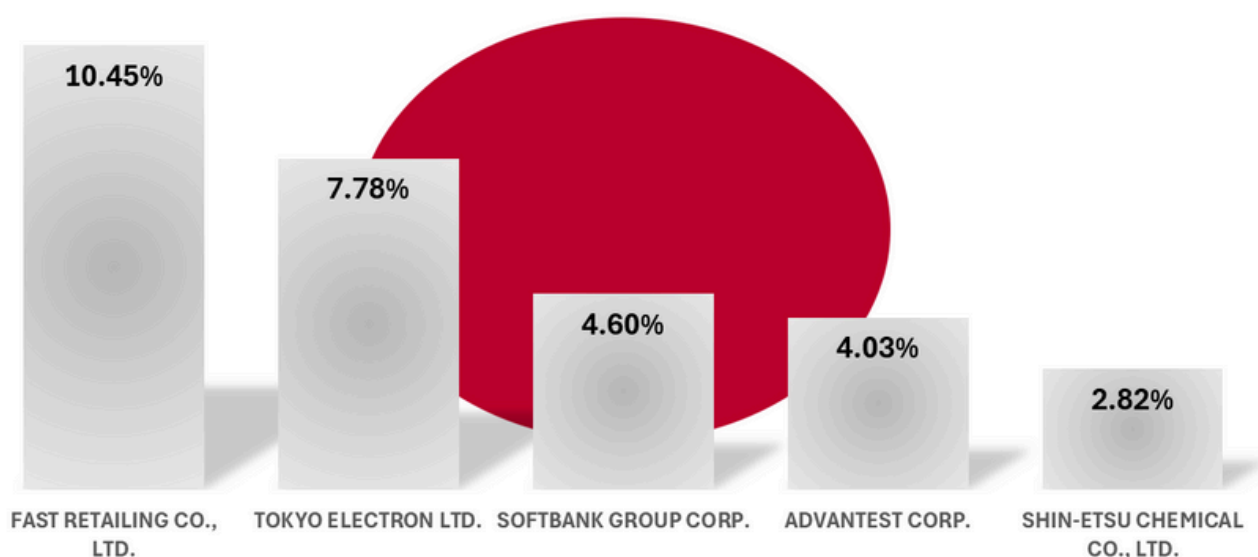


Taking Stock - A look East

Last week, equity markets around the world had one of their most volatile weeks since the start of the Covid 19 pandemic in 2020. The sell off had multiple triggers, with poor non farm payrolls from the US being the start point. However, it was also the Bank of Japan's decision to raise its interest rate to 0.25%, the first rate hike in Japan since the 2008 Financial Crisis, that sent markets into free fall. The Nikkei 225, the main stock index in Japan, had its worst day in nearly four decades as a result, before making a recovery at the end of last week and into this week. It is important to note that in market cap terms, Japan is the second largest stock market in the world. But who are these large companies, and who have been the top performers on the Nikkei so far in 2024?

In terms of market cap, Fast Retailing Co is the largest single weighted equity on the Nikkei 225, with just over 10%. The company, a global apparel designer and retailer based in Japan, employs close to 60,000 people. It boasts a market capitalisation of 12 trillion Japanese Yen, which is approximately equivalent to \$86 billion. Tokyo Electron and Softbank Group are perhaps better known names globally. Electron produce semiconductors, amongst other engineering services. Softbank is an investment management company, which includes its Vision Fund, the largest tech focused venture capital fund in the world. The company has invested in firms such as Arm holdings and, more famously, WeWork. Finally, Advantest Corp is a market leader in Automatic Test Equipment, which is used to test semiconductor performance, amongst other technology, while Shin-Etsu Chemical creates silicone and synthetic rubber.

Largest Companies by Weighting - Nikkei 225



After examining the largest companies by weight, here are the top five best performers of 2024 to date on the Nikkei 225.

Way out in front is **Fujikura**, who have returned 210% YTD. The company is a manufacturer of telecommunication equipment, such as fiber optic cables and wiring. The company smashed its Q1 earnings release, which has helped shares rise sharply in 2024. Their position as a leading manufacturer of equipment vital for global telecommunications has also made the company attractive to investors. **Mitsubishi Heavy Industries** is next, with shares up 123% YTD. The company is part of the wider Mitsubishi Group, and operates in the heavy industry sector producing everything from elevators to launch vehicles for space exploration. Their shares have soared this year thanks to increased sales of its turbine engines and positive earnings so far in 2024. **IHI corporation** is another engineering group, however unlike Mitsubishi focus more on environmental and social issues as part of their engineering. They produce equipment for heavy industry, concrete and products for urban development as well as systems used in cars, such as turbochargers and parking systems. Shares jumped back in June when it was announced that IHI would work with Rolls Royce in the UK to develop a supersonic jet engine, for use by Japan, the UK and Italy under a trilateral Global Combat Air Programme. **MS&AD Insurance Holdings** are the only company of the top 5 who are not a manufacturing company, instead they are an insurance provider, operating in both the non-life and life insurance market, as well as providing financial services and risk related solutions. Their shares have risen over 73% YTD, after their June earnings report saw net income rise 83% year over year. Finally, **Japan Steel Works** are once again a heavy industry manufacturer, producing a wide range of plastic production and processing equipment, along with steel forgings for products such as turbines and generators. Shares in the company have increase significantly in 2024, due to Donald Trump! Investors in Japan believe that a Trump presidency will increase US isolationism and mean Japan will have to rely more on indigenous firms to produce its defense capabilities. This has also helped IHI and Mitsubishi as they provide services related to defense.

Top 5 YTD Performers - Nikkei 225

