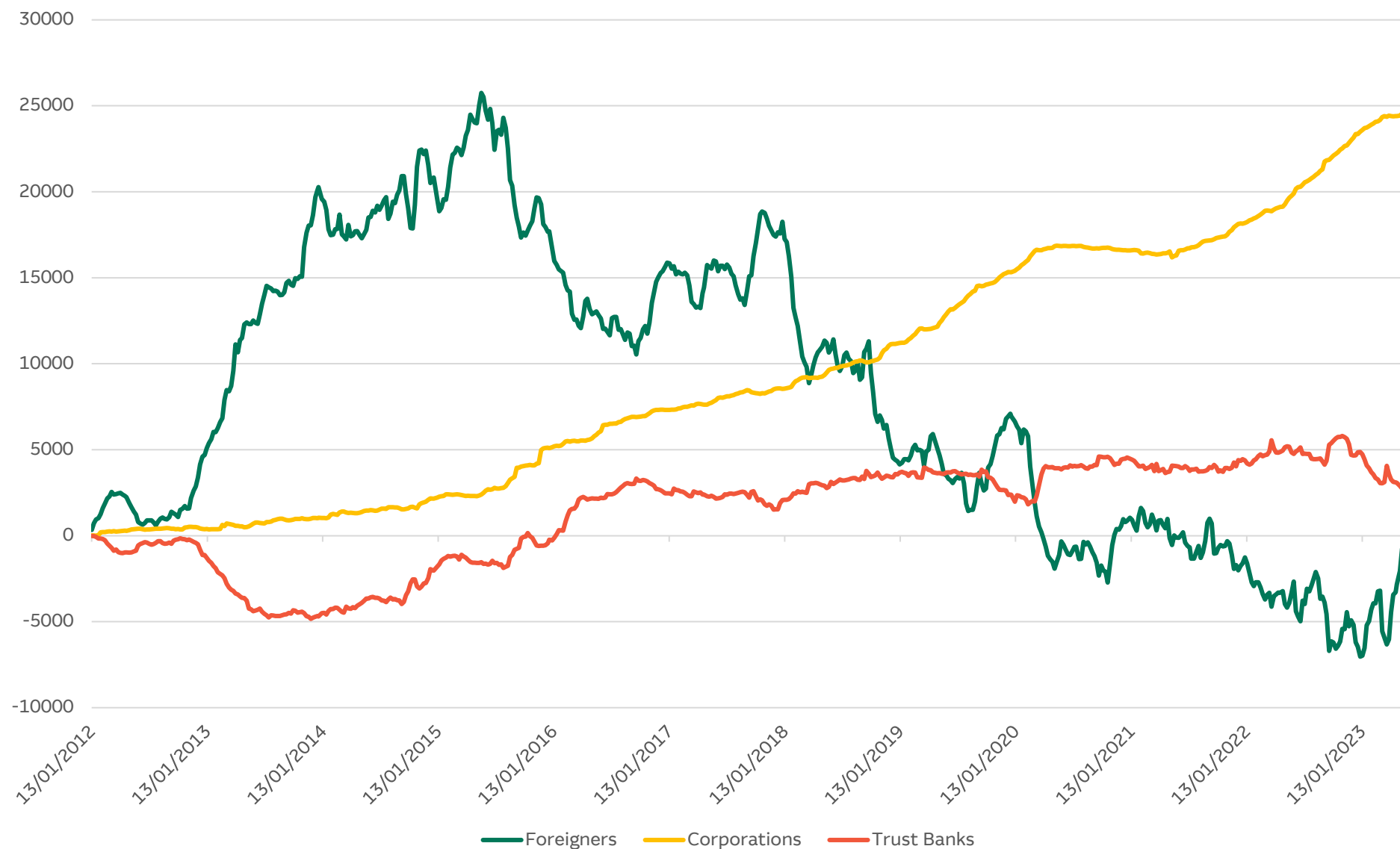
Net Purchases by Foreigners (JPY bn)



Source: BoJ

Buybacks supporting market

TSE Flows by Investor Type



Source: Tokyo Stock Exchange

NISA changes are meaningful



Until Dec 2023

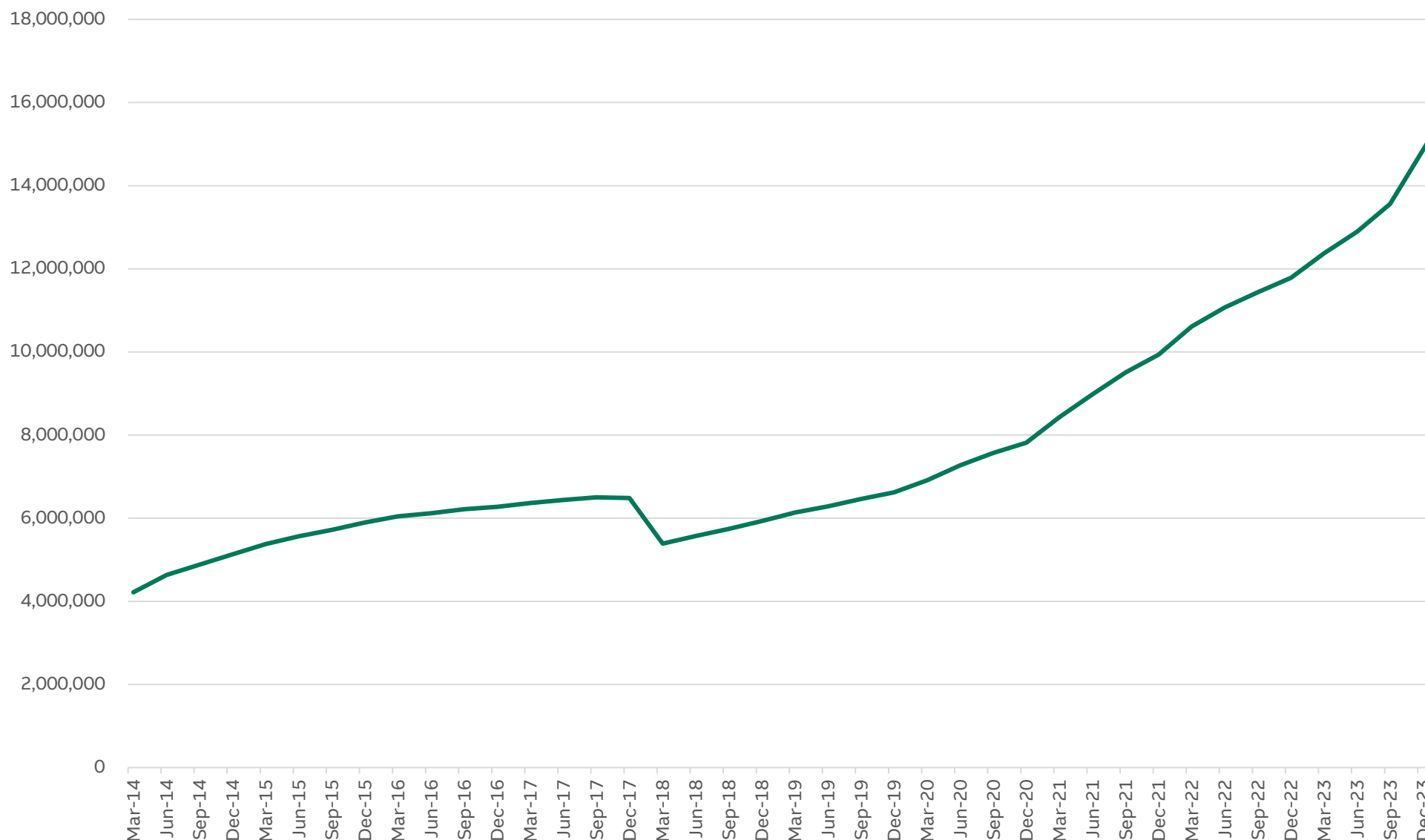
Type	General NISA	Tsumitate NISA
Products	Stocks, Investment Trusts, etc.	Eligible Investment Trusts
Combinations	No - need to choose either one	
Annual Limit	JPY 1,200,000	JPY 400,000
Period	5 years	20 years
Total Limit	JPY 6,000,000	JPY 8,000,000
Reuse of Quota	No	No

