



CIMB-Principal bullish on new equity fund

It is expected to generate between 10% and 15% returns annually

KUALA LUMPUR: CIMB-Principal Asset Management Bhd expects its latest fund, CIMB-Principal China-India-Indonesia Equity Fund, to generate between 10% and 15% returns annually over the next three to five years.

The fund, which is believed to be the first of its kind in Malaysia, will invest 70% to 98% of its net asset value (NAV) in equity with at least 2% of the fund's NAV invested in liquid assets.

CIMB-Principal chief executive officer J. Campbell Tupling said the three target markets had proven track records of growing gross domestic product (GDP), strengthening stock markets and corporate earnings.

"China, India and Indonesia are already generating economic activity equal to 44% of the US economy and by 2015, their (combined) GDP is expected to surpass US\$10 trillion, even with modest growth rates," Tupling said after the launching of the fund.

The company's second offshore fund this month after CIMB Islamic Global Commodities Equity Fund, the new open-ended fund has an approved fund size of 600 million units with an initial offer price of 25 sen per unit. Its minimum investment is RM1,000.

CIMB-Principal chief investment officer Raymond Tang said the spending power of the growing middle-income class in these three countries arising from rapid industrialisation and urbanisation was fuelling the growth of domestic consumption and infrastructure spending.

With stimulus packages amounting to more than US\$1 trillion and foreign reserves of over US\$4 trillion, these markets were attractive investment destinations, he said.

To a question on asset allocation among these markets, he said the benchmark would be 60% in China, 30% in India and 10% in Indonesia.

On the investment outlook of equities in the region, Tang said the company believed equity markets would be a good place to invest in the next three to five years in view of the global economic recovery.

On plans for more offshore funds, Tupling said it was quite possible but the company would have to consider whether it would provide value to investors and investors' risk appetite as to what type of funds they were looking at. CIMB-Principal's assets under management as at Dec 31, 2009, stood at RM22.1bil.



From left: J. Campbell Tupling, CIMB Bank Bhd executive director Sulaiman Mohd Tahir and Raymond Tang at the launch of the China-India-Indonesia Equity Fund yesterday.