

# Securities Analysts Journal®

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## CONTENTS

New Year's Message .....	<i>Hiroyuki Shinshiba, CMA</i>	2
	<i>Chairman, The Securities Analysts Association of Japan</i>	

### Feature Articles

#### This month's focus: **Japanese Investor Behavior**

<b>Overview</b> .....	<i>Toshitaka Honda</i>	4
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#### Articles

<b>Designing Life in Old Age and Role of Public Pension Benefits</b> .....	<i>Noriyuki Takayama</i>	8
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This paper first explains current distributions of public pension benefits in Japan and future prospects, and then discusses how to design individual life in old age, with special focus on the Financial Service Agency's report released 4 June 2019.

<b>Effect of Home Ownership on Household Stockholdings</b> .....	<i>Tokuo Iwaisako / Arito Ono</i>	17
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This article discusses the effect of home ownership on household portfolios by summarizing the empirical findings in Iwaisako *et al.* [2019]. Using Japanese household survey micro data for the period 2000-15, Iwaisako *et al.* [2019] examines the effects of home ownership on household stockholdings. To disentangle the effect of property value and mortgage debt on household stockholdings as a share of their liquid financial assets, Iwaisako *et al.* [2019] applies the instrumental variable approach proposed by Chetty *et al.* [2017], which employs differences in average house price indices across regional housing markets in the year in which household portfolios are measured and those in the year in which the house was purchased. The empirical findings suggest that an exogenous increase in property value (while holding mortgage debt constant) is associated with an increase in stockholdings as a share of liquid financial assets, while an increase in mortgage debt (while holding property value constant) is associated with a decrease. The study also finds that a simultaneous increase in property value and mortgage debt (while holding home equity constant) has no effect on household stockholdings but is associated with an increase in mortgage debt repayment. Iwaisako *et al.* [2019]'s findings indicate that the low level of household stockholdings in Japan cannot be attributed to the effect of home ownership.

<b>Financial Literacy and Asset Accumulation</b> .....	<i>Hiroshi Fujiki</i>	30
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Empirical studies from around the world have found that the more financially literate tend to have riskier assets in their portfolios. The finding does not necessarily imply a causal relationship between financial literacy and the purchase of riskier assets. For example, some may obtain financial knowledge because they want to purchase risky assets. However, the finding suggests that financial education programs can play an important role in what type of financial assets people choose to accumulate.

<b>FINMAC and Cases Related to Financial Instrument Transactions</b> .....	<i>Hajime Mitsumori</i>	40
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The Financial Instruments Mediation Assistance Center (FINMAC) is an organization that consults and adjudicates issues related to financial instrument transactions, including stocks, investment trusts, and foreign exchange margin trading (FX), and resolves disputes in a fair and neutral manner. Much consultation is about financial instrument trading rules and practice. Complaints and disputes mainly tend to be related to solicitation for financial instrument trading.

### **34<sup>th</sup> SAAJ Annual Conference: *Japan's Future beyond the Tokyo Olympics: Aiming at Sustainable Growth***

<b>Value Creation via ROESG Mandated by the New Era after Tokyo Olympics</b>		
Panel discussion .....	<i>Moderator: Ryohei Yanagi</i> <i>Seiichiro Uchi / Scott Callon / Shoei Yamana</i>	48

### **Prospects**

<b>BOJ's ETF Purchasing Policy, "You cannot see the trees for the forest."</b> .....	<i>Kimie Harada</i>	60
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### **Economic and Industrial Analysis**

<b>Outlook for Economic Activity and Prices in Japan</b> .....	<i>Toshitaka Sekine</i>	66
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<b>Point of View</b> .....	<i>Toshinori Ito, CMA</i>	77
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### **Articles**

<b>Value Relevance of Trademarks: Evidence from Japanese Firms</b> .....	<i>Shingo Ide, CMA / Hitoshi Takehara</i>	81
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This study investigates the value relevance of trademarks. It finds that the quantity and quality of trademarks were negatively associated with profitability, growth potential, and risk of the firm. Thus, the positive correlation between trademarks and market value of equity can be explained by the risk mitigation afforded by trademarks. A trademark has a signaling role to convey a firm's risk information to the capital market, and, as a result, the firm gains consumer trust and acquires brand equity in the product market.

<b>Management Forecast Accuracy and Bond Spread .....</b>	<i>Sohei Ishida</i>	91
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This paper examines the relationship between management forecast accuracy and initial bond yield spread. It provides evidence that firms with larger management forecast errors are charged higher initial bond yield spreads. The findings suggest that management forecast information is used in the bond issue market, and higher management forecast accuracy leads to lower initial bond yield spreads.

<b>Book Reviews .....</b>	<i>Tadashi Nunami / Tsuyoshi Kawada, CMA / Tetsuo Kitagawa</i>	104
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<b>SAAJ News .....</b>		111
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