From Jan 2024

Type	Growth	Tsumitate
Products	Stocks, Investment Trusts, etc.	Eligible Investment Trusts
Combinations	Yes - able to have both	
Annual Limit	JPY 2,400,000	JPY 1,200,000
Period	Permanent	Permanent
Total Limit	JPY 18,000,000 (JPY 12,000,000 from Growth)	
Reuse of Quota	OK	OK

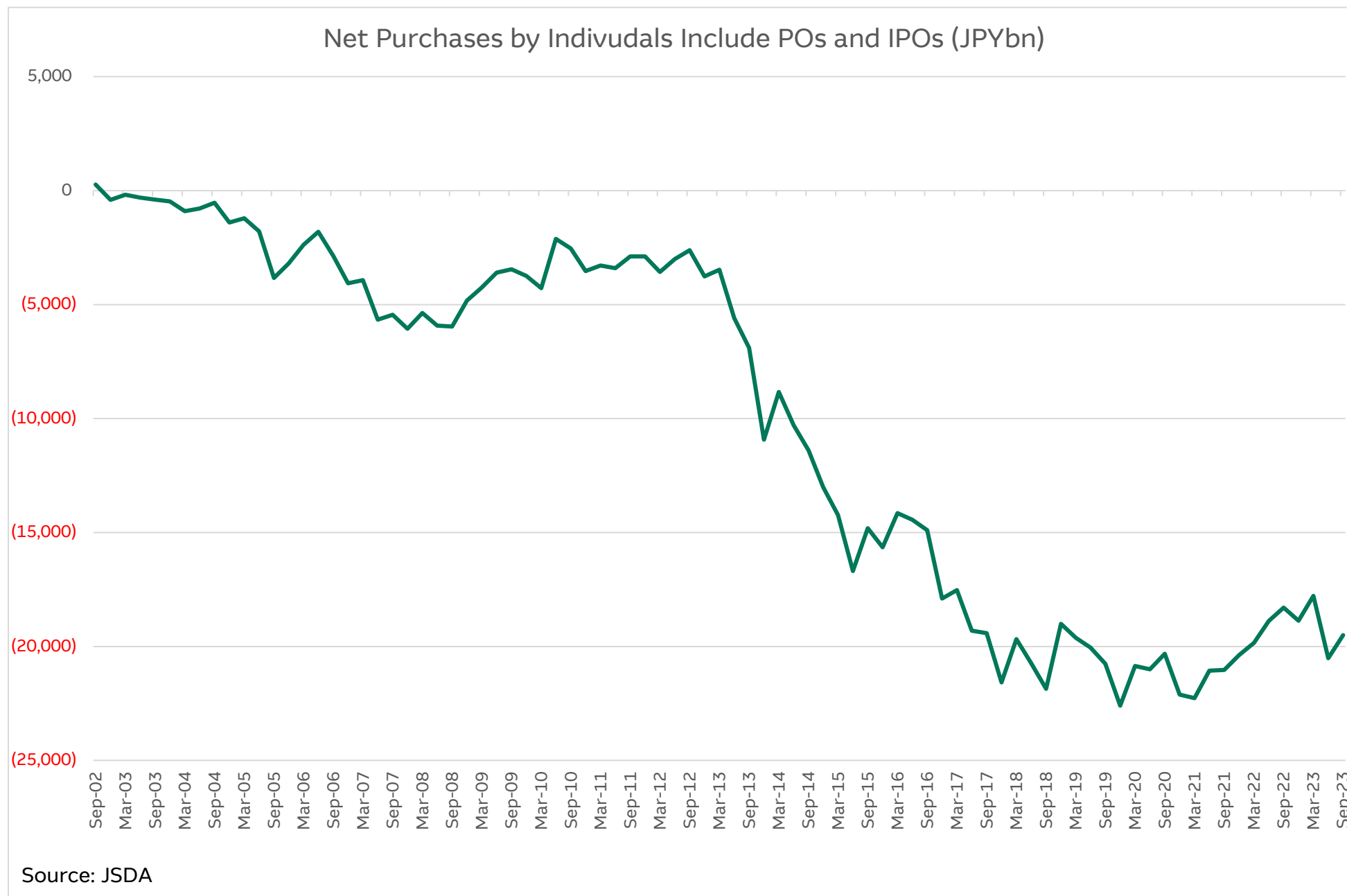
Will NISA be a game changer?

