

Market Review for December 2020

5th January 2021

The Japanese equity market for December rose and TOPIX ended up higher at 2.84%. The market favoured the news that US president Trump had signed the unemployment benefits package in the latter half of the month whilst the market struggled to find a direction between vaccine distribution and concerns over domestic economic activities evoked by the rise of the number of Covid-19 cases in Japan.

Table 1. Market Performance

| 2020 | As of the end of Dec | Dec | Year to Date |
|------------|----------------------|-----------------|----------------------|
| TOPIX | 1,804.68 | 2.84%* | 4.84%* |
| Nikkei 225 | 27,444.17 | 3.82% | 16.01% |
| USD/JPY** | 103.25 | 104.28 (30 Nov) | 108.68 (end of 2019) |

*MTD: 2.97%, YTD: 7.39% in total return index, **Reuters London 4pm

Figure 1. TOPIX and USD/JPY in 2020

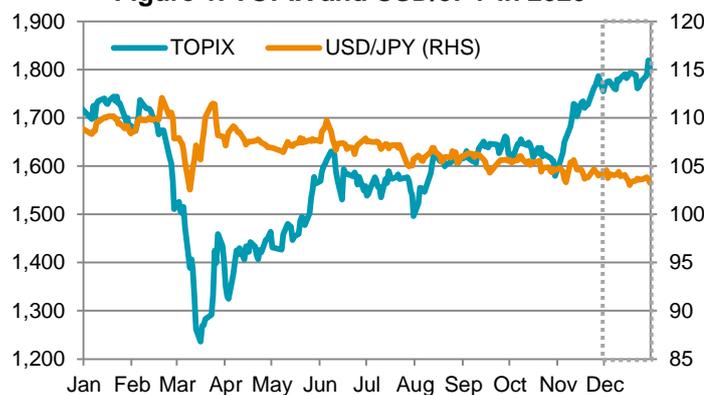


Figure 2. Global Equity Market Monthly Performance
(as of the end of December 2020, local currency)

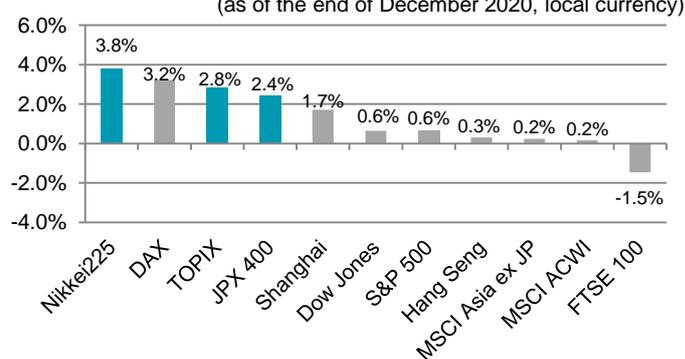


Table 2. Top 5 performing sectors in December 2020

| Sector | Return |
|---------------------------|--------|
| Nonferrous Metals | 14.44% |
| Pulp & Paper | 12.96% |
| Marine Transportation | 11.64% |
| Transportation Equipments | 8.20% |
| Other Products | 5.21% |

Table 3. Bottom 5 performing sectors in December 2020

| Sector | Return |
|--------------------|--------|
| Rubber Products | -5.48% |
| Air Transportation | -4.91% |
| Services | -2.70% |
| Mining | -2.62% |
| Real Estate | -2.44% |

Table 4. Top 5 performing stocks* in December 2020

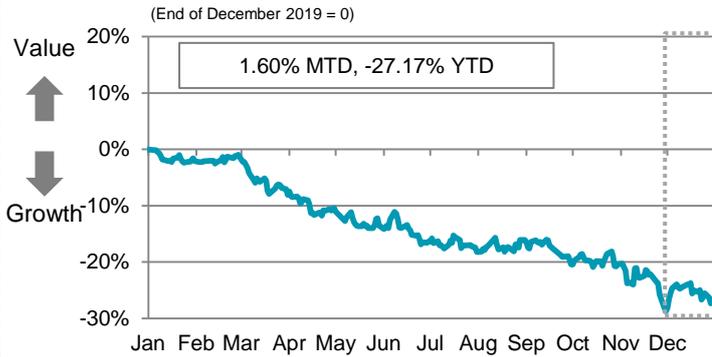
| Name | Return |
|---------------------------------------|--------|
| Mitsubishi Heavy Industries (7011 JP) | 34.21% |
| Denso (6902 JP) | 24.45% |
| Oji Holdings (3861 JP) | 23.84% |
| Japan Post Insurance (7181 JP) | 21.38% |
| Azbil (6845 JP) | 20.38% |

