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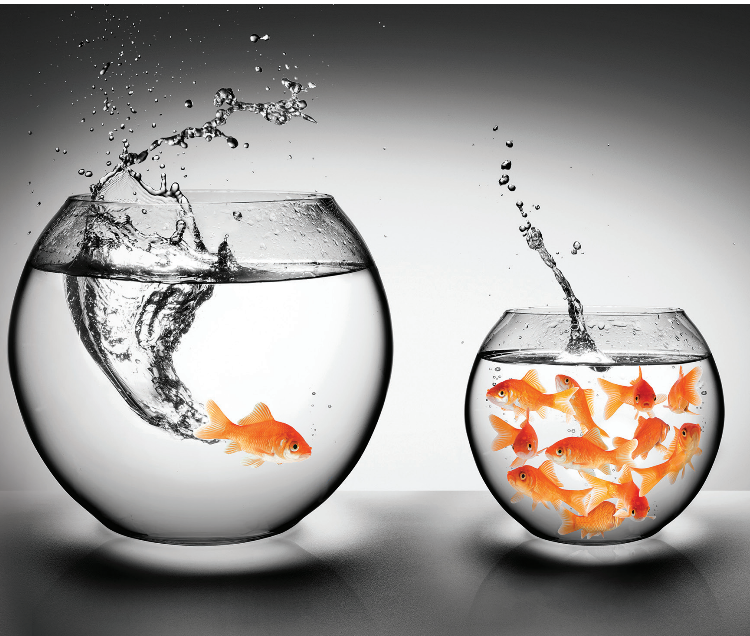
IT CAN PAY TO BE OUT OF FASHION

EXPLOITING VALUATION ANOMALIES



VALUATION ANCHOR IS THE KEY TO EXPLOITING THEMATIC MARKET PREFERENCES

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We believe it is the market's shorter term thematic preferences that can drive share prices to extremes. Yet it is these price episodes that reveal the best opportunities for our patient valuation driven approach to exploit. Whilst market themes are temporary in nature, it is the realization of value that is sustainable. Amid complex and uncertain environments, we are all prone to making judgment errors. Overconfidence can influence expert judgment, especially when it comes to predicting stock market fluctuations, and this makes it is very hard to consistently time the market by identifying themes. However valuation extremes are observable and exploiting these episodes is repeatable, when combined with a well defined decision making process.

NO INFORMATION ADVANTAGE - ERRORS IN JUDGMENT CAN ARISE FROM OUR STRONG PREFERENCES

We live in a world full of real time information that constantly bombards us. On the surface, having more information might appear useful in helping us to make good decisions. However, we don't always have the capacity to incorporate all information. On top of this, we are all subject to forming strong preferences around which information to pay attention to and which information to ignore. The market behaviour behind these choices is what we are most interested in understanding and what we look to exploit.

Our approach is to consistently apply a disciplined valuation approach to anchor our own judgment in exploiting opportunities driven by investor behaviour in the market. In short, we believe:

- Errors in investor judgment, which commonly arise from both thematic and risk preferences, can lead to significant price swings in the market.

- A disciplined valuation anchor enables us to mitigate potential errors in our own judgment and to avoid market following behaviour.

- Applying a disciplined valuation anchor enables our approach to fully exploit the market's temporary thematic and risk preferences by focusing our analytical resources on only the most mispriced opportunities that offer the greatest potential return.

- As a result, the approach is not bound to the persistence of any particular theme or market behaviour.

- A discipline around price and valuation ensures the approach avoids fully priced assets that result from thematic changes in market behaviour.

SKILL OR LUCK?

Having an awareness of the cognitive influences on our judgment is not enough to promote good decision making. What we choose to do and choose not to do in making a decision can be the difference between demonstrating skill – which is repeatable – or being subject to luck – which is random and temporary.

In making skillful investment decisions, we need to identify a way to put the weight of probability in our favour. We need to mitigate the potential for errors in our judgment which are subject to luck. We can achieve this by adopting a carefully conceived decision process that anchors our judgment.

As a starting point we have specifically chosen to form small teams of very experienced generalist peers who are mutually accountable for collectively delivering high conviction investment ideas.