Total NISA Accounts

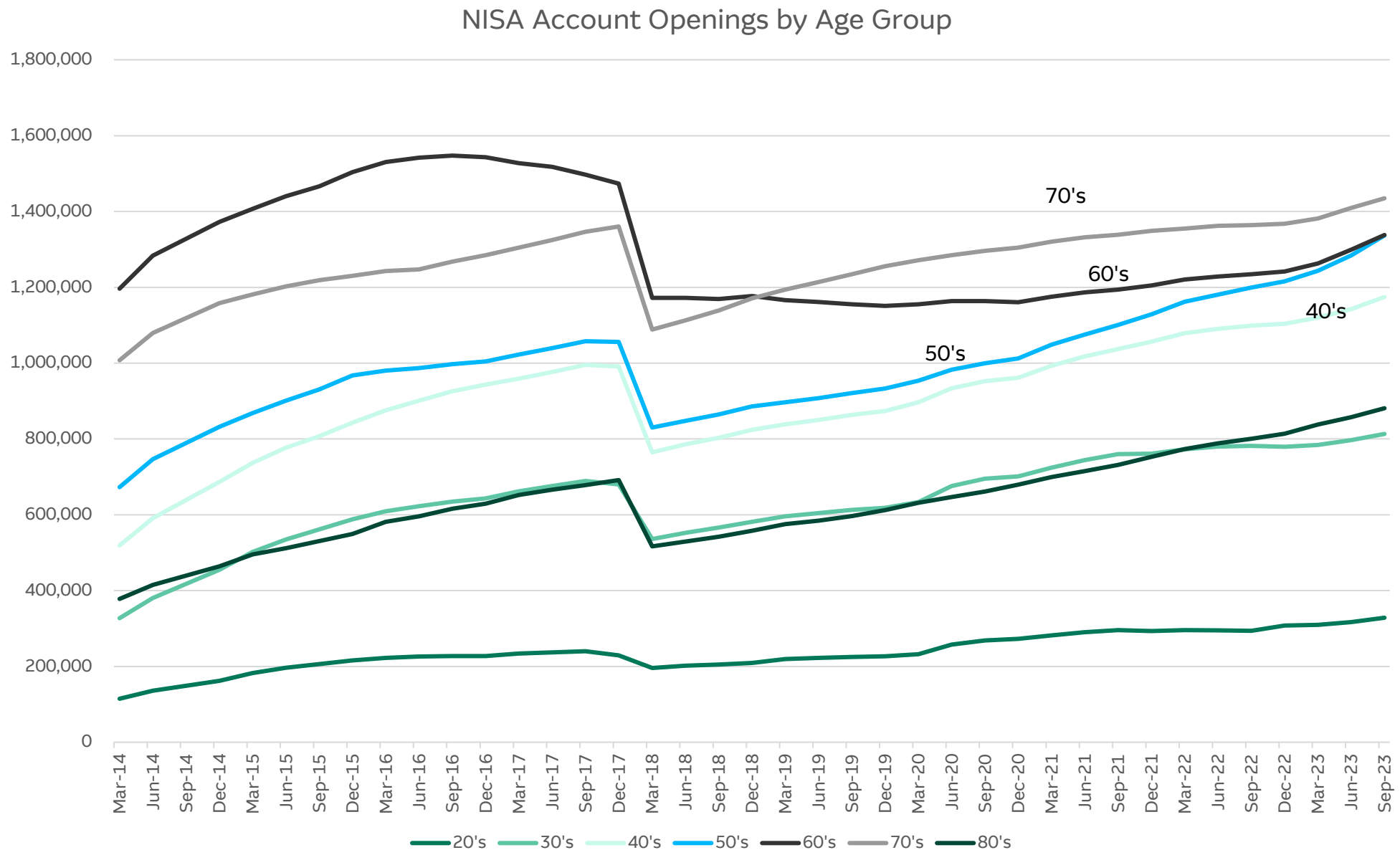


Source: JSDA (Jan 2024 from Nikkei)