Table 5. Bottom 5 performing stocks* in December 2020

| Sector | Return |
|---------------------------------|---------|
| Ito En (2593 JP) | -18.98% |
| MonotaRO (3064 JP) | -17.58% |
| Nippon Paint Holdings (4612 JP) | -15.26% |
| Rakuten (4755 JP) | -14.97% |
| Suzuki Motor (7269 JP) | -14.67% |

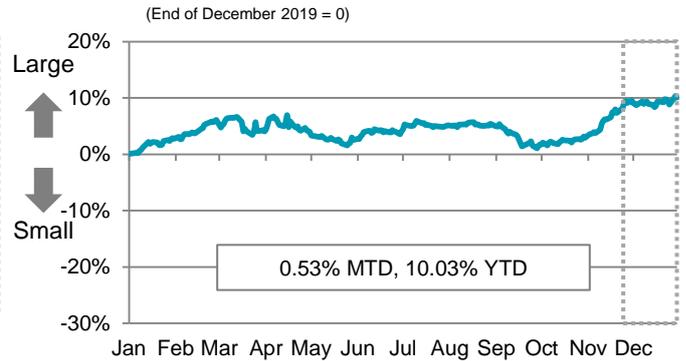
*Stocks with a market cap of over JPY 500 billion

Figure 3. Value-Growth Spread in 2020



The spread between Russell Nomura Value Index and the Growth Index (Positive figure means value dominant)

Figure 4. Large-Small Cap Spread in 2020



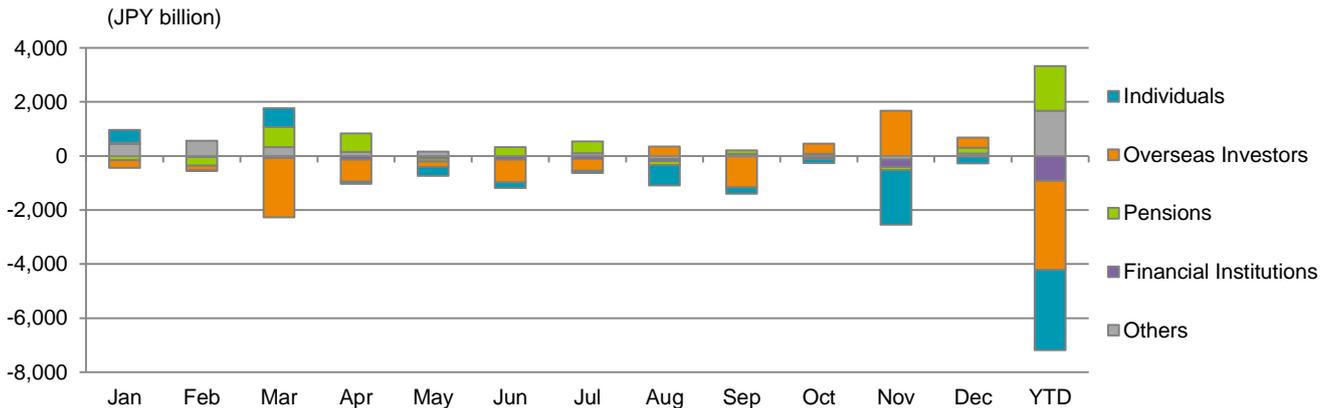
The spread between Russell Nomura Large Cap Index and the Small Cap Index (Positive figure means Large Cap dominant)

Figure 5. MSCI Japan Factor Indexes Spread against MSCI Japan in 2020



Data: Bloomberg, Nomura Securities, SuMi TRUST (as at the end of December 2020)

