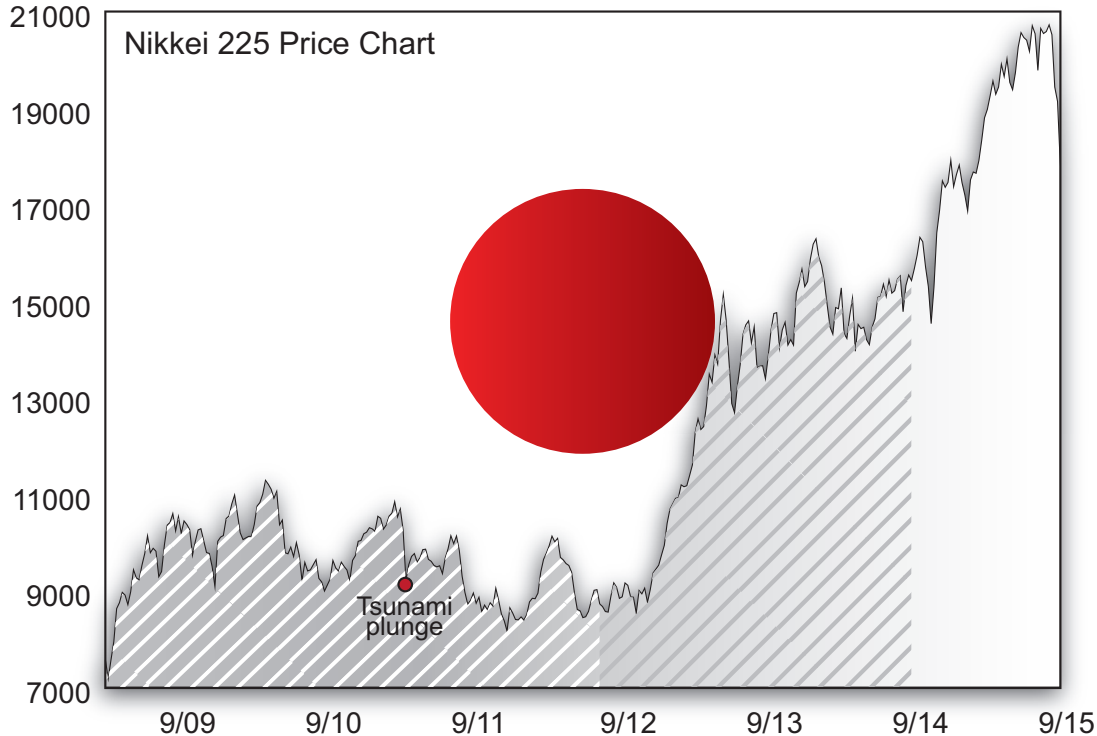


# An Update On Japanese Equities

## Japanese Stocks Still Below Mid-2007 Levels



Source: Bloomberg. Data from 2/27/09 through 9/4/15. Past performance is no guarantee of future results.

### View from the Observation Deck

1. Today's blog post is an update of one we originally did on 7/12/12 and then updated on 9/2/14. The shaded and unshaded areas in the chart represent the three periods, including today's. It is essentially a snapshot of the current bull market.
2. While the Nikkei 225 Index did hit a 10-year high of 20868.03 on 6/24/15, it closed at 17792.16 (9/4/15) after participating in the global stock correction in August. The previous 10-year high was set on 7/9/07 at 18261.98.
3. Net cash inflows to Japan mutual funds/exchange-traded funds (equities) totaled \$10.28 billion through the first seven months of 2015, according to Morningstar.
4. The estimated 2015 and 2016 earnings growth rates on the Nikkei 225 Index were 11.12% and 9.76%, respectively, on 9/8/15, according to consensus estimates from Bloomberg.
5. The estimated 2015 and 2016 price-to-earnings (P/E) ratios for the Nikkei 225 Index were 16.40 and 14.94, respectively, as of 9/8/15, according to Bloomberg. From 2/27/09-9/4/15, the average P/E for the index was 21.75.
6. As of 9/7/15, Japanese equities accounted for a 7.6% share of the total world equity market capitalization, the third-most behind the 37.3% share for the U.S. and China's 8.3% share, according to data from Bloomberg.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.*