



Today's Theme



Japan

Shareholder Return of Japanese Companies



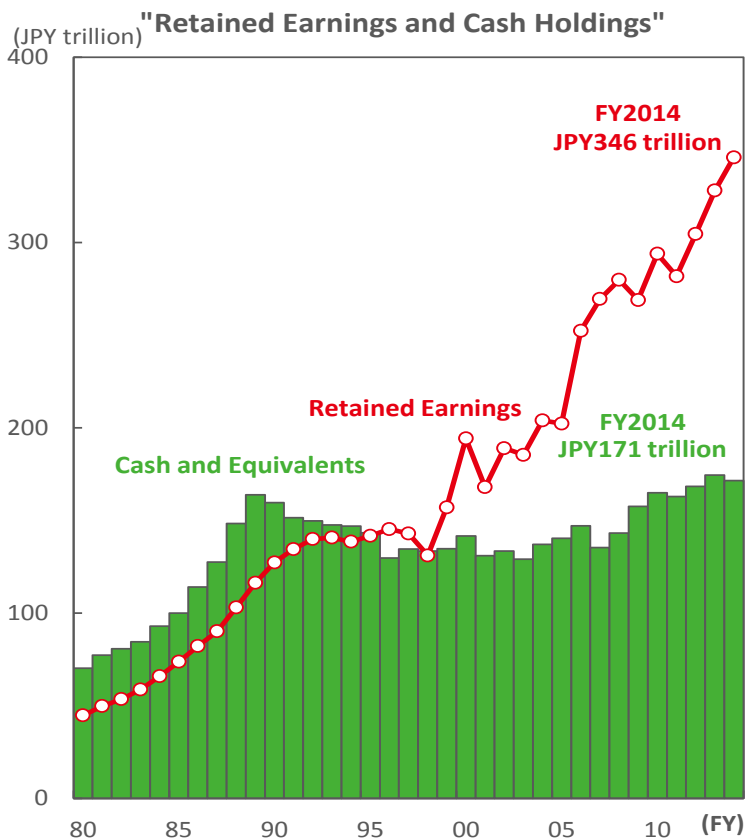
Will shareholder return of Japanese companies increase?



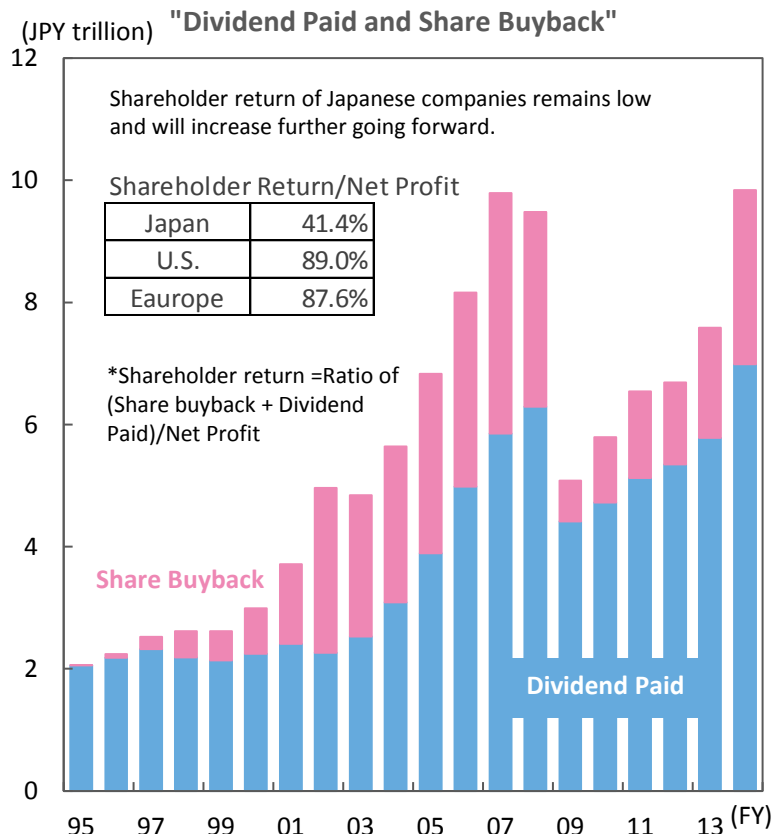
Japanese companies have not distributed sufficient return to shareholders, whereas US and European companies have done it more aggressively. Therefore, tons of cash are currently piled up in their retained earnings. The room to expand shareholder returns in increasing dividends and share buybacks going forward should be large.

■ Improving corporate values through “dialogue” with investee companies and maximizing shareholders’ interest are more focused as key issues. Thus, companies are more likely to spend money in investment or enhance shareholder return rather than retain earnings in the company, considering improving return on equity (ROE).

■ Shareholder return of Japanese companies is much lower than that of US and European companies, and will increase further going forward. The retained earnings or cash holdings hit the record high and there seems to be large room to expand return to shareholders.



(Note) Data period is from FY1980 end to FY2014 end. FY2014 is flash data.
(Source) SMAM, based on MOF Corporate Statistics data.



(Note) Data period is from FY1995 to FY2014.
Shareholders return data are based on TOPIX (Japan), S&P500 (US) and Stoxx Europe600 (Europe).
(Source) SMAM, based on FactSet data.



Disclaimer

Please read this disclaimer carefully.

- This material is for non-Japanese institutional investors only.
- The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter “SMAM”), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan.
- The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks.
- Past performance is not necessarily indicative of future results.
- The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc.
- The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client.
- The recipient of this report must make its own independent decisions regarding investments.
- The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM's judgment as of the date of this material and are subject to change without notice.
- The awards included in this report are based on past achievements and do not guarantee future results.
- The intellectual property and all rights of the benchmarks/indices belong to the publisher and the authorized entities/individuals.
- This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy.
- All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM's authorization, or from disclosing this material to a third party.

Registered Number: Kanto Local Finance Bureau (KINSHO) No.399

Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and Type II Financial Instruments Firms Association

© Sumitomo Mitsui Asset Management Company, Limited