

CIMB-Principal banks on Asia to be major driver going forward

The asset manager plans to release products that will tap into what it sees as a more attractive market

by ALFEAN HARDY

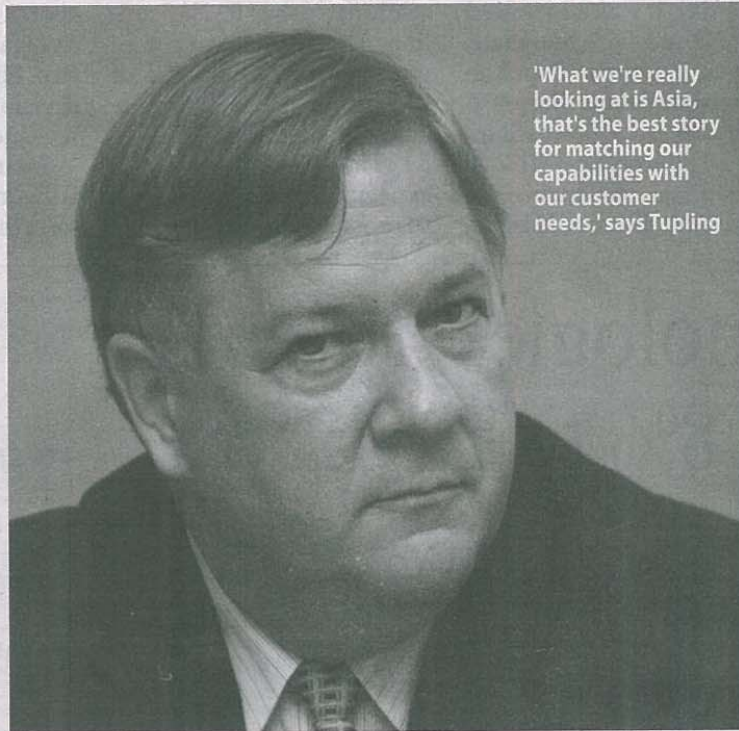
CIMB-PRINCIPAL Asset Management Bhd (CIMB-Principal), which is sitting on assets under management (AUM) of about RM20.6 billion as of August 2009, is looking to Asia to be its major driver going forward and plans to release products that will tap into what it sees as a more attractive market, its chief executive officer J Campbell Tupling said.

CIMB-Principal is 60% owned by the CIMB Group and 40% by global financial services provider Principal Financial Group.

It is responsible for manufacturing, managing and distributing unit trust funds as well as managing customised portfolio mandates for corporate and institutional clients.

Speaking to reporters at the launch of CIMB-Principal's new Shariah-compliant cash management product, the CIMB Islamic Deposit Fund, Tupling said there was opportunities for the firm, especially within region.

"There's no large gaps in our funds portfolio because we're a



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mature, large fund house. But there're niches and opportunities that continue to exist," he said.

"Without giving too much away, what we're really looking at is Asia, that's the best story for matching our capabilities with our customer needs. We're a little less optimistic about the global recovery in 2010. We think Asia's going to be a better place for our investors to be, so that's where we're more likely to launch new funds," he added.

Tupling said the CIMB-Principal had an internal growth target

of between 20% and 30% by end-2010 and that the asset management firm would attempt to reach these targets via a combination of factors.

"Obviously, we're reasonably optimistic about the market's recovery but there's still more to come on an overall basis, so that it will obviously contribute to AUM. We'd like to attract more customers to our existing funds and, of course, we will be launching new funds throughout the year. So, it's really a combination and not just one thing that will

lead to more AUM," he added.

Asked whether CIMB-Principal would be launching more conventional or more Islamic compliant products, Tupling said it would be a balance between the two.

"It's about identifying customer needs and our capabilities in both conventional and Islamic, and it's about matching those needs," he said.

"More offshore products? Yes, that's a definite possibility. Will there be an offshore fund this year? That's a distinct possibility, I won't go any further than that," he added.

The CIMB Islamic Deposit Fund, believed to be the first of its kind in the local market, was designed to meet local market demand for a liquid and low risk fund with no exposure to commercial papers.

It allows corporate and institutional investors to generate a positive steady stream of monthly income whilst allowing them the convenience of parking their funds in short term investments.

The fund has zero application fees and has an initial selling price of RM1 per unit. The approved fund size is 400 million units. Minimum investment in the fund is RM10,000 and at least 95% of its net asset value would be invested in shariah-compliant deposits with financial institutions.