Collaborative decisions from peers can help to mitigate individual preferences and biases that influence judgment errors. We choose to avoid large teams that naturally form hierarchies, which are subject "group think" and can be detrimental to challenge and debate. We prefer a "generalist peer" environment that humbly acknowledges the limitations to our knowledge. "Specialist experts" are more likely to suffer from overconfidence and overoptimism[1]. Our environment fosters challenge and debate between team members and aims to mitigate such behaviours.

VALUATION ANCHOR BRINGS DURABILITY THAT STANDS THE TEST OF TIME

An anchor is something to base a decision around. In our approach, we choose to anchor our decisions around valuation and this helps to reduce the influence of our personal preferences and biases.

Our investment policy clearly dictates what we do and what we don't do when making decisions. By anchoring our decisions around valuation we mitigate cognitive influences that become impediments to good judgment. We reduce the impact of luck by putting the weight of probability in our favour.

Importantly, our decision process is repeatable and durable across time and market environments.

TO OUTPERFORM THE MARKET YOU NEED TO BE DIFFERENT TO THE MARKET

Opportunities exist where changes to the market's risk perceptions and expectations have caused a meaningful dislocation between the price and value of an asset. We call times like these behavioural price episodes.

Our decision making process anchors our focus around identifying and exploiting significant behavioural price episodes – this is our investment edge.

VALUATION SEPARATES OUR DECISIONS FROM EMOTIONS THAT DRIVE HERDING BEHAVIOUR

A valuation anchor separates our decisions from the emotions that give rise to biases that form pricing beliefs and drive herding behaviour. Valuation tools are an objective medium by which to consistently and transparently test our judgment.

- An objective reference – a valuation anchor focuses our analytical resources on the most mispriced opportunities. These opportunities tend to be out of favour with the market. Without a valuation anchor, opportunities may be ignored as a result of potentially biased perceptions that can arise from availability bias, conservatism bias and representativeness bias. The valuation anchor therefore helps to remove personal preferences.

- Frames our discussion – a valuation anchor ensures the information we choose to use and test is presented – or framed - in a consistent way. This approach helps us focus on what matters most in understanding sustainable trend earnings.

- A test against weight of evidence – a valuation anchor enables our approach to objectively test the facts and form a judgment though the weight of evidence that is identified. The disciplined application of this approach also helps us to avoid the market's thematic narratives that many pundits use to justify their investment decisions.

- Mitigates illusion of knowledge and control[2,3] – we acknowledge it is extremely hard to be more "informed" than the market. However a valuation anchor helps to focus our attention and enables us to test what matters most. It helps us to avoid succumbing to the illusion of knowledge – a belief that having more information will improve decision making – and also the illusion of control – a belief that people can influence outcomes of uncontrollable events.

TIMEFRAME HELPS TO PUT PROBABILITY OF OUTCOMES IN OUR FAVOUR

The future is inherently uncertain. We accept that it is extremely hard to be more "informed" than the market and we do not rely on forecast accuracy in our analysis. We humbly understand the limitations to our knowledge. We believe it is better to be approximately right than precisely wrong.

A patient time frame can improve the probability of outcomes. We therefore require a significant trend valuation upside to compensate us for two key risks:

1. The future is inherently uncertain and this requires our approach to adopt a significant margin for safety in estimating the trend valuation upside

2. Market behaviours may persist, and assets may remain out of favour for an indeterminate length of time. Significant valuation upside compensates for the time it may take for the market to realise value in an asset

WE DO NOT RELY ON MARKET TIMING

There is an enormous amount of empirical evidence to show that most investors cannot consistently and accurately forecast market movements[4,5]. Behaviours that are hardwired into everyone go a long way to informing us why forecasting ultimately fails to deliver. For example, investors who believe in their ability to consistently out-forecast the market are subject to the illusion of knowledge and also the illusion of control.

LINK BETWEEN PRICE AND VALUATION

Our process produces two key outputs. The first is the target valuation which indicates the upside potential of the investment candidate. The second output is judgmental. It is the level of conviction which indicates the depth of understanding around the drivers of valuation achieved as a result of the teams thorough due diligence. This output provides a clear link from fundamental research to portfolio construction, and helps to anchor and inform our decisions around position sizing.

