

Cautious trade on Bursa seen for rest of year

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KUALA LUMPUR: Cautious trading will continue to dominate the local bourse for the rest of this year with the bearish trend not expected to change much in 2012.

Boutique asset management firm Capital Dynamics managing director Tan Teng Boo said such performance is in line with other stock markets around the world.

In a media briefing here yesterday, Tan said the commodity sector will not be a performer next year as commodity prices have reached their peak, and in line with the economic slowdown, oil, rubber and palm oil prices will be under pressure in 2012.

He added that it may have been four years since the financial crisis triggered by the US subprime loans meltdown, but the market has yet to fully recover.

The ongoing American and European crises continued to negatively impact the global economy, and investors are now experiencing a global bear market.

He said the Malaysia stock market will not be spared from the uncertainty that is clouding major stock markets, but economically, Tan said he is "tentatively optimistic" given some of the government reform measures.

"With all that has happened so far in 2011, the next 12 to 18 months will be



Capital Dynamics managing director Tan Teng Boo says oil, rubber and palm oil prices will be under pressure in 2012

equally troublesome for the global economy and markets ... this is where the capability of the fund manager is tested and showcased," said Tan.

Capital Dynamics is the asset manager for icapital.biz.Bhd, Malaysia's only listed closed-end fund. Since its listing on October 19 2005 until September 29 2011, it has gained 102 per cent, outperforming the FTSE Bursa Malaysia Kuala Lumpur Composite Index, which gained 56.53 per cent in the same period.

"Amid all the unnerving turbulence and spine-chilling uncertainties in the markets, this conservative, well-managed fund remains a low risk, high return haven for investors," he said.

Capital Dynamics also

manages two global funds, namely i Capital Global fund, which invests in 42 stock markets globally, and i Capital International Value fund, which is priced in Australian dollars and invests globally.

Its total assets under management currently stand at US\$350 million (RM1.1 billion), up from US\$200 million (RM642 million) in 2008.

Commenting on the outlook of the Malaysian economy, Tan said the tourism sector has a lot of potential as its growth over the recent years has been very steady and consistent.

"Our entrepreneurs have not taken advantage of this growth potential," he added.