

JP EQUITY'S HOT STREAK: DRIVEN BY THE LOWER HOUSE ELECTION AND SHORT-COVER

Japanese stock market rallied more than 10% in previous 2 months (TOPIX, Nikkei225), renewing the post-bubble (25yrs+) high. The recent surge was unexpected, as the market had underperformed vs U.S. and Europe since the summer last year, despite BOJ's massive ETF & REIT purchase or the favorable global economy.

During the surge of September (2nd week-) to November (-1st week), retail investors were net sellers (approx. ¥2.9tln) against the massive net purchase by overseas institutions (approx. ¥5.3tln; mixture of index futures and cash). Abenomics and inflation-target policy have persuaded global financial institutions to underweighted Japan in the recent 2yrs, whilst its globally cheap (relative) valuation and the snap election triggered the huge short-cover; strong equity market DURING the 'Snap election' is somewhat an established theory for Japan.

'Sustainable theme oriented, and selective Investment' is recommended for Japan. Though Japanese market remain relatively cheap, it has always been the case... with good reasons. Disruptive evolution will create dispersion for corporate earnings, which is a concern for already optimistic July-Sep business results. Inflation-target policy isn't showing supportive results, and the geopolitical risk (N.Korea) remain. The winning streak is not worth grabbing at late stage.

Japanese stock market proverb "(One shall) buy, sell, or rest", advise that "resting" is also the choice. RECRUIT HOLDING[6098], the industrial revolution 4.0 play (IoT/AI, etc.) & good ESG name, is up 37% in 116 days since the recommendation to BUY. I suggest taking profit, and rest.

ZERO-EMISSION, EV AND SMART CAR INVESTMENT

The topic is attracting global attention, more since our recommendation in Sep. In addition to our existing BUY recommendation for PANASONIC[6752] (¥1468-> Now ¥1694, +15% in 76 days), investment in NVIDIA CORP[NVDA](\$216.96) can also cover benefits from the shift to smart-cars (AI, IoT). GLOBAL X LITHIUM & BATTERY TECH ETF[LIT](\$40.45) also adds comprehensive coverage over this investment theme.

CONTINUE TO BUY THAI & PHILLIPINE EQUITY

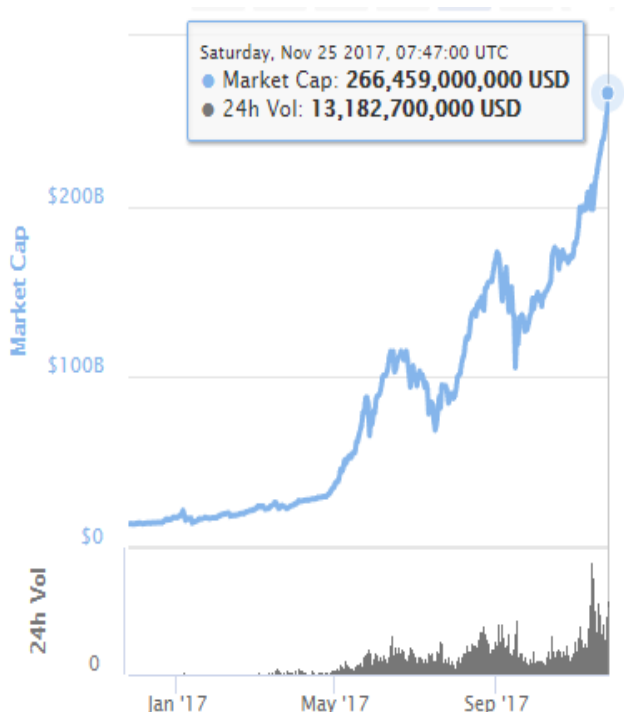
The improved environment for Thai equity lead to our BUY recommendation 4 months ago, and the market surged after mid-Aug (SET Composite Index was +7% in approx. 1mth) to 4yrs high; marking historical high since the Asian currency crisis (1997). US/European investors are beginning to understand the opportunity, while the news of ex-Prime Minister Yingluck Shinawatra fleeing from the country may have contributed to Thailand's overall political stability. The economy & stock market turned sluggish during October for temporary reasons, paying respects to beloved late King Bhumibol in Bangkok (Royal Funeral). Thai & Philippine equity both continue to be attractive BUY.

CRYPTOCURRENCY IS NOW TOO LARGE TO IGNORE

Cryptocurrency has been one of our topics of interest (and recommended as BUY) for some time, while the evolution is now reaching the point where its now “too large to ignore” for investors, financial institutions, regulators, and the public.