- Be price sensitive but patient – high conviction and high valuation upside allows a patient application of the process and objective feedback to inform our decisions. A high valuation upside offers a significant margin for safety, and is an acknowledgment that the approach does not rely of forecast accuracy. A high conviction around trend fundamentals enables our approach to remain patient amid market uncertainty and additionally to exploit shorter term price volatility in a contrarian manner.

- Facilitates our focus on best ideas – the link between price and valuation enables the comparison between investment ideas and facilitates the disciplined allocation of capital towards the best potential ideas, based on the level of valuation upside and conviction.

- Along with an ongoing peer review process, the link between price and valuation helps to mitigate potential biases including cognitive dissonance; conservatism; and representativeness bias.

VALUATION ANCHOR ENABLES US TO LOOK THROUGH AND EXPLOIT SHORT TERM PRICE VOLATILITY

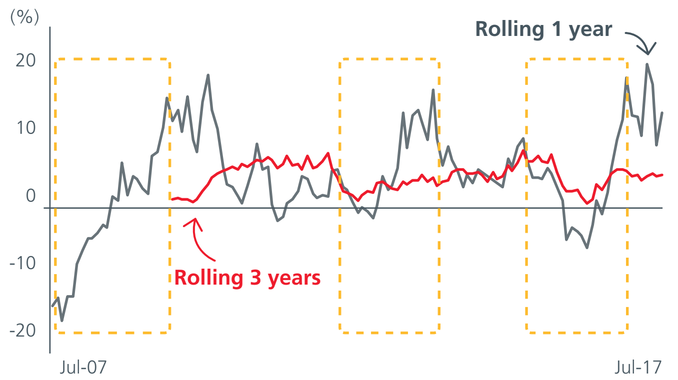
We believe that our value-oriented investment style can generate superior long-term returns. However, like all value oriented strategies, periods of short-term underperformance may result when the market is narrowly focused around strategies such as momentum or growth.

The Fund drawdown periods of 2007/8, 2012 and 2015 all displayed similar market characteristics that our approach actively seeks to exploit. These also tend to be periods that offer the greatest opportunity:

- Market behaviour that narrowly focused around a handful of companies which represented the shorter term thematic preferences of the market.

- Market pricing beliefs that become entrenched around the predominant theme. This behaviour in turn drives short term price momentum for a very narrow range of increasingly expensively valued stocks that dominate short term market performance.

Fig.1: Excess return – Japan focused value strategy over MSCI Japan Index (net)[6]



- Valuation dispersion becomes more extreme for both expensive and cheap tails.

- Fundamental drivers of trend earnings for our holdings remained intact, and this was reflected in our high conviction levels. The Fund was able to respond to falling share prices in a contrarian manner. The high conviction level and significant valuation upside compensated for shorter term price volatility and the patient application of the approach.

Our longer-term investment approach enables us to "look through" short term market noise to take advantage of mis-priced opportunities.

Our approach allows us to "arbitrage time" by taking long-term positions without being forced to close them in response to excessive volatility when many of our competitors, and the finance industry in general, focus on the very near-term.

We believe such a focus on the very near-term is often a symptom of behavioural influences on the finance industry, such as career risk – or one's ability or willingness to maintain a high conviction investment position in the face of potential short-term underperformance.

THE APPROACH FOCUSES ON EXTREMES OF VALUATION AND ACTIVELY EXPLOITS SHORTER TERM PRICE VOLATILITY TO DELIVER MEDIUM TERM OUTPERFORMANCE

This can be observed in the graph below, which shows the rolling one year excess return and the rolling three year excess return over the MSCI Japan Index. The drawdown periods are highlighted below in the rolling one year excess returns. The material outperformance of the Fund in subsequent periods is also observed. The Fund has actively used drawdown periods to build high conviction positions in the most mispriced stocks, which have more than compensated the Fund over the medium term. This is observed in the rolling three year excess returns.

2007/8 EPISODE – GLOBAL CYCLE "STRONGER FOR LONGER" LEADS TO NARROW PREFERENCES FOR CHINA THEMED STOCKS

The market events of 2007/08 highlighted what we believe to be one the main strengths of the investment approach, which is the disciplined focus on extremes of valuation.

For most of 2007, the Fund underperformed as global cyclicals continued to become more expensive. In late 2007 valuation dispersion began to narrow as expensive names including global cyclical underperformed. Valuation strategies began to marginally outperform in late 2007 and into 2008 – but not enough to catch up overall for 2007.

