

## Malaysia's Capital Dynamics targets Hong Kong

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Malaysia's Capital Dynamics plans to enter Hong Kong this year as part of its ambition to expand globally.

Outside Malaysia, Capital Dynamics has an office each in Singapore and Australia and is looking to expand into Hong Kong this year with a "specially structured" retail fund.



Tan Teng Boo, Capital Dynamics

"We are about to submit our application for a Type 9 licence in Hong Kong," says Tan Teng Boo, Kuala Lumpur-based managing director and founder of Capital Dynamics, without giving details of the planned fund, which is still pending regulatory approval. A Type 9 licence from the Securities and Futures Commission is required to carry out regulated asset management activities in Hong Kong.

Using Hong Kong as a base of operations, the company also plans to reach clients in Taiwan and China, Tan says, adding that a presence in the U.S. three years after it receives a Hong Kong licence is also part of the planned expansion.

Capital Dynamics was established in Malaysia in 1988 as an independent investment advisor. In 2005, the company set up an asset management arm, Capital Dynamics Asset Management, to manage its RM140 million (US\$47.1 million) Malaysia-listed closed-end fund, [icapital.biz](http://icapital.biz), which invests in Malaysian securities, according to its [prospectus](#).

Capital Dynamics set up in 2006 an on-the-ground operation in Singapore, where it now manages the *i* Capital Global Fund, a zero-load open-end fund that invests in 42 stock markets globally, according to its [website](#).

The company obtained its Australian Financial Services licence in 2008 and established an operation in Sydney, where it launched in 2009 the *i* Capital International Value Fund that targets retail investors. The fund, which was launched in a "very low-key" manner, has generated about A\$30 million (US\$32.6 million) in assets so far, he says.

"We're not focused on gathering assets," says Tan, explaining the company's move to set up operations in various countries with just a single fund.

“If we want to gather assets, we would hire financial advisors to market our funds, but we always go directly to investors,” he adds, stressing that the company is performance-driven.

Describing Capital Dynamics as “pretty aggressive” in its effort to go global, Tan adds, “the asset management industry is now very lopsided and dominated by western firms”.

When asked whether the global financial crisis has taken a toll on the company’s business, Tan says the impact has been “quite the opposite”, adding, “A crisis is really the best time to start a business”. He notes that Capital Dynamics entered Australia almost right after the 2008 Lehman Brothers collapse.

During a crisis period, rental rates are relatively cheaper and hiring talented staff is easier, he says, adding that the company also launched its investment website in July 2002 amid the U.S.-led technology bubble.

Japan, which is still struggling to recover from the March 11 earthquake and tsunami, is not presenting opportunities for the company, Tan says.

“Japan has never been [on] our radar screen, even before the crisis,” he says. “As a fund manager, we have never been keen to expand into the country because its market is mature, competitive and bureaucratic.”

Capital Dynamics now manages a combined US\$330 million in assets in Malaysia, Singapore and Australia.