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KUALA LUMPUR (Oct 12): UOB Asset Management (Malaysia) Bhd (UOBAM (Malaysia)) expects that Japan's drive to promote the privatisation of large government-backed companies will potentially provide a more competitive landscape for smaller-scale businesses.

Industries driven by domestic demand such as infrastructure, retail trade, transportation, and information and communications are likely to benefit from this deregulation policy, it said.

In a statement today, UOBAM (Malaysia) chief executive officer Lim Suet Ling said such structural reforms in addition to Japan's economic recovery are shoring up attractive long-term opportunities for investors.

"Japan's economic recovery, large-scale monetary easing, structural reforms to promote privatisation and the corporate sector's increasing commitment to corporate governance reform will deliver long-term outperformance in the small and mid-cap stocks," she added.

Japanese small and mid-capitalisation stocks that typically operate in domestic demand sectors are also less affected by external factors such as the slowdown of the Chinese economy, said Lim.

UOBAM (Malaysia) today launched the United Japan Discovery Fund to capitalise on the long-term growth opportunities for Japan's small and mid-cap stocks. The initial minimum investment for the United Japan Discovery Fund is RM10,000.

The United Japan Discovery Fund is benchmarked against the Morgan Stanley Capital International (MSCI) Japan Small and Medium-sized Capitalisation (SMID Cap) Index, and invests 90% of its portfolio in the United Japan Small and Mid Cap Fund, which is managed by UOB Asset Management Ltd in Singapore.

United Japan Small and Mid Cap Fund invests in small and mid-cap companies listed, domiciled, or having more than 50% operations in Japan.

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