The investment framework facilitates a process whereby we don't try to time markets and do not claim to have an edge in doing so. However, the underweight to global cyclicals in 2007 had a material negative impact on performance as market behavior became more extreme and relative valuation became more stretched. Although the period created short term performance pressure we were ultimately rewarded for remaining disciplined around the application of the investment process. The approach may get periods of divergence from the market performance but the process has shown to be durable for the patient investor. The Fund positioning from 2007 and into 2008 exploited an extreme price episode which ultimately delivered significant multi-year outperformance for the Fund.

2012 EPISODE – FLIGHT TO "SAFETY" LEADS TO NARROW PREFERENCES FOR SHORTER TERM EARNINGS CERTAINTY

2012 could be categorised into two parts. For the first part, amid global macroeconomic uncertainty, the market tended to focus on names which offered perceived shorter-term earnings certainty regardless of valuation. Valuation factors tended to lag the market which proved a headwind for the Fund. During this period, the gap continued to widen between opportunities of compelling value and others that were trading at expensive valuations. This environment suits our approach, which seeks out extremes of valuation, and offers an opportunity to built high conviction positions for future outperformance. The Fund continued to build high conviction positions in selected financials and technology-related names, which were very attractively valued. Toward the end of the 2012, sentiment for Japan improved rapidly as the LDP announced its growth policies. Valuation factors began to deliver strong outperformance for the Fund, in particular, selected holdings in financials and names related to the global cycle.

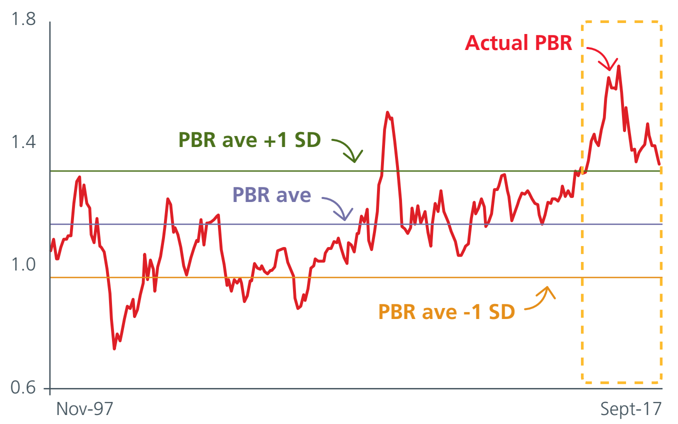
2015/16 EPISODE – GLOBAL MACRO AND POLICY UNCERTAINTY LEADS TO NARROW PREFERENCES FOR DEFENSIVE NAMES

In late 2015 and into 2016, the market placed a high emphasis on the direction of central bank policy, in determining the future returns for assets. Market beliefs became entrenched around the premise that central bank easy money and low interest rate policies had largely been ineffective and that the "low inflation, low growth" regime was now permanent. The market's preference for yield, as well as low volatility of returns, led the market to significantly overpay for companies that appear to be "safe", "defensive", or offer "shorter term earnings certainty", with share prices being driven to expensive extremes. On the other hand, the market avoided a wide range of companies on the thematic belief that cyclical earnings were too "risky" and these stocks became extremely cheap. Despite the strong headwinds from increasingly expensive defensives, the Fund outperformed for the year ending 2015. Contributors were from a wide cross-section of the market including specialist materials; auto-related; financials; and technology-related names. Strong valuation signals led the Fund to invest profits into high conviction names in major banks; consumer electronics and information technology; specialist materials and industrials; auto–related; as well as domestic names.

For much of 2016, we observed the market significantly overpaying for companies that were more defensive in nature, which led to extremely expensive valuations. At the same time, there were an increasing number of out of favour and mispriced opportunities from across the rest of the market for the Fund to patiently exploit. Towards the latter part of the year, a change in market risk preferences led to a rotation away from the perceived safety of expensive defensive assets towards the kind of underappreciated stocks held in the Fund and this was very supportive for performance. Stock contributors were from a wide cross-section of the market including technology related names; specialist materials; domestic and financials.

