



CIMB-Principal Islamic targets US\$1.7 bln assets under management

KUALA LUMPUR: CIMB-Principal Islamic Asset Management Sdn Bhd aims to grow its assets under management to US\$1.7 billion by year-end given the high potential market for Islamic-based instruments globally, chief executive Datuk Noripah Kamso said yesterday.

The company, which is an offshoot of CIMB Principal Asset Management Bhd, has about US\$1.3 billion in assets under management as at June 30, 2009.

"Being as an independent company now, we are looking at an additional US\$400 million for this year," Noripah told reporters after a media briefing on research study "Future of Investment: The Next Move?" conducted by Principal Global Investors.

"We aspire to be the most valued global Islamic asset management house-managing institutional mandates," she said.

Noripah said CIMB-Principal Islamic was currently working with its partners to develop products that could build a track

record with the aim of attracting more foreign institutional investors to put their money in Malaysia.

"This will be a tipping point for us to tap into the global market," she said.

Noripah said demand for Islamic investment products was increasing with a vast range of investment alternatives, including sukuk (Islamic bond), commodity funds and hedge funds, currently available in the world market.

She said the global sukuk market is estimated to be around US\$12 billion this year, of which US\$8 billion

had already been issued, and the market is expected to grow more than US\$12 billion in 2010.

"An Islamic-based investment products is very unique because it is fixed for a long-term period and we believe that it can perform better than conventional investment instruments," she added.

Noripah said Islamic asset management is grounded on Syariah finance principles

which expressed an intention to meet the financial needs of participants with integrity and in a manner that is just, fair, trustworthy and honest, while ensuring a more equitable distribution of wealth.

From the quality aspect, she said Islamic asset management is a value-based investment alternative that is, for the most part, congruent with a conventional values-based investment approach that mandates social values and good governance.

"Islamic issuers also discourage leveraging and inefficient use of capital. This will indirectly encourage prudence in capital management level and debt," Noripah said.

"In terms of safety, Syariah-compliant investing complements the ethical approach with an additional layer of financial risk management as it avoids overly leverage companies and unproductive capital management," she said. — Bernama