



CHARLES NGUYEN, CFA
Head of Asia ESG Investing

How Value-Up Reforms Are Reshaping Asian Equity Opportunities

Asian jurisdictions are enhancing their corporate governance and equity market frameworks.

Asia is in the midst of a quiet but powerful corporate governance and investor stewardship revolution. Across the region, regulators and exchanges are pushing companies to use capital more efficiently, strengthen shareholder rights and improve transparency, while investors are increasingly engaging management teams and boards as well as voting their shares.

To understand why this matters, it helps to look at where recent trends started. For much of the past decade, Asian equities have traded at a persistent discount to U.S. markets, with lower valuation multiples and, in many cases, weaker total shareholder returns. To illustrate, in the 10 years through December 2025, equity indices in Japan (the TOPIX Index), Korea (the KOSPI) and China (the SCI1800) delivered annualized returns of 11%, 10% and under 4%, respectively, compared to the S&P 500's roughly 15%.¹

¹ Source: Wind/Bloomberg, as of January 26, 2026.

Several structural features have contributed to this gap. Across much of Asia, family-controlled boards have raised concerns about whether all shareholders are treated fairly when interests diverge. Meanwhile, many companies have held large cash balances or underused assets, depressing returns on equity, while cautious, opaque dividend policies and rare buybacks left investors unsure how surplus capital would be used.

Against this backdrop, the common agenda of today's reforms is clear: Close valuation gaps by improving capital efficiency, strengthening governance and encouraging companies to enhance shareholder value. These changes are already reshaping the region's equity markets, as reflected by the strong recent gains in some countries. While the objectives are similar, however, Japan, Korea and China are pursuing them in different ways.

Japan: First Mover

Japan was the first mover in Asia's "value-up" arc, and has shown tangible progress. In early 2023, the Tokyo Stock Exchange urged companies to adopt "cost of capital and stock price conscious" management, noting that roughly half of Prime and 60% of Standard Market issuers were trading below 1x price-to-book value, with returns on equity under 8%. The Financial Services Agency reinforced this message with an Action Program focused on management quality, independent director effectiveness and company/investor dialogue. Adoption has been broad: As of February 2025, 91% of Prime Listed companies and 49% of Standard Listed companies have disclosed value-up plans.² The impact is increasingly visible in rising buybacks and dividends, higher payout ratios and stronger total shareholder returns, as investors reward credible efforts to turn balance sheet capacity into better ROEs and valuations. This reform drive has translated into strong equity returns, with the Topix Index having nearly doubled from early 2023 through January 2026.³

Korea: Value Enhancement and Governance Reform

The success of Japan's reforms has prompted regulators elsewhere in the region to advance their own initiatives. Korea's Financial Services Commission launched the Corporate Value-Up Program in 2024, encouraging companies to voluntarily announce value-enhancement plans, set mid- to long-term strategies, and disclose financial and non-financial KPIs. A new "3% rule," effective in mid-2026, caps the combined voting rights of controlling shareholders and related parties at 3% when electing or removing audit committee members at large, listed companies (assets of KRW 2 trillion or about US\$1.4 billion).⁴ The goal is to bolster audit committee independence and minority shareholder influence in a market long shaped by Chaebol (family-controlled conglomerate) control. The market response has been positive, with the Korea Value Up Index, which consists of companies with "excellent corporate value," surging 89.4% year-over-year to a record high late last year and outperforming the KOSPI's 75.6% rise over the same period.⁵

China: M&A Focus

China is taking a different path. While Japan and Korea have emphasized capital returns and balance sheet efficiency, China's value-up agenda places additional weight on mergers and acquisitions as a value management tool. Unlike the largely voluntary approaches seen elsewhere, China's program is mandatory for companies trading below book value. Around 13% of the CSI 800 currently trades at less than 1x price to book, concentrated mainly in financials,⁶ giving the authorities a sizable cohort of firms to which these measures can be applied. As of November 2025, a total of 786 A-share listed companies publicly disclosed their policies, and another 228 companies published their plans.⁷

Conclusion: Bolstering the Asian Opportunity Set

For global investors, this is a welcome shift. As emerging markets evolve from a tactical allocation into a [more central pillar of diversified portfolios](#), attention is increasingly turning to Asia. With Asian jurisdictions stepping up competition on the quality of their corporate governance reforms and equity market frameworks, it is creating a broader opportunity set and, over time, a stronger case for a larger allocation of global capital to the region.

² Source: "Value Up, Asia, Aligning governance with shareholder value," Asian Corporate Governance Association, May 2025.

³ Source: [TOPIX Index Charts and Quotes — TradingView](#).

⁴ As of January 27, 2026.

⁵ Source: [Mael Business Newspaper, January 8, 2026](#).

⁶ Source: Wind, as of January 1, 2026.

⁷ Source: Neuberger research; includes both market value management and value enhancement plans.

This material is provided for informational and educational purposes only and nothing herein constitutes investment, legal, accounting or tax advice. This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Investment decisions and the appropriateness of this material should be made based on an investor's individual objectives and circumstances and in consultation with his or her advisors. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Neuberger Berman products and services may not be available in all jurisdictions or to all client types.

This material may include estimates, outlooks, projections and other "forward-looking statements." Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. Investing entails risks, including possible loss of principal. Investments in hedge funds and private equity are speculative and involve a higher degree of risk than more traditional investments. Investments in hedge funds and private equity are intended for sophisticated investors only. Indexes are unmanaged and are not available for direct investment. **Past performance is no guarantee of future results.**

This material is being issued on a limited basis through various global subsidiaries and affiliates of Neuberger Berman Group LLC. Please visit www.nb.com/disclosure-global-communications for the specific entities and jurisdictional limitations and restrictions.

The "Neuberger Berman" name and logo are registered service marks of Neuberger Berman Group LLC.



Neuberger Berman
1290 Avenue of the Americas
New York, NY 10104-0001