

CIMB-Principal bullish about China recovery

Fund manager expects China economy to grow by 7.6%

By FINTAN NG

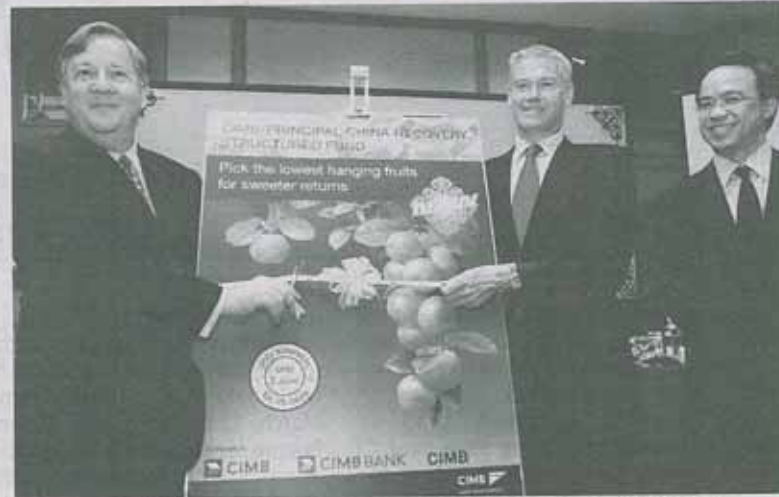
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KUALA LUMPUR: CIMB-Principal Asset Management Bhd, which has just launched its second China-centric fund, is bullish Asia's second largest economy will weather the global slump on domestic demand fuelled by private consumption and pump priming measures.

The fund manager has projected that China's economy would grow 7.6% this year. CIMB-Principal chief executive officer J. Campbell Tupling said sentiment in China was slowly turning around as the US\$585bil stimulus plan announced by Beijing last November took effect.

"We're seeing some definite improvements in China, which we think has some advantages over the United States and Europe in terms of its ability to make the stimulus package work besides a robust banking system that is still lending," he told reporters after a media briefing yesterday following the launch of the CIMB-Principal China Recovery Structured Fund.

The China Recovery fund, which has a fund size of 300 million units and an initial price of 50 sen per unit, offers a choice to investors who are



(From left) J. Campbell Tupling, head of retail banking CIMB Bank Peter England and Raymond Tang at the launching of the CIMB-Principal China Recovery structured fund.

still wary of equity markets to invest conservatively in a country that would go into recovery mode much faster than the developed world, Tupling added.

He said a leading indicator of China's potential for recovery was the stock market, which was up 25% compared to the contraction of more than 70% last year.

According to CIMB-Principal chief

investment officer Raymond Tang, Chinese banks' rate of lending in the first three months of the year was six times larger than the same period last year.

"For the first three months of this year, they've lend 75% of requirements for the year," he said.

Based on the stronger lending patterns as well as the more focused spending of the stimulus package,

Tang said there were not just signs of recovery "at the top but also from the ground level."

Last week, China's National Bureau of Statistics announced that the economy in the three months ended March 31 grew 6.1%, the slowest since quarterly records began in 1992.

The Beijing government is targeting a growth of at least 8% per annum in order to avert more unrest as unemployment, which has stabilised recently, hit 40 million mostly from export-oriented industries in the country's southern coastal provinces.

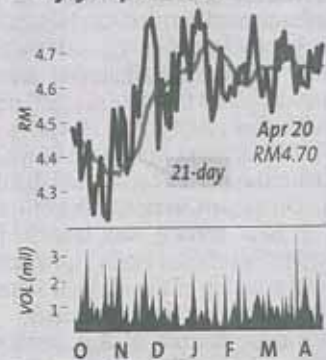
Although most economists believe that the worst could be over for China, the World Bank, in its most recent report said the country's economy would achieve a 6.5% growth this year. The latest CIMB-Principal fund, which is a capital-protected closed-ended financial product has an offer period opened till June 3 with initial minimum and subsequent investments of RM10,000.

The fund's performance would be linked to equities represented by the CIMB Isovola China Index and could potentially reach a return of 7% per annum. The index includes Chinese stocks such as China Telecom Corp Ltd, China Shenhua Energy Co Ltd and PetroChina Co Ltd.

Support Line

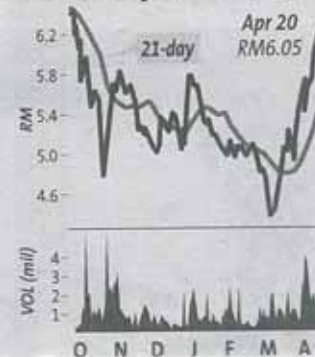
By K.M.LEE

Berjaya Sports Toto



BERJAYA Sports Toto shares rebounded from their 28-month lows of RM4.04 on Oct 28 to a high of RM4.82 on Jan 12 before turning range-bound on profit-taking activity alternated with bargain-hunting interest. Apparently, the moving average convergence/divergence (MACD) histogram is on the mend, suggesting a mild upward bias pattern in the immediate term, with heavy resistance anticipated at the RM5 mark. Support is seen at RM4.60, followed by RM4.50.

Bursa Malaysia



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