Individuals have finally turned net buyers



Nisa accounts by age group

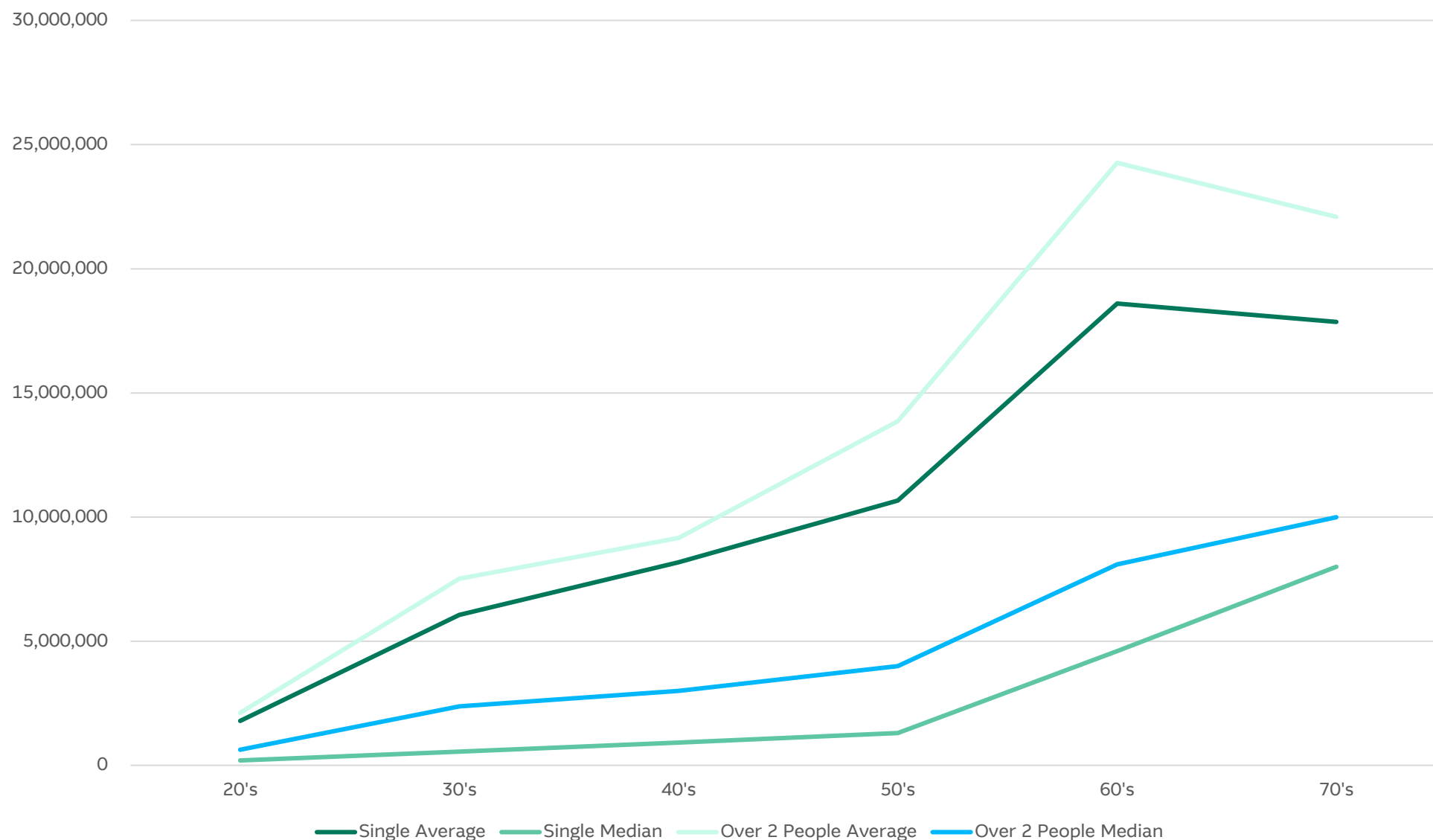


Source: JSDA

Biggest savings are held by people 50 and above



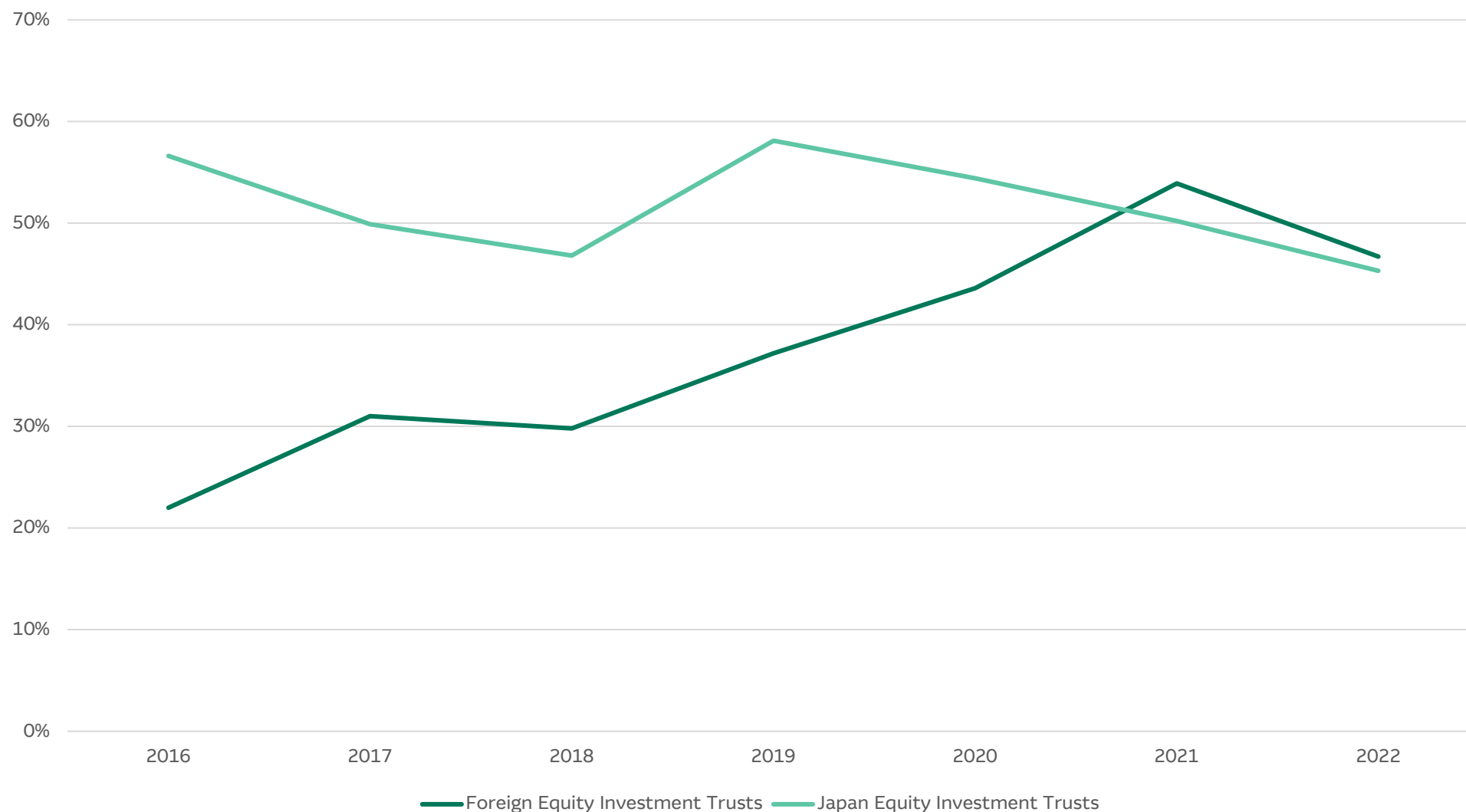
Household Savings by Age in JPY (2021)



Source: The Central Council for Financial Services Information

Will individuals only buy foreign equities?