The cryptocurrency outbreak began this Spring. 1329 cryptocurrencies are now traded at 6947 exchanges around world, with aggregate market cap of approx. \$267bln, trading more than \$10bln/day. Top 10 names cover represent more than 90% of this presence, which is now comparable to an ‘equity’ market of one developed country.

Total Market Cap of All Cryptocurrencies



Top 10 Cryptocurrencies by Market Cap

#	Name	Market Cap
1	Bitcoin	\$140,865,444,720
2	Ethereum	\$44,950,316,373
3	Bitcoin Cash	\$26,810,786,121
4	Ripple	\$9,517,370,481
5	Dash	\$4,594,016,492
6	Litecoin	\$4,238,742,362
7	Monero	\$2,528,737,499
8	NEO	\$2,438,644,000
9	IOTA	\$2,097,833,804
10	Ethereum Classic	\$2,058,003,152

The striking trend is the growth of ICOs (Initial Coin Offering: Capital raising by issuing cryptocurrencies). 46 deals which raised total of approx. \$96mln (largest deal was approx. \$15m) in 2016, while there are 228 deals worth total of \$3.6bln (approx. 10 deals raising more than \$100m) as of end of October this year.

It's important to highlight that ICO legal infrastructure is premature, and the risk is extremely large; just as warned by financial regulatory authorities around the world. However, the fact that such large capital is funded without any participation of traditional financial institutions proves the disruptive power of cryptocurrency & FinTech.

Global financial institutions are pacing fast toward cryptocurrency business. CME, the global major derivatives exchange, is already listing cryptocurrency futures in December; CBOE is expected to follow. Cryptocurrency ETFs are expected soon. More than 20 funds invest in cryptocurrency theme, whilst few hedge funds or HFTs are seen to be market-making, investing, and day-trading.

The introduction of legal and regulatory framework, and activities by large industry participants may continue to create volatility for the cryptocurrency market. However, the fundamental value of the cryptocurrency ecosystem will continue to expand the industry. BITCOIN[BTC] recommended to BUY at Y454,620(2017.8.20) is already traded above Y990k(up 118% in 107 days), but the view is reiterated. RIPPLE[XRP] is also an attractive BUY, expecting its growth in the international bank transfer ledger market.

INVESTMENT IDEAS

RECRUIT HOLDINGS[6098] BUY -> TAKE PROFIT(37% IN 116DAYS)

- TSE1st listed stock, 1919yen(2017.8.1), 3-6mth view -> Now Y2633
- High ESG ratings, good earnings momentum
- Innovative Web/IT business model to enter investment-return period

BUY US\$ / SELL YEN, REITERATED

- Short-term(few weeks) & Mid-term (few months), expecting global interest rate hike
- Y110.7/US\$(2017.8.1) -> now Y111.59.8/\$... flat performance

KDDI[9433] BUY REITERATED

- TSE1st listed stock, 3020yen(2017.8.1), 3-6mth view -> Now Y3088 +2.3%
- High ESG ratings, good earnings momentum, share buy-back

PANASONIC[6752] BUY REITERATED

- TSE1st listed stock, Y1468(2017.9.11) -> Now Y1694 +15%
- Automotive Lithium Ion Batteries
- Profit recovery for Mar 2018 good

NVIDIA CORP[NVDA] BUY (NEW)

- Nasdaq, \$216.96(2017.11.24)
- EV/PHV, Smart-car(AI, IoT) theme

GLOBAL X LITHIUM & BATTERY TECH ETF[LIT] BUY (NEW)

- NYSE Arca, \$40.45(2017.11.24)
- Zero-Emission, EV/PHV theme

THAI EQUITY SET50 ETF[1559] BUY REITERATED

- TSE1st listed ETF, 3010yen(2017.8.1)-> Now Y3410 +13%
- Good to pair vs SELL in Singapore & HKG indices

iShares MSCI Philippines ETF[EPHE] BUY REITERATED

- NYSE Arca ETF, Mid-term (few months), \$36.50(2017.9.11)-> Now \$37.32 +2.2%
- Any funds with high correlation to Philippine Composit Index is ok

BITCOIN[BTC] BUY REITERATED

- Y454,620(2017.8.20), mid-long term -> Now Y999,600 +120%
- Industry growth

RIPPLE[XRP] BUY (NEW)

- Now \$0.2512(2017.11.26)
- International Banking Transfer usage

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