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## OMERS spots opportunities in Japanese, Indian equities

By NATALIE KOH

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Within Asia, investors will find opportunity in Japanese and Indian equities, and the potential for markets in the ASEAN region to do well in the future in terms of equities and private credit, said

Ashish Goyal, head of Asia-Pacific at Ontario Municipal Employees Retirement System, Toronto.

The C\$125 billion (\$93.7 billion) pension fund makes most of its Asia investments directly instead of through funds, and owns only around 25 to 30 stocks in the region, he said on Tuesday, speaking at the Invest ASEAN 2023 conference held in Singapore by Maybank Investment Banking Group.

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"We hold them in very large positions, and we don't trade them much," he said. "They tend to be high-quality companies in terms of management, in terms of balance sheets... We would be happy to hold on to them even 10 years from now."

Japanese equities have become fashionable in recent months and there are good businesses there, many of which are now paying dividends and paying attention to corporate governance, he said.

He also pointed to the previous panel during the event where Robin Yeoh, chief investment officer of Maybank Asset Management, said that valuations in Japan have become attractive, companies' balance sheets have improved, and the country has transitioned from deflation to inflation.

"They have come down from the bubble 20 years ago when valuations were 30, 40 times and now they are in the teens which is not much different from the U.S. and Europe," Mr. Yeoh said.

"They are the only country that has not increased interest rates even though inflation is going up, and that has resulted in a sharp depreciation in Japanese yen," Mr. Yeoh said, adding that news about Warren Buffet buying into Japanese companies has bolstered interest in the Japanese stock market.

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Maybank Asset Management had 31.9 billion ringgit (\$7.5 billion) in AUM as of Jan. 31.

Mr. Goyal added that Indian equities have performed well for OMERS. The pension fund started investing in the asset class five years ago and valuations have risen since.

"Much as we don't really trade, we did take some money off here. Things are expensive and right now we are at a very comfortable place," he said. He did not disclose the pension fund's exposure.

"So in India, there are opportunities, Japan, there are opportunities. (But) China is a bit trickier for a number of reasons," he added.

OMERS does have exposure to some Chinese equities, but it selects stocks based on the business fundamentals. "We're not paying for China," he said.

The fund would also "love to do more in ASEAN, but liquidity and size is usually a challenge for us," he said. ASEAN refers to the Association of Southeast Asian Nations.

He also said that there is real opportunity in private credit, which is a nascent market for Asia. "There are very few players; it's a huge industry in the U.S. and we think that trend will follow in Asia. We've been very active there and make very good returns on investment," he said.

OMERS has 11% of its assets allocated to Asia and plans to increase that exposure to 15% in the next two to three years, eventually moving to 20%.

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