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Higher investment results with IPO stocks this year

Happy New Year everyone. Thank you very much for reading this column. This year's stock market has begun gloriously. The Nikkei Stock Average rose by ¥950 in two days after the outbreak, partly due to the bullish voices of market participants and the outlook for the market. The New York Dow reached \$2.50,000 range as well, the stock prices showed rise at the beginning of the year in Japan and overseas. We may see expectations and dreams swelling in the new year. Still, there is a risk associated with investing in stocks. The market is volatile, and stock prices are peaking and valley. The stock price, which has just begun and moved with a new year mood, is likely to be calm in next week or later.

For challenging investors, we hope that the overall market will rise and interest in IPOs will improve investment performance. 89 stocks went public last year. The breakdown was: 49 stocks on MOTHERS, 18 stocks on JASDAQ, 11 stocks on TSE1, 8 stocks on TSE2, 2 stocks on Ambitious, and 1 stock on NSE2. With the simple rationale that high returns can be obtained by investing in high-growth stocks, investors risk-take on stocks IPOs in emerging markets such as Mothers, and generate returns centered on capital gains. Is this measure to improve results effective this year? Last year's data of IPO stocks may suggest that a firm performance condition may be essential to improve stock price, but also firm that meets checkpoints such as supply and demand (low number of shares released), market capitalization, PER, stock splits, dividend increases, market changes, growth-enabling materials, and relationship to investment themes may have some hints to improve performance.

The universe of stocks has been expanded to include two or three years, not just the last year, and it has become increasingly clear that these checkpoints are effective in improving investment performance. In order to increase returns, I believe it is more important to read the company's future prospects than whether the company's current performance is strong. I believe that there is a unique pattern of winning in which smart investors prefer stocks in the upfront investment period and tries to increase returns over time. The problem is that vulnerable information from IPO companies is a bottleneck to understand the company's business content. Companies must provide as

accurate information as possible to shareholders and investors, and strive for proactive IR. Companies that have just made an IPO will move toward the next stage of growth if they can interact with a large number of investors through IR activity.

I feel individual investors have gained power in a positive sense as a result of high stock prices since the latter half of last year. An increase in the number of investors who have the leeway to hold a long position, rather than the idea of day trades, will bring stability to the market. In some cases, young individual investors themselves have directly approached the company, conducted research, and become major shareholders. This year too, IPO investment may bring joys and sorrows in the short term, but I would like to see the appearance of active investors who are working on the idea of generating returns from a long-term perspective.

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