The graph below shows how the narrow market focus on defensive stocks led to unprecedented extremes of expensive valuation relative to history and relative other stocks in the TOPIX Index. During this episode, the Fund did not hold any of the expensive defensive names, and Fund performance lagged the market until mid 2016. However the unwinding of the extreme valuation below also shows how rapid the price move was from mid 2016 onwards, which reflects a rapid change in market risk appetites.

Fig.2: Defensive sector – price to book relative to TOPIX[7]



When valuations move to extremes, investors are vulnerable to "surprises", and entrenched beliefs begin to be challenged. We often observe this is in a rapid price response which unwinds the extreme valuation. This market behaviour is ultimately what we actively look to exploit.

DURABILITY OF APPROACH

In addressing the question of how best to generate out-sized returns for our clients we are aware of both the limits of our knowledge and the limits to our ability to add value. Whilst there is no single "best" way to address this analytical challenge, our approach is to construct a differentiated sustainable edge that seeks to identify the means to achieving the challenge and to eliminate factors that stand in the way:

- Identify and remove flawed assumptions in forecasting - a common market belief is that superior information gathering and forecasting delivers an investment advantage. This flawed assumption does not hold up as it relies on a stable relationship between a company's fundamentals and its share price. In reality, new information influences investor beliefs about fundamentals and causes price to respond in an unpredictable way. As a result, market outcomes are inherently uncertain. Our focus on sustainable earnings differentiates us from a market that obsesses over recently reported earnings. The market's myopic view on recently reported earnings is the source of the local representativeness bias that drives the extrapolation of trends, and ultimately gives rise to herding behaviour.

- Address a price determination mechanism that is complex - human nature dictates that overly simplistic rationales are often given to explain complex issues. Simple rationales bring comfort to some, but do little to improve the odds of predicting an unknowable future. Errors in investor judgment can lead to significant price swings in the market which bring opportunities. We explicitly separate our decisions from the positive feedback price mechanism that gives rise to herd behaviour. This also allows us to express our skill in a repeatable process that generates positive expected alpha.

In following a well defined and disciplined approach we have identified and eliminated impediments to good decision making. Our approach exploits hard wired human behaviour which universally influences our emotions and decision making.

Our approach is not bound to the persistence of any particular thematic market behaviour. A discipline around price and valuation ensures the approach avoids fully priced assets that result from changes in thematic market behaviour.

This gives our approach durability and enables our edge to be repeatable over time and cycles.

APPENDIX (BEHAVIOURAL TERMS)

Anchoring – in decision making
When faced with uncertainty in decision making, we tend to subconsciously incorporate irrelevant information – an anchor – to base the decision around. Left unchecked, this can lead to errors in decision making.

Availability bias
A heuristic (rule of thumb) that allows people to estimate the probability of an outcome based on how familiar the outcome appears. People displaying availability bias will rate easily identifiable possibilities as more likely to occur than outcomes that are harder to imagine or comprehend. While the judgment is based on readily available information, it may not necessarily be based on complete, objective or factual information.

Cognitive dissonance
When newly acquired information conflicts with a preexisting understanding, people often feel discomfort. Cognitive dissonance encompasses a person's response in attempting to relieve this discomfort. An emotional attachment to the preexisting understanding can lead to relevant information being ignored in order to relieve this discomfort. This selective perception can produce decisions based on incomplete or inaccurate information.

Conservatism bias
Where people retain their prior views at the expense of acknowledging new information. Conservatism bias tends to cause people to under react to new information. When faced with increased complexity and ambiguity from new emerging information, the easiest option is to retain the prior belief. While conservatism-biased judgments can be influenced by new information, it is often very slow to change. One outcome is that analyst forecasts tend to be backward-looking and thus show what has already taken place.

Framing of information
Occurs when we do not see through the way information is presented to us. E.g. the same scenario may be presented in two different ways, which results in two different interpretations.

Herding
Herding occurs when a group of investors make investment decisions on a specific piece of information while ignoring other pertinent information.

Illusion of control
The belief that people can have an influence over the outcome of uncontrollable events. The more knowledge you have, the more control you feel. E.g. 1. Making an investment decision based on past performance. E.g. 2. People will pay a premium for selecting their own lottery ticket numbers over receiving a random draw of numbers.

