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Global bourses on bullish reversal: Capital Dynamics

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KUALA LUMPUR: Global stock markets are on a major bullish reversal, backed by global economic recovery, and the rallies are likely to be sustained by institutions loaded with cash as well as banking giants with liquidity.

Capital Dynamics Group's managing director Tan Teng Boo, in stating this, said Bursa Malaysia, however, may not regain a full-fledged bull market with investors watching political developments in certain states.

According to him, the Kuala Lumpur Composite Index's uptrend momentum is likely to be at the 1,400 to 1,500 points level within the next two to three years, leveraging on the global economic recovery.

"China's well-managed economy is on course to reshape the global economic structure and balance the global economy," he said at the launch of the Capital Dynamics (Australia) Ltd's iCapital International Value Fund here yesterday.

Capital Dynamics Australia, part of the group, was set up last year and has obtained the Australian financial services licence to provide, among others, fund management services to retail investors.

Based in Sydney, Capital Dynamics Australia is now launching the iCapital International Value Fund, a global fund denominated in Australian dollar.

Tan said the fund was looking at a return of 15 to 20 per cent per annum.

"Since inception, the funds managed by the group have beaten the benchmark indices every single year.

"The Malaysian funds have beaten the stock market index for 12 straight years," he said.

In addition to Malaysia, the group has offices in Australia and Singapore.

"Over the last couple of months, we have been on a shopping spree. Our main holdings are now in companies such as Parkson," Tan said.

"We also have holdings in property developers in China, Tesco, and energy producers in Australia," he said.

Asked for his views on the current global financial crisis, Tan said many people have confused the cause-and-effect relationship, thus attributing the economic contraction to the subprime problem and housing bust in the United States.

This, according to Tan, is incomplete and faulty.

He said research by Capital Dynamics showed that the severe economic contraction could almost be totally blamed on the collapse of US investment bank Lehman Brothers in September 2008.

Tan described the current financial crisis as "the Lehman Panic".

— Bernama

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