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CIMB Principal targets RM150m sale from syariah-compliant fund

by **Siti Sakinah Abdul Latif**

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KUALA LUMPUR: CIMB Principal Asset Management, a unit of CIMB Group is targeting to raise RM150 million this year from its latest product, CIMB Islamic Global Commodities Equity Fund, said its CEO J Campbell Tupling.

The amount represents the fund's total approved size of 600 million units, which are priced at 25 sen each in the three-week initial offer period from January 6. "It's a long term fund with three to five years standard return expectation of 10% to 15% per annum," he told reporters after the launch of the fund yesterday.

Tupling said the syariah-compliant fund provides investors with the opportunity to invest in global commodities.

"The fund will provide exposure to stocks that will benefit from strong and rising demand for natural resources and basic materials namely energy, metals, agriculture and renewable energy," he said.

He noted that current trends in population growth, industrialisation, urbanisation and clean energy would continue to have a ripple effect on the commodities sector.

"As population increases and lifestyle changes, there is a permanent shift in demand for more food, efficient energy resources and better infrastructure," he said. "Therefore, supply needs to find ways to keep up.

"Consequently, it will also drive the adoption of alternative energy sources to mitigate increasing pollution," he added. The fund would invest at least 70% of its net asset value (NAV) in syariah-compliant equities and securities of companies in commodities-related business.

A maximum of 28% of the fund's NAV may be invested in syariah-compliant derivatives such as commodity exchange-traded fund and commodity indexes. The prospectus of the fund, the first syariah-compliant fund to be launched this year, is set against a benchmark of 50%

Dow Jones Islamic Oil & Gas Index, plus 50% Dow Jones Islamic Market Basic Materials Index.

Tupling said that there had been increased demand from investors looking to diversify their portfolio and the performance of syariah-compliant funds generally showed no significant difference compared to conventional funds over the long-term.

Meanwhile, CIMB Wealth Advisors Bhd (CWA) CEO Tan Beng Wah said the fund made it easier for investors to diversify their portfolio "as it invests in companies along the entire commodity value chain, ranging from companies that are involved in project financing to production and maintenance".

On the outlook for commodities, CIMB Principal Asset Management chief investment officer Raymond Tang said prices had stabilised and demand for commodities would sustain.

The minimum initial investment in the fund is RM1,000.