Illusion of knowledge - information bias
The tendency for people to believe that having more information will improve their decision making. E.g. the belief that forecast accuracy improves with more information. Typically, the degree of confidence rises as more information is supplied; however, forecast accuracy does not necessarily improve. More information is not necessarily better information.

Overconfidence and optimism
People usually have too much confidence in the accuracy of their own judgment; people's judgments are usually not as correct as they think they are. Overconfidence and optimism can be more prevalent in experts than with non-experts due to the effects of the illusion of knowledge.

Representativeness bias

People subconsciously classify objects/thoughts/events to allow new information to be processed quickly. However, when new information is inconsistent with their existing classification, a best-fit approximation may be subconsciously applied. As a result, people judge events by how they appear rather than how they likely are. Representativeness bias can lead to a decision based on an extrapolation of a past experience without consideration to other plausible outcomes. E.g. observing that a company has a recent history of strong earnings growth may heavily influence a conclusion that the company will have strong earnings growth into the future.

APPENDIX (INVESTMENT RELATED TERMS)

Alpha
The active return on an investment. The excess returns of a strategy relative to the return of the market – represented by a benchmark index.

Behavioural price episodes - behavioural sources of significant mispricing
A discrete period in time where the price of an asset moves far away from its intrinsic value. During these periods, observed market behavior may reflect strong thematic preferences which can drive prices for certain assets to extremes of both cheap and expensive. The source of mispricing comes from market behaviour that may incorporate errors in judgment, which arise from strong and entrenched preferences.

Career risk
When reputation, or even job security, is perceived to be at risk as a result of the decisions made by a person. Career risk can have a profound influence on investment decision making. It can be a strong motivating factor for investors to make decisions that are very close to the consensus. If an investor makes a poor investment decision that no one else makes, that investor may feel career risk and the social pain associated with their competency coming into question. Making the same poor investment that everyone else makes will seem less risky, as the investor may not be perceived as any less competent than the rest of the herd.

Comforts and concerns of the market
Refers to the market behaviour that stems from investors looking to alleviate the social or emotional pain which is associated with a particular market environment. Investor judgment is often influenced by the need to alleviate social and emotional pain. Typically, decisions that are difficult on the basis of being "emotionally hard" may be overlooked. This is one of the main reasons for the market herding around a common belief. This is why contrarian investment strategies – doing things differently to the market – may not suit everyone. The "comfort" or "safety" perceived by conforming to prevailing social norms alleviates the more powerful "social pain" felt from being different.

Contrarian
Refers to an investment strategy that chooses to buy when everyone else is selling and to sell when everyone else is buying. Being left out of a social group can cause emotional pain. Medical studies have found that this "social" pain comes from the same part of the brain that delivers the sensation of "physical pain". It might help to explain why we often seek out comfort by being part of the crowd. This can also impact our judgment and influence how we make decisions. Contrarian investment strategies generate the same kind of social pain. It is emotionally painful, and therefore hard to make investment decisions that lead to buying when everyone else is selling. Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally. *John Maynard Keynes*

Extrapolation
The perception that decisions can be made on the basis that the current market environment will persist into the foreseeable future and beyond. Extrapolation of the current market environment can influence errors in judgment as other equally plausible investment outcomes are ignored. Investors who make this error in judgment will overemphasize the importance of recent historical information… "past performance is no indication of future performance!"

Investment edge
Term used to describe the differentiated qualities of an investment approach that enables it to deliver outsized returns in a repeatable and durable way. For example, every asset manager should identify their own investment beliefs and will formulate a decision-making process to implement strategies that reflect their beliefs. The equity team's decision-making process has been carefully constructed to enable us to focus solely on our investment edge, identifying and exploiting behavioural sources

of significant mispricing. We exploit opportunities where there is a meaningful dislocation between the price and value of a company.

Margin for safety

Where there is significant difference between the price of an asset and the intrinsic value of the asset. The margin of safety helps to put the probability of outcomes in our favour by "absorbing" the effects of a miscalculation of future outcomes or bad luck, especially over shorter time periods. For the equity team, we refer to the margin of safety in describing the trend valuation upside for a stock. We require a significant trend valuation upside to compensate us for two key risks:

1. The future is inherently uncertain, which requires our approach to adopt a significant margin for safety in estimating the trend valuation upside.