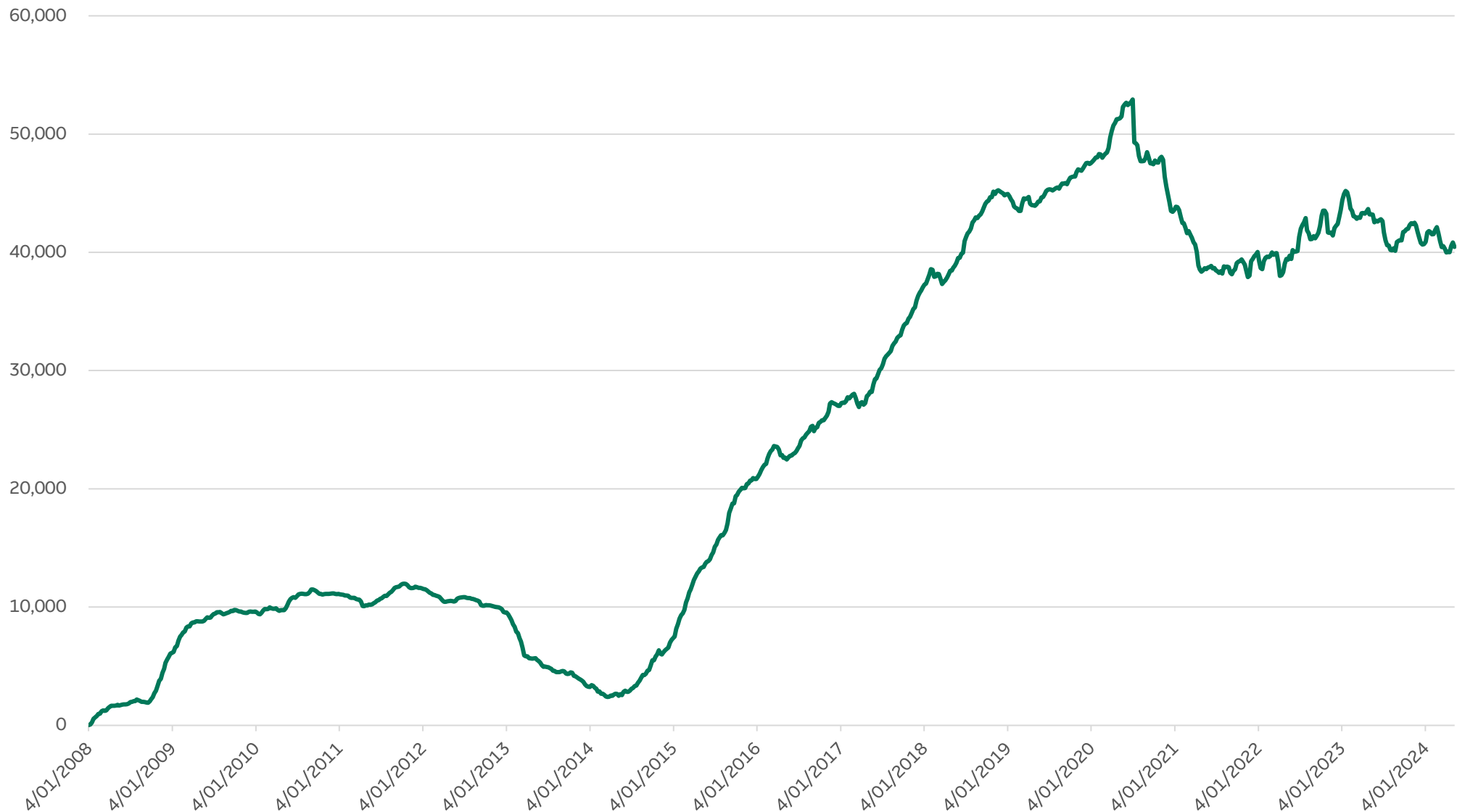
Japan Equity Investment Trusts Have Remained Relatively Stable



Source: Japan Investment Trust

Not a massive exodus overseas just yet

Net Purchases by Japanese of Foreign Equities (JPY bn)



Source: MoF

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Jan-Mar 2024 Stats by 10 Securities Companies (break down of investment flow)

By NISA Category



**JPY 4.7 trillion
in total**

By Asset Class



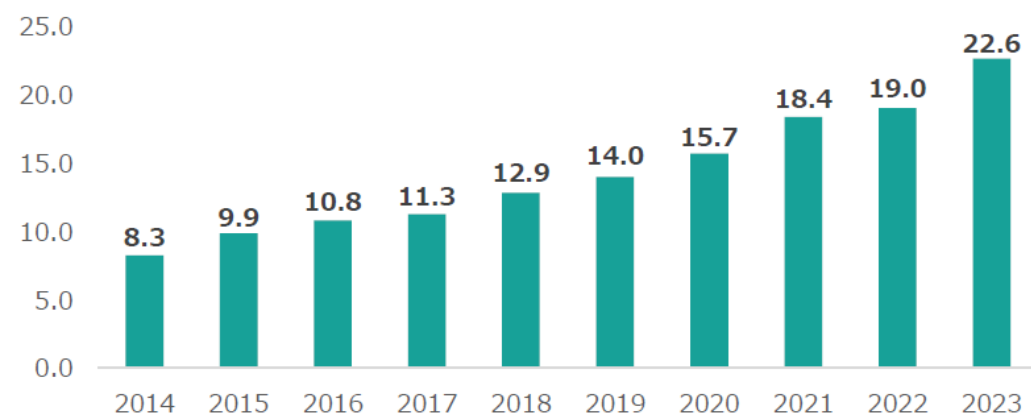
*Domestic Stocks include ETFs and J-REITs listed domestically

Source: Compiled by JPX based on Japan Securities Dealer Association Data

Previous NISA Statistics:

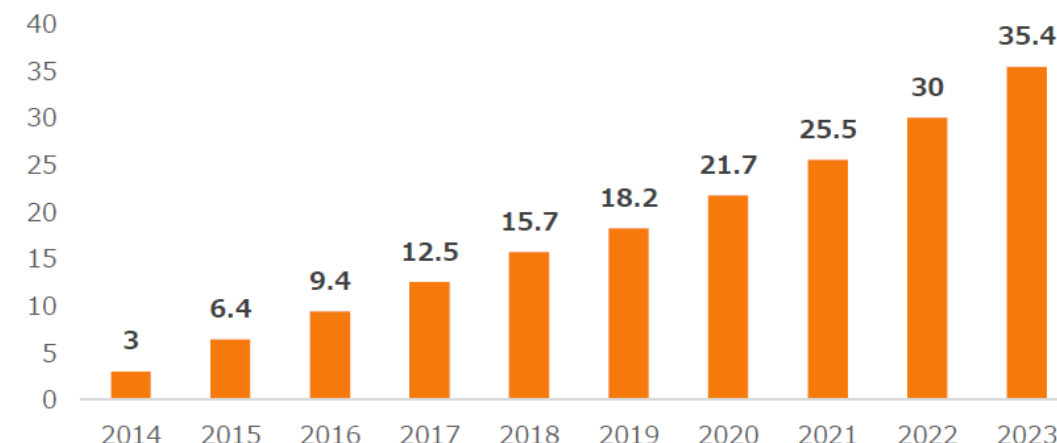
Number of NISA Accounts

(million)



