



Today's Theme



Japan

Japanese Mid & Small-cap Stocks (Series 3 / 3)



Why is Japanese Mid & small-cap stock investment attractive?



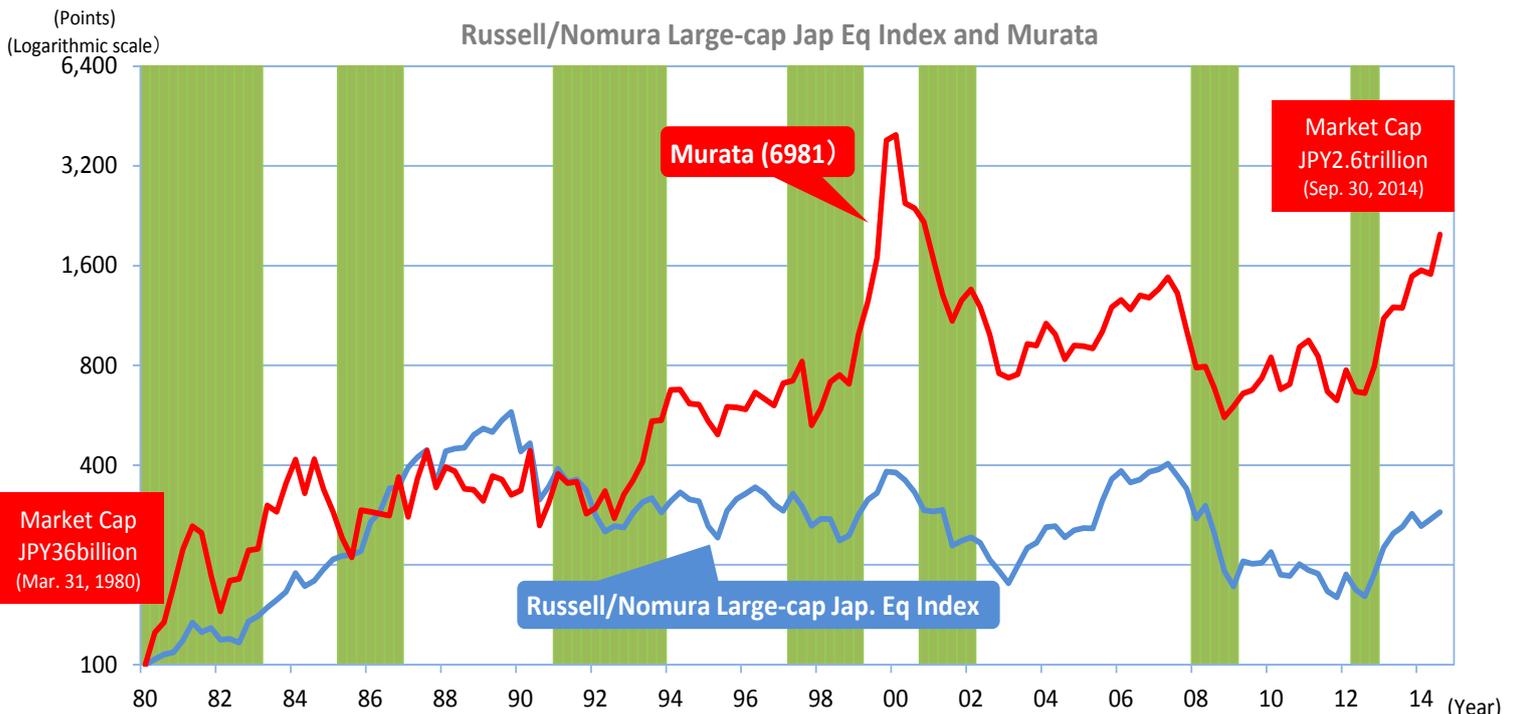
Even a big company that is now leading the global market with its unique innovative technology used to be a small-cap company. Attractiveness of Mid & small-cap stock investment is to discover such companies full of dynamism and innovation.

Small-cap stock is an innovator

- Murata Manufacturing (TSE Code 6981), now a large-cap stock, was once a “small-cap” company with market capitalisation of only JPY36billion in March 1980. The firm started its business as an electronic component manufacturer and expanded its market capitalisation to JPY29trillion as of November, 2014. Even in the matured economy like Japan, there are such successful stocks which has been performing well relative to the other large-cap stocks, which were originally small-cap stocks.

Abenomics' aim; develop growth industries

- The key aim of Abenomics (Growth Strategy) is to create and develop such young and innovative industries through so-called venture business in order to increase the Japan's potential growth rate through deregulations. The attractiveness of investment in Japanese Mid & small-cap stocks lies in the fact that investors have plenty of opportunities to invest in companies creating new businesses with high growth potential. Such companies are often found in the Mid & small-cap stock category.



(Note) 1. Data is from March 1980 to September 2014. (Quarterly bases) Periods shaded in green are periods of recession.
2. SMAM is not recommending or advising on this stock.

(Source) SMAM, based on Nikkei Quick Astra Manager and Russell/Nomura data.



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