# Article information:

Goldman Sachs Research - Marquee  
<https://marquee.gs.com/content/research/en/reports/2023/08/29/736d82be-dd30-4825-b15e-4ed00f18776f.html>

# Article summary:

1. The corporate governance reform measures introduced by the Tokyo Stock Exchange have positively impacted Japanese equities, with TOPIX gaining +20% YTD and a decrease in the percentage of companies trading below 1.0x PBR.

2. Clients believe that further TSE intervention is necessary in areas such as expanding corporate governance focus beyond low-PBR companies, setting clear guidelines on cross-shareholdings, and promoting restructuring of under-performing divisions.

3. TOPIX has entered a period of consolidation after rising in April-June, but USD-denominated returns have been less impressive compared to US indices, indicating skepticism among US investors about the sustainability of TSE's reform measures.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article titled "Goldman Sachs Research - Marquee" discusses the impact of corporate governance reform measures introduced by the Tokyo Stock Exchange (TSE) on Japanese equities. While the article provides some insights, there are several potential biases and missing points of consideration that need to be addressed.

Firstly, the article highlights the positive impact of the TSE's initiatives on index-level performance and market structure. However, it fails to provide concrete evidence or data to support these claims. The article mentions that TOPIX has gained +20% year-to-date (YTD), but it does not provide any context or comparison to other indices or markets. Without this information, it is difficult to assess the significance of this performance.

Secondly, the article suggests that further TSE intervention may be necessary in three main areas: expanding corporate governance focus beyond low price-to-book ratio (PBR) companies, setting clear guidelines on cross-shareholdings, and encouraging restructuring of under-performing divisions. While these suggestions may have merit, the article does not provide any evidence or analysis to support them. It simply states that clients believe these areas should be addressed without providing any rationale or data.

Additionally, the article mentions that US investors have remained unconvinced about the significance and sustainability of the TSE's corporate governance reform measures. However, it only provides anecdotal evidence from feedback received from 30 US-based clients during a marketing trip. This limited sample size and lack of broader analysis undermine the credibility of this claim.

Furthermore, there is a lack of exploration of counterarguments or alternative perspectives in the article. It presents a one-sided view that supports further TSE intervention without considering potential drawbacks or unintended consequences. This omission limits the depth and balance of the analysis.

Overall, while the article provides some insights into investor interest in Japanese equities and potential areas for further reform, it lacks sufficient evidence, analysis, and balance. There are potential biases in favor of further TSE intervention without considering alternative perspectives or potential risks. As a result, readers should approach the information presented with caution and seek additional sources for a more comprehensive understanding of the topic.

# Topics for further research:

* Analysis of Tokyo Stock Exchange's corporate governance reform measures
* Comparison of TOPIX performance with other indices and markets
* Critiques of the TSE's initiatives on index-level performance and market structure
* Potential drawbacks or unintended consequences of further TSE intervention
* Perspectives on the significance and sustainability of TSE's corporate governance reform measures from a broader range of investors
* Alternative viewpoints on the expansion of corporate governance focus
* guidelines on cross-shareholdings
* and restructuring of under-performing divisions.

# Report location:

<https://www.fullpicture.app/item/33a4d9edb8624e433d175da5c17fb41f>