



# CIMB-Principal bets on China, India and Indonesia

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**KUALA LUMPUR:** CIMB-Principal Asset Management Bhd has launched a RM150 million open-ended equity fund that capitalises on undervalued listed companies in the emerging markets of China, India and Indonesia.

At an initial offer price of 25 sen per unit, the 600 million unit fund is expected to generate 10%-15% per annum income distribution over a three-to five-year timeframe, said its chief investment officer Raymond Tang.

He expected all the units of the fund to be taken up within three to six months. The fund was opened for public subscription on Jan 21 with a minimum investment of RM1,000.

CIMB-Principal Asset Management chief executive Campbell Tupling said the fund was timely as the global economic recovery would be led by Asia and driven by these three economies.

"These countries are already generating economic activity equal to 44% of the US economy and by 2015, their GDP are expected to surpass US\$10 trillion, even with modest growth rates," he said.

"(They) are also close to home, we hear and read about them every day, they have proven track records of growing gross domestic product (GDP), strengthening stock markets and corporate earnings," said Tupling.

"Retail investors can invest in equities and equity-related securities of undervalued listed companies which are domiciled or have significant operations in the China, India and Indonesia

markets that offer attractive valuations and medium- to long-term growth potentials."

Tupling said the fund would be managed from CIMB-Principal's offices in Kuala Lumpur, Singapore and Indonesia, while it would leverage on Principal PNB Asset Management Company Pvt Ltd's knowledge of the Indian market to make headways there.

Tang said with a combined population of three billion people, along with a rising middle-class population, these markets were poised for growth into the next decade.

"Our investment outlook for the coming three to five years is good as the economy recovers," he said. "We believe the equity markets in this region will be a good place to invest."

Sixty percent of the fund will be allocated for China, 30% India and the remaining 10% for Indonesia, benchmarked against the Hang Seng China Enterprises Index, S&P CNX Nifty Index and the Jakarta Composite Index, respectively.

The fund will be distributed by CIMB Bank, CIMB-Investment — Retail Equities, CIMB Private Banking, CWA (formerly known as CIMB Wealth Advisors), Hong Leong Bank, Royal Bank of Scotland and Phillip Mutual.

At present, CIMB-Principal Asset Management manages 61 funds, with 24 offshore funds while another 13 have some offshore exposure. The new China-India-Indonesia fund will be its second offshore fund this year.

The asset management company had assets under management (AUM) of RM22.1 billion as at Dec 31 2009, a RM3 billion increase from 2008.