Cumulative Investment Flow from NISA Accounts

(JPY trillion)



Source: Compiled by JPX based on Japan Securities Dealer Association Data

Japan

Research Analysts and Coverage

As of May 17, 2024

Damian Thong, Senior Analyst



Damian Thong, Head of Japan and Asia technology research, has spent more than two decades analyzing the long-run trajectory of semiconductor technology and its global economic and social impact. In parallel, Damian has extensively covered Japan's technology and industrial sectors, spanning robotics and nuclear power, to advanced materials and video games. Damian has translated this exceptionally broad experience to strong stock recommendation performance, with sustained multi-year leadership rankings on Bloomberg's BARR system. Damian individually maintains the widest coverage of any Japan-based technology analyst with around 25 stocks under coverage – including Sony, Panasonic, Mitsubishi Electric and Tokyo Electron – while providing thought leadership to the Japan equity research team, and analysts across the Macquarie platform. Prior to joining Macquarie, Damian was a member of the top-ranked European technology research team at Dresdner Kleinwort Wasserstein in London. Damian holds a First Class Honours degree in Government and Economics from the London School of Economics and Political Science, a Masters in Finance from INSEAD, and has been a CFA charterholder since 2004.

Hiroshi Taguchi, Analyst, Technology



Hiroshi Taguchi has over a decade's experience covering Technology and Critical Materials. Throughout his career, he has won recognition in several sub-sectors - electronic components, semiconductors, precision instruments, industrial electronics, and consumer electronics and critical materials. Hiroshi has a Master of Economics from The University of Tokyo, and BA of Economics from Waseda University.



Hiroshi is a Senior Analyst, joined in Macquarie at the end of 2019. He is Japanese Equity Analyst covering Telecom, Software and Internet. Before joining Macquarie, he was working as CFO of a Taiwanese cloud computing startup for about a year and a half. From 2013 to 2018, he was working for Nezu Capital, an equity long-short hedge fund as a Japanese equity senior analyst. Prior to Nezu, he had been an equity analyst at several investment banks since 1999, except for 2 years (2005-2007) as a CFO at a listed software company in Japan. Throughout the sell-side analyst, he was covering Telecom, Software, Internet industries. He started his career at J.P. Morgan Investment Management in 1995. He holds a BA of Economics, Keio University.

James Hong, Senior Analyst



James Hong, Asia auto & auto parts/Industrial, worked for the sell-side focusing on cyclical industries, ranging from commodity, machinery, engineering/construction, and auto/auto parts, from 2008. Before joining as a sell-side analyst, he worked for Bain & Company, where he conducted business analysis focusing on the TMT sector and presented to top-management teams of various leading companies like Samsung Electronics and LG Display. James ranked as a top stock picker from Thomson Reuter for the pan-Asia construction sector in 2016. He has been focusing on structural changes, such as electric vehicle and autonomous driving in auto, LNG value chain and emission regulation in industrial. Leveraging his academic background and career experience, James has built a comprehensive understanding around industry convergence between IT and auto. In addition, he is one of the very few analysts in the region who look at both on-shore and off-shore oil and gas value chain activities at the same time, which helps him to provide differentiated and comprehensive views on global industrial value chain. James holds a master's degree in both electrical engineering and management science (financial engineering) from KAIST. James can conduct teach-ins on the global off-shore/on-shore oil value chain and developments & supply chains for global EV.

Wendy Pan, Analyst



Wendy Pan is a research analyst with Macquarie's Japan research team covering Factory automation/Technology related names. She started at Macquarie in April 2019. Before joining Macquarie, Wendy worked as a credit analyst at Goldman Sachs. Wendy holds a Master of Engineering degree from the University of Tokyo and a Bachelor of Engineering degree from Kyoto University. She is native-level fluent in Japanese and Chinese (Mandarin).

Shinji Tanioka, Senior Analyst



Shinji is a Senior Analyst and has been working at Macquarie since January 2022. Before joining Macquarie, he spent three plus years as a Principal at Singapore-based asset manager with activist / engagement strategy. Prior to that, Shinji spent four years in TMT-focused boutique M&A advisory firm in Tokyo advising on successful deal conclusions for both domestic and global clients. He also has consulting / research experience at Ernst & Young and Boston Consulting Group. Shinji holds a Master's Degree in International Affairs from University of Pittsburgh.

Aven Guan, Senior Research Associate



Aven joined Macquarie in November 2021 as a Senior Research Associate. Aven has a Master's degree in Quantitative Finance from the University of Tokyo, and a Bachelor of Industrial Engineering. She passed ACCA in 2014 and CFA in 2019. Previously, she worked at Sumitomo Mitsui Trust Bank in quantitative research

Natsuko Douglas, Analyst



Natsuko Douglas joined Macquarie's Retail and Consumer team as a Research Analyst in March 2023. With an investment career spanning 17 years, she was a portfolio manager at Invesco Asset Management between September 2020 and February 2023. Prior to her position at Invesco, she was a vice president at Haitong International (Japan), covering the Japan chemical sector. Earlier in her career, she was a fund manager at Amundi Japan and an investment analyst at Burgundy Asset Management. Natsuko has an MBA from the Schulich School of Business at York University and a Bachelor of Science from Nara Women's University in Japan. She also holds the Chartered Financial Analyst designation.

Tony Ren, Senior Analyst



Tony Ren is the Head of North Asia Healthcare Research and leads the healthcare research effort for Greater China and Japan, in addition to coordinating the healthcare research effort across the region, ex-Australia. Tony joined Macquarie in July 2022 following similar roles at JPMorgan, CLSA/CITIC and Maybank (Kim Eng) Securities since 2016. Prior to joining the sell-side and after his MBA, Tony spent a decade in management consulting serving healthcare and biopharmaceutical clients in the US, Canada and China. Tony has gained a following for his astute insight into the fundamentals of his coverage firms, including the nuances of the changing clinical protocols and how the medical products fit into the landscape and analysis of complex financial data. His series of medical lecture primers covering key hematological and oncological indications set the standard for thematic research for biopharma therapeutics in Asia. Tony regularly attends global medical conferences to stay abreast of the rapidly changing therapeutic paradigms. Tony received his MBA degree from INSEAD (France and Singapore) and his BA degree in economics from Clark University in the US. He is a CFA charter holder and a member of the American Society of Clinical Oncology (ASCO). A native of China and a Canadian citizen, Tony has worked and lived in seven countries.

