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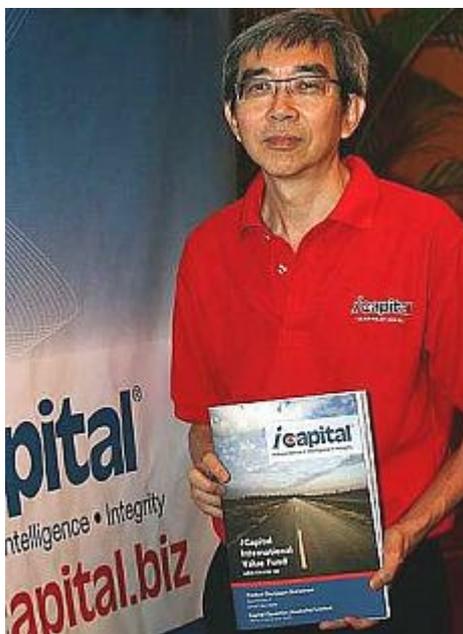
Up Close and Personal with Tan Teng Boo

By TEE LIN SAY

HE has been defined as one of the country's iconoclastic minds in financial markets research and having been compared to the Oracle of Omaha, Warren Buffett, it's no surprise that Capital Dynamics Asset Management Sdn Bhd Tan Teng Boo has done it again.

His latest toy - the Australian Financial Service Licence he secured recently for his firm. Just how many Asian fund managers would attempt such a feat singularly in a foreign land?

Renowned for his brilliant and eclectic style of investing, Tan is also noted for his critical writing and constant criticism of Malaysia's past mismanagements, white elephant projects and poor economic policies.



Tan Teng Boo

In fact, if one were to ignore the variables (Buffett's investment firm has a huge base and is largely exposed to the US market which has taken a major beating) and compare Tan's performance with Warren Buffett's in the last 10 years, Tan wins.

From 1998 to Mar 2009, Capital Dynamics Asset Management Sdn Bhd delivered a net compound return of 19.78% annually versus 3.16% per annum for the Kuala Lumpur Composite Index (CI). Meanwhile, Buffett's Berkshire Hathaway has delivered annual returns of only 5% over that period!

"I'm pretty damn good at what I do. I would say I am one of the top five fund managers in the world. It is a pity that people don't really recognise that," says Tan in such a matter-of-fact manner, that it's almost hard to construe that as boasting.

Tan today has three funds operating in three countries investing in 42 countries. He reads close to 300 annual reports a month and is constantly on the lookout for undervalued companies.

Tan considers himself very lucky to be alive in this era when China is undergoing its majestic economic and power transformation. And his view on the market?



“We’re in the start of a bull market that will be led by China. There is no economy in this world that is stronger than the Chinese economy,” says Tan.

Biggest achievement

For Tan, setting up Capital Dynamics (Australia) Ltd in Sydney, is more than a mere business milestone.

With an initial paid up capital of A\$500,000, Capital Dynamics (Australia) is targeting a fund size of A\$50mil in the next 12 to 18 months for the *I* Capital International Value Fund.

Undeniably, its a huge achievement, but there’s an obviously deeper meaning when Tan says the Australian licence is one of his accomplishments he is most proud off.

“For me, it was also a challenge to myself. I want to show people that Malaysians can do it. I am proud to be a Malaysian, a Chinese and an Asian.”

“I dedicate this challenge to my son and daughter. I want to let young Malaysians know that you can actually do it on your own simply through hard work, focus and determination.”

He says that if every Malaysian were to think this way, then we would be living in a different country today, where the political scene would not be in its present state.

For Tan, he sees himself on a crusade which far exceeds his role as a fund manager. It is perhaps not surprising why Tan writes critically in his weekly *i*Capital newsletter.

“I would like to think that as an individual, I am making a difference to the country. Malaysia has huge potential ... but it is being destroyed by selfish politicians,” he says.

In Chinese, Tan’s name literally translates to “ability to carry any burden”. He’s certainly living up to his name.

At his age, Tan ought to be winding down and enjoying the fruits of his labour, but Tan says he is on a very long and tough journey, both for his passion for investing and for society.