Figure 6. Monthly Investment Activities by Investor Type in the Japanese Equity Market



Data: Bloomberg, SuMi TRUST (as of 25th December 2020)

Disclaimer

This marketing communication is issued by Sumitomo Mitsui Trust International Limited ("SMTI"). SMTI is authorised and regulated by the United Kingdom's Financial Conduct Authority (the "FCA"), whose address is Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN, United Kingdom. This marketing communication has been made available to you only because SMTI has classified you as a professional client in accordance with the FCA's rules. If you have received this marketing communication from a source other than SMTI, you should contact SMTI before using it or relying on it. You must not send this marketing communication to any other person without first having received written approval from SMTI. The information contained in this marketing communication (the "Material") is being made available for information purposes only and is designed to provide information on the investment services which SMTI may offer to clients. Nothing in the Material amounts to or should be construed as an actual offer by SMTI to provide any investment services to any person. If SMTI agrees to provide any investment services to any person, those services will be the subject of a separate written agreement between SMTI and that person. Furthermore, the Material has not been prepared with any consideration of the individual circumstances of any person to whom it is communicated. Accordingly, it is not intended to, and does not, constitute a personnel recommendation in relation to the purchase or sale of, or exercise of any rights in relation to, any financial instruments or advice in relation to any investment policy or strategy to be followed. The Material also does not contain the results of any investment research carried out by SMTI and is not intended to amount to a financial promotion of any particular financial instrument which may be referred to in it. While SMTI uses all reasonable endeavours to ensure the Material is accurate, it has not been prepared with a view to any person relying on it. Accordingly, SMTI accepts no responsibility for any loss caused to any recipient of this document as a result of any error, inaccuracy or incompleteness in the Material, nor for any error in the transmission or receipt of this communication.

All enquiries regarding this report should be made to:

Akimichi Oi
Head of Investment Management Department
 Sumitomo Mitsui Trust International Limited
 155 Bishopsgate, London EC2M 3XU, UK
 Direct: +44 20 7562 8412
 imd@smti.com

Disclaimer – UK

This marketing communication is issued by Sumitomo Mitsui Trust International Limited (“SMTI”). SMTI is authorised and regulated by the United Kingdom’s Financial Conduct Authority (the “FCA”), whose address is 12 Endeavour Square, London, E20 1JN, United Kingdom.

This marketing communication has been made available to you only because SMTI has classified you as a professional client in accordance with the FCA’s rules. If you have received this marketing communication from a source other than SMTI, you should contact SMTI before using it or relying on it. You must not send this marketing communication to any other person without first having received written approval from SMTI.

The information contained in this marketing communication (the “Material”) is being made available for information purposes only and is designed to provide information on the investment services which SMTI may offer to clients.

Nothing in the Material amounts to or should be construed as an actual offer by SMTI to provide any investment services to any person. If SMTI agrees to provide any investment services to any person, those services will be the subject of a separate written agreement between SMTI and that person. Furthermore, the Material has not been prepared with any consideration of the individual circumstances of any person to whom it is communicated.

Accordingly, it is not intended to, and does not, constitute a personnel recommendation in relation to the purchase or sale of, or exercise of any rights in relation to, any financial instruments or advice in relation to any investment policy or strategy to be followed. The Material also does not contain the results of any investment research carried out by SMTI and is not intended to amount to a financial promotion of any particular financial instrument which may be referred to in it.

While SMTI uses all reasonable endeavours to ensure the Material is accurate, it has not been prepared with a view to any person relying on it. Accordingly, SMTI accepts no responsibility for any loss caused to any recipient of this document as a result of any error, inaccuracy or incompleteness in the Material, nor for any error in the transmission or receipt of this communication.

Any enquiries regarding the products should be made to:

Kei Ohashi

Head of Investment Management Department

Sumitomo Mitsui Trust International Limited

155 Bishopsgate, London EC2M 3XU, United Kingdom

Direct: +44 (0)20 7562 8412

Email: imd@smtil.com

Sumitomo Mitsui Trust International Limited is authorised and regulated by the Financial Conduct Authority

© Sumitomo Mitsui Trust International Limited 2026