Paul Golding, Senior Analyst



Paul Golding is Macquarie's US Lifestyle and Payments Analyst, covering subsectors ranging from Cruise Lines to Theme Parks, Ski Resorts, Live Events, Fitness, and Payment Networks and Processors. Prior to taking over Macquarie's traditional Leisure coverage and growing sector coverage from there, Paul was a Senior Associate in Media & Entertainment, known for his lead coverage of Roku and OTT distribution. Paul came to Macquarie from Corporate Finance at Disney after attending the University of Southern California, where he studied Business Administration with an emphasis in Finance and Business Economics.

Sunny Chow, Senior Analyst



Sunny Chow joined Macquarie in 2014 and currently covers Asia cosmetics, Greater China restaurants, the dairy supply chain, as well as Taiwan convenience stores. Prior to covering the consumer sector, Sunny covered Taiwan technology at regional and local brokerages. She holds an MSc from HKU and a bachelor's degree from UCLA.

Coverage: Technology 1



Ticker	Company Name	GICS - Industry	Analyst Name	Analyst Location	Cap (\$M)	Rating
3436 JP	SUMCO	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	5,580	Outperform
4063 JP	Shin-Etsu Chemical	Materials	Damian Thong	Japan	75,258	Outperform
4902 JP	Konica Minolta	Technology Hardware & Equipment	Damian Thong	Japan	1,511	Neutral
6146 JP	Disco	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	39,110	Outperform
6501 JP	Hitachi	Capital Goods	Damian Thong	Japan	86,223	Outperform
6503 JP	Mitsubishi Electric	Capital Goods	Damian Thong	Japan	38,975	Outperform
6525 JP	Kokusai Electric	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	5,773	Outperform
6619 JP	W-Scope	Capital Goods	Damian Thong	Japan	171	Outperform
6728 JP	Ulvac	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	3,470	Outperform
6752 JP	Panasonic	Consumer Durables & Apparel	Damian Thong	Japan	20,928	Outperform
6754 JP	Anritsu	Technology Hardware & Equipment	Damian Thong	Japan	1,044	Outperform
6758 JP	Sony	Consumer Durables & Apparel	Damian Thong	Japan	105,304	Outperform
6857 JP	Advantest	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	27,325	Neutral
6875 JP	MegaChips	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	585	Outperform
6920 JP	Lasertec	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	26,205	Neutral
6925 JP	Ushio	Capital Goods	Damian Thong	Japan	1,381	Neutral
6951 JP	JEOL	Health Care Equipment & Services	Damian Thong	Japan	2,172	Outperform
7731 JP	Nikon	Consumer Durables & Apparel	Damian Thong	Japan	3,773	Outperform
7735 JP	SCREEN Holdings	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	10,236	Outperform
7741 JP	HOYA	Health Care Equipment & Services	Damian Thong	Japan	42,816	Outperform
7751 JP	Canon	Technology Hardware & Equipment	Damian Thong	Japan	27,542	Outperform
7752 JP	Ricoh	Technology Hardware & Equipment	Damian Thong	Japan	4,988	Neutral
8035 JP	Tokyo Electron	Semiconductors & Semiconductor Equipment	Damian Thong	Japan	109,581	Outperform

Coverage: Technology 2

5310 JP	Toyo Tanso	Capital Goods	Aven Guan	Japan	972 Outperform
6890 JP	Ferrotec	Semiconductors & Semiconductor Equipment	Aven Guan	Japan	841 Outperform
7701 JP	Shimadzu	Technology Hardware & Equipment	Aven Guan	Japan	8,309 Outperform
4062 JP	Ibiden	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	4,703 Outperform
6479 JP	Minebea Mitsumi	Capital Goods	Hiroshi Taguchi	Japan	8,969 Underperform
6504 JP	Fuji Electric	Capital Goods	Hiroshi Taguchi	Japan	9,452 Outperform
6592 JP	Mabuchi Motor	Capital Goods	Hiroshi Taguchi	Japan	2,068 Outperform
6594 JP	Nidec	Capital Goods	Hiroshi Taguchi	Japan	28,127 Outperform
6723 JP	Renesas Electronics	Semiconductors & Semiconductor Equipment	Hiroshi Taguchi	Japan	32,835 Outperform
6762 JP	TDK	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	18,176 Outperform
6770 JP	Alps Alpine	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	2,052 Underperform
6806 JP	Hirose Electric	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	4,158 Outperform
6807 JP	JAE	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	1,094 Neutral
6963 JP	Rohm	Semiconductors & Semiconductor Equipment	Hiroshi Taguchi	Japan	5,428 Outperform
6967 JP	Shinko Electric	Semiconductors & Semiconductor Equipment	Hiroshi Taguchi	Japan	4,881 Neutral
6971 JP	Kyocera	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	18,165 Neutral
6976 JP	Taiyo Yuden	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	2,658 Outperform
6981 JP	Murata Manufacturing	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	37,330 Outperform
7915 JP	Nissha	Technology Hardware & Equipment	Hiroshi Taguchi	Japan	598 Outperform

