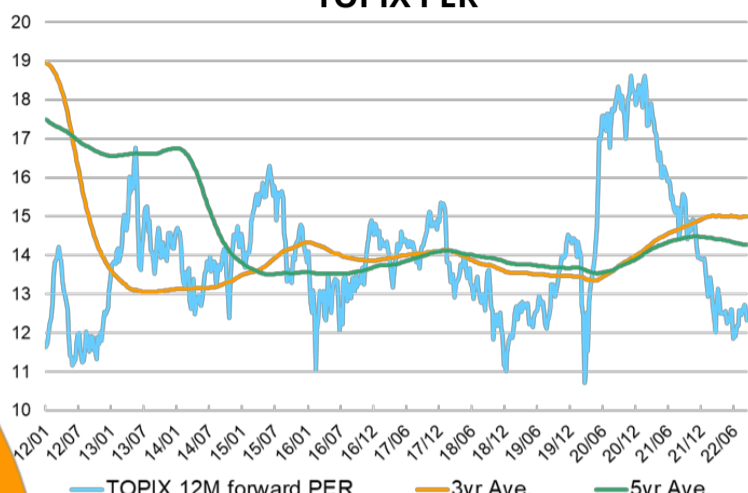


# 4 THINGS YOU MUST KNOW BEFORE INVESTING IN JAPAN



## ○ JAPAN MARKET IS GETTING CHEAPER

TOPIX PER



Source: Factset

- US rate hikes push price/earnings down to around 12x for duration of tightening cycle.
- Bottoming out towards the long-term average of 14x as cycle begins to wind down.

## 2. WEAK YEN AND IMPACT ON EQUITY MARKET

- TOPIX and JPY less correlated than previously, but weak JPY helps corporate profits.

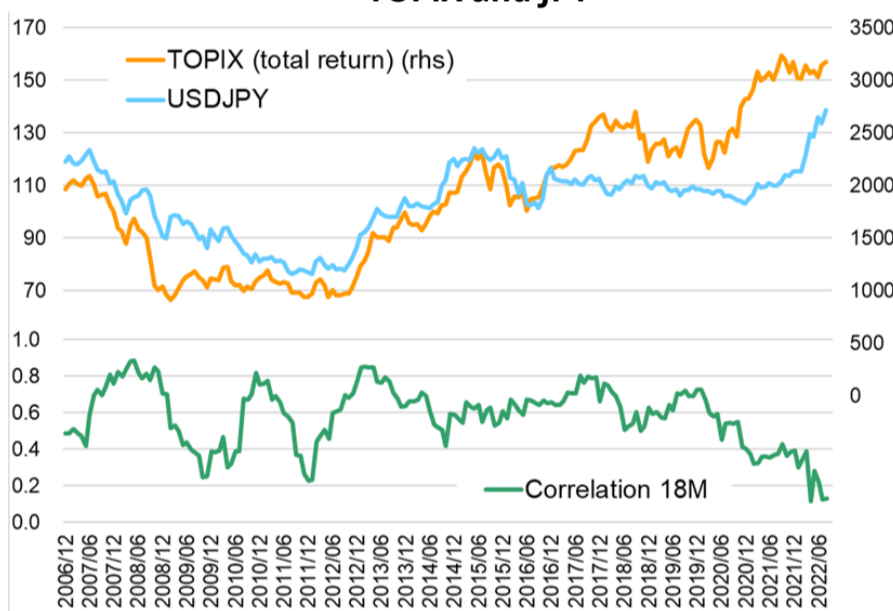
- Current USD/JPY assumptions around 120 suggest potential upside revisions on the EPS forecasts.

TOPIX FY2023 EPS top-down forecast

USD/JPY	North Sea Brent Crude (\$/bbl)		
	vs 100 JPY120/\$ case		
	100	120	120
140	135.8	+3.1%	129.8
135	134.8	+2.4%	128.8
130	133.8	+1.6%	127.8
125	132.7	+0.8%	126.9
120	131.7	0.0%	125.9