2. The application of patient capital means it may take some time for the market to realise value in a stock, which may be out of favour for an indeterminate length of time.

Mispriced stocks

Where there is significant difference between the price of a stock and the intrinsic value of the company.

Sustainable trend earnings

A conservative measure of earnings that a company would likely be able to generate over the medium to longer term. The concept is not reliant on an accurate forecast of the path of earnings for a company, and does not rely on a prediction of where a company may currently be operating in a business cycle (e.g peak/middle/trough of business cycle). Instead, we test a company's ability to fund its longer term operations; changes in its level of capital efficiency; its ability focus on parts of the business that are core to the future drivers of profitability; and the ability and willingness of management to respond in a competitive market environment. These are examples of how we test the sustainability of earnings. We build our conservative assumptions around a company's ability generate earnings through a time frame typical of a business cycle. We are not focused on short-term news flow. Importantly, our approach is to build high conviction for our understanding of the most likely drivers of returns for a company over the longer term.

Trend fundamentals

The characteristics of a business which support the likely drivers of returns over the longer term.

Trend valuation

The estimated value of a company's ongoing longer term operations.

Valuation anchor

During the idea-generation stage of the investment process, a range of valuation metrics are systematically used to identify investment candidates, which are among the most mispriced in the market. By consistently using a set of predetermined valuation criteria, the approach aims to mitigate individual preferences and biases, which may otherwise lead to errors in judgment. The input that is central to the decision – valuation – ensures that other potentially irrelevant inputs are excluded when identifying the most mispriced investment candidates. Hence, a valuation anchor addresses the potential for subconsciously incorporating irrelevant information, which can lead to errors in judgment.

Valuation outliers

When the valuation of the asset has deviated far from its historical norm. The most mispriced stocks may be considered among valuation outliers.

Valuation tools

Valuation screen

- Systematic starting point
- Narrows focus to best potential ideas within a long-term valuation framework
- Efficient allocation of resources - rapidly identify valuation outliers from wide universe
- Entirely objective and free of individual preferences
- Aims to mitigate the potential impact on our judgment from bias blind spots

Valuation model

- Facilitates transparent and consistent tests of sensitivity to changes in trend assumptions
- Considers full history of delivered earnings within the context of company's competitive landscape and the potential for structural change to its competitive position
- No single true or correct valuation for an asset. Use a range of valuation methodologies to test sensitivity to changes in our trend assumptions
- Anchor our decisions around what the market is already "pricing" for an asset, ensuring we are being amply compensated for observed risks with significant valuation upside
- Actively exploit inconsistent pricing beliefs and comfort, or concerns, of others
- Our focus on sustainable earnings differentiates us from a market that obsesses over recently reported earnings - a source of the local representativeness bias that drives the extrapolation of trends, and ultimately gives rise to herding behaviour

Valuation upside - risks to upside

Where a stock is significantly mispriced by the market (cheap), representing an overreaction by the market, there is potential for a positive market surprise that could push the share price higher. The potential for share price appreciation (risk to the upside) may be particularly pronounced when the market is fully aware of all the issues being faced by the company (e.g level of competitiveness; changes to industry or business structure; ability of company to fund itself; generate earnings etc) and yet the depressed share price implies a far worse set of circumstances than evidence would suggest for a company. Where all the bad news about a company is more than reflected in the share price, the risks may be to the upside in the share price when the market realises the true value of company.

Sources: [1]Plous (1991) The Psychology of Judgment and Decision Making. [2]Törngren, G., & Montgomery, H. (2004). Worse than chance? Performance and confidence among professionals and laypeople in the stock market. Journal of Behavioral Finance, 5, 148-153. [3]Duke CFO Global Business Outlook http://www.cfosurvey.org/index.html. [4]Taleb "Fooled by Randomness – The Scandal of Prediction". [5]Shiller 1981a, West 1988, Mankiw and Shapiro 1985 & 1991 and Carsten K. Nielsen 2007. [6]Eastspring Investments, Performance from 31 July 2007 to 30 September 2017, in JPY (C0143). Benchmark: MSCI Japan Index. This is for information purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument, investment product, security or service. 3-year performance is annualized. [7]Eastspring Investments, Nomura, as at 31 October 2017. PBR = Price-to-book ratio relative to universe. Ave = average. SD = standard deviation.

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