Coverage: Technology 3

2492 JP	Infomart Corp.	Commercial & Professional Services	Hiroshi Yamashina Japan	503 Outperform
3635 JP	Koei Tecmo	Media & Entertainment	Hiroshi Yamashina Japan	3,055 Neutral
3659 JP	Nexon	Media & Entertainment	Hiroshi Yamashina Japan	14,415 Outperform
3774 JP	Internet Initiative Japan	Telecommunication Services	Hiroshi Yamashina Japan	2,897 Outperform
3923 JP	Rakus Co	Software & Services	Hiroshi Yamashina Japan	2,112 Outperform
3994 JP	Money Forward	Software & Services	Hiroshi Yamashina Japan	2,026 Outperform
4180 JP	Appier Group	Software & Services	Hiroshi Yamashina Japan	881 Outperform
4307 JP	Nomura Research Institute	Software & Services	Hiroshi Yamashina Japan	16,074 Neutral
4443 JP	Sansan	Software & Services	Hiroshi Yamashina Japan	1,265 Outperform
4478 JP	freee K.K.	Software & Services	Hiroshi Yamashina Japan	1,079 Neutral
4684 JP	OBIC Co.	Software & Services	Hiroshi Yamashina Japan	13,485 Neutral
4733 JP	OBIC Business Consultants	Software & Services	Hiroshi Yamashina Japan	3,272 Outperform
4751 JP	CyberAgent	Media & Entertainment	Hiroshi Yamashina Japan	3,359 Outperform
4768 JP	Otsuka Corp.	Software & Services	Hiroshi Yamashina Japan	7,114 Outperform
6027 JP	Bengo4.com	Media & Entertainment	Hiroshi Yamashina Japan	415 Outperform
6098 JP	Recruit Holdings	Commercial & Professional Services	Hiroshi Yamashina Japan	81,754 Outperform
6460 JP	Sega Sammy	Consumer Durables & Apparel	Hiroshi Yamashina Japan	3,534 Outperform
6701 JP	NEC Corp	Software & Services	Hiroshi Yamashina Japan	19,261 Outperform
6702 JP	Fujitsu	Software & Services	Hiroshi Yamashina Japan	31,474 Neutral
7832 JP	Bandai Namco	Consumer Durables & Apparel	Hiroshi Yamashina Japan	13,420 Neutral
7974 JP	Nintendo	Media & Entertainment	Hiroshi Yamashina Japan	71,092 Neutral
9468 JP	Kadokawa Corp.	Media & Entertainment	Hiroshi Yamashina Japan	3,017 Outperform
9613 JP	NTT DATA Group Corp.	Software & Services	Hiroshi Yamashina Japan	20,618 Neutral
9684 JP	Square Enix	Media & Entertainment	Hiroshi Yamashina Japan	3,818 Outperform
9697 JP	Capcom	Media & Entertainment	Hiroshi Yamashina Japan	9,401 Outperform
9766 JP	Konami	Media & Entertainment	Hiroshi Yamashina Japan	10,583 Outperform

Coverage: Autos and Industrial



6201 JP	Toyota Industries	Capital Goods	James Hong	Korea	31,109 Neutral
6902 JP	Denso	Automobiles & Components	James Hong	Korea	53,416 Outperform
7201 JP	Nissan Motor	Automobiles & Components	James Hong	Korea	13,896 Underperform
7203 JP	Toyota Motor	Automobiles & Components	James Hong	Korea	337,893 Neutral
7267 JP	Honda Motor	Automobiles & Components	James Hong	Korea	19,991 Outperform
7269 JP	Suzuki Motor	Automobiles & Components	James Hong	Korea	5,305 Outperform
7270 JP	Subaru	Automobiles & Components	James Hong	Korea	15,628 Outperform
7276 JP	Koito Manufacturing	Automobiles & Components	James Hong	Korea	4,448 Neutral
6134 JP	FUJI Corporation	Capital Goods	Wendy Pan	Japan	1,688 Outperform
6273 JP	SMC	Capital Goods	Wendy Pan	Japan	35,504 Outperform
6323 JP	Rorze Corp.	Semiconductors & Semiconductor Equipment	Wendy Pan	Japan	3,776 Outperform
6324 JP	Harmonic Drive Systems	Capital Goods	Wendy Pan	Japan	2,589 Outperform
6367 JP	Daikin Industries	Capital Goods	Wendy Pan	Japan	47,374 Outperform
6506 JP	Yaskawa Electric	Capital Goods	Wendy Pan	Japan	10,830 Neutral
6586 JP	Makita	Capital Goods	Wendy Pan	Japan	8,695 Outperform
6645 JP	OMRON Corporation	Technology Hardware & Equipment	Wendy Pan	Japan	7,161 Neutral
6861 JP	Keyence	Technology Hardware & Equipment	Wendy Pan	Japan	114,112 Outperform
6954 JP	Fanuc	Capital Goods	Wendy Pan	Japan	29,686 Outperform
7309 JP	Shimano	Consumer Durables & Apparel	Wendy Pan	Japan	15,289 Outperform

Coverage: Consumer and Healthcare



3092 JP	ZOZO	Consumer Discretionary Distribution & Retail	Ellie Jiang	Hong Kong	6,972 Neutral
4385 JP	Mercari	Consumer Discretionary Distribution & Retail	Ellie Jiang	Hong Kong	1,982 Neutral
3349 JP	Cosmos Pharmaceutical	Consumer Staples Distribution & Retail	Natsuko Douglas	Japan	3,634 Underperform
3382 JP	Seven & i	Consumer Staples Distribution & Retail	Natsuko Douglas	Japan	34,320 Outperform
3391 JP	Tsuruha	Consumer Staples Distribution & Retail	Natsuko Douglas	Japan	3,068 Neutral
7532 JP	Pan Pacific International	Consumer Discretionary Distribution & Retail	Natsuko Douglas	Japan	15,675 Outperform
9983 JP	Fast Retailing	Consumer Discretionary Distribution & Retail	Natsuko Douglas	Japan	84,016 Neutral
9984 JP	SoftBank Group	Telecommunication Services	Paul Golding	United States	80,915 Outperform
2127 JP	Nihon M&A Center	Financial Services	Shinji Tanioka	Japan	1,675 Neutral
6080 JP	M&A Capital Partners	Financial Services	Shinji Tanioka	Japan	426 Underperform
6196 JP	Strike	Financial Services	Shinji Tanioka	Japan	531 Outperform
7366 JP	LITALICO	Consumer Services	Shinji Tanioka	Japan	439 Outperform
7732 JP	Topcon	Technology Hardware & Equipment	Shinji Tanioka	Japan	1,193 Neutral
7733 JP	Olympus	Health Care Equipment & Services	Shinji Tanioka	Japan	19,270 Outperform
9552 JP	M&A Research Institute	Financial Services	Shinji Tanioka	Japan	1,684 Outperform
4911 JP	Shiseido	Household & Personal Products	Sunny Chow	Hong Kong	12,660 Outperform
4922 JP	KOSÉ	Household & Personal Products	Sunny Chow	Hong Kong	3,879 Neutral
4502 JP	Takeda Pharmaceutical	Pharmaceuticals, Biotechnology & Life Sciences	Tony Ren	Hong Kong	42,074 Outperform
4503 JP	Astellas Pharma	Pharmaceuticals, Biotechnology & Life Sciences	Tony Ren	Hong Kong	17,324 Outperform
4568 JP	Daiichi Sankyo	Pharmaceuticals, Biotechnology & Life Sciences	Tony Ren	Hong Kong	69,330 Outperform

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