Source: Nomura Securities

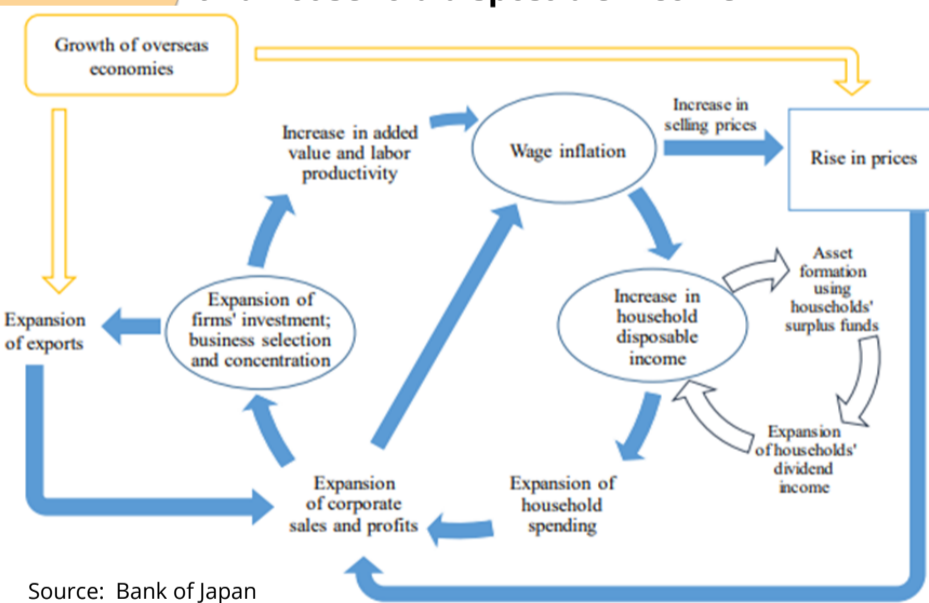
TOPIX and JPY



Source: Factset

## 3. WAGES IN JAPAN

### Virtuous cycle of corporate activity and household disposable income



Source: Bank of Japan

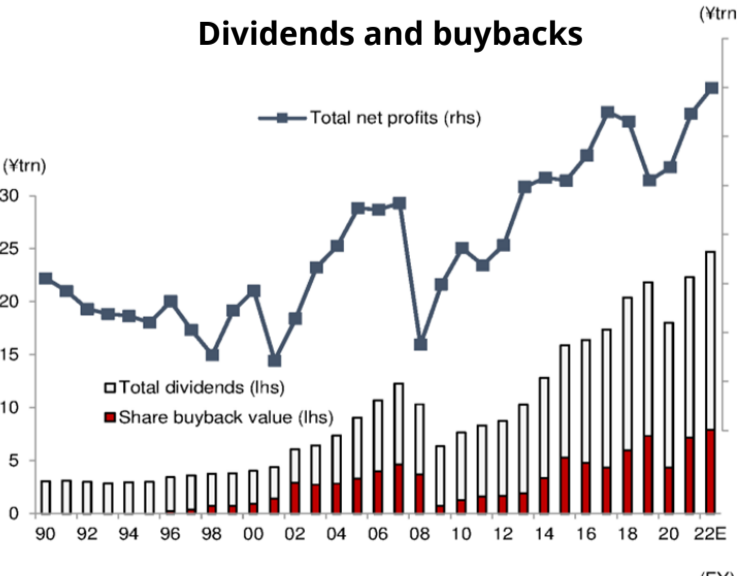
- While Japan's wages have flatlined, those in other OECD countries have risen over the years.

- The Japanese Trade Union Confederation (Rengo), Japan's top labour group, is seeking the biggest pay raise for union members in nearly three decades next spring.

- BOJ aiming for virtuous wage-price cycle to escape decades of deflation.

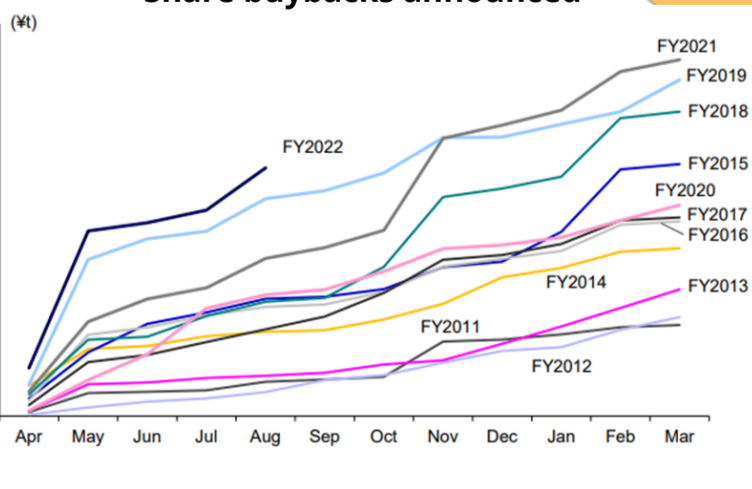
## 4. IMPROVING CORPORATE GOVERNANCE AND SHAREHOLDER RETURNS

Dividends and buybacks



Source: Nomura Securities, Mizuho Securities

Share buybacks announced



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