Tan says that Malaysia, during the sixties was a much better place than it is today.

“Since 1997, I have been very depressed with the state of our country. What I’m doing now, is akin to walking the Antarctica. There is no road map and there are obstacles on the way. But I make this my personal mission while I am here on earth, that is to make the world a better place,” he says.

Background

Tan was born in Alor Star to a family of six. As a 17 year old student, Tan says he remembers his father switching on the radio everyday at 7pm for the market report on the RTM station.

While the stock market influence was there, Tan describes himself as being very laid-back then, and was only too happy to stay put in Alor Star.

He worked briefly as a *Reuters* reporter, before deciding instead to pursue a degree in Economics from The University of Sussex in 1973. At the tender age of 21, he married his secondary school mate.

Upon graduating, he came back to Alor Star and Tan was contented to help out with the family business of rubber processing and trading.

Nonetheless, he still invested in the market, and his experience of hitting it big was with Kuchai Development Bhd in 1978.

“I bought it at 70 sen and sold it at RM5 in 1981,” he recalls.

At the same time, friends and relatives advised Tan to leave Alor Star to make a name of his own. Hence, Tan left for Kuala Lumpur in 1983. He joined GP Securities (now PB Securities) as an office manager doing mostly administrative work.

“Back then, there were two things I was really keen on. One was to be in the cemetery business, and the other was to be a stockbroker. Cemetery businesses offered really good money. I guess my passion for stocks won out,” he says.

Tan says he wanted to provide investors with an alternative and independent view, as retailers were mostly being “screwed” left and right by biased reporting.

Hence started Capital Dynamics Sdn Bhd in 1989, Malaysia’s first licensed independent investment adviser. The principles of the company hinged on “independence, intelligence and integrity”.

Through its flagship weekly publication and its investment portal, www.icapital.biz, Capital Dynamics till today provides sound investment advice to investors.

Since then, Capital Dynamics has taken up much larger challenges. It listed its closed end fund, [icapital.biz](http://www.icapital.biz) Bhd on Oct 19, 2005. Up to March 2009, it has gained 13.89% annually versus -1.34% per annum for the CI.

A year later, Capital Dynamics (S) Pte Ltd was founded in Singapore. This manages the i Capital Global Fund (ICGF), a global fund that has also outperformed the Morgan Stanley World Index.

From inception in July 6, 2007 to Mar 31, 2009, the fund performance of ICGF is -18.95% per annum. The Morgan Stanley All Country Index plunged 32.14% and the Morgan Stanley World Index plunged 31.81% during the same period.

These days, with the increasingly global nature of his company, Tan shuttles between Malaysia, Singapore and Australia every other week.

“If not for the advice of friends and relatives at that time, I would probably still be in Alor Star today, still not knowing what I wanted,” says Tan.

Staunch values

Tan is a staunch admirer of the “Chinese Gentlemen” or the concept of a man with honour. He says he lives according to the rules of Confucianism, where he has an idealistic view of the world, and really desires to make the world a better place.

Confucius said: “A gentleman needs to have three basic characters, which I have not lived up to. Be benevolent with no worry; be wise with no bewilderment; be courageous with no fear”.

Tan takes his relationships and friendships very seriously.

“My standards of friendship are very demanding compared to other people. I give that much, and I expect that much back also,” he says.

For Tan, a life well lived is one where it is meaningful and his children eventually come back to join his business. Presently, both his children are working and studying in the US.

Tan agrees that money cannot buy happiness. In fact after a certain point, money starts to devalue. Nonetheless, Tan is still hoping to purchase either a Ferrari or Lamborghini once he is done renovating his Malaysian home!

While Tan’s ultimate ambition is to be one of the greatest investors of all time, he also hopes to find the time to write books and novels.

“I would love to write books on investing, economy or even a storybook which is more reflective and contemplative,” he says.

Tan is one of those who likes to read several books at the same time. Apart from annual reports, Tan is reading *Grapes of Wrath* by John Steinbeck, *Essays on the Great Depression* by Ben Bernanke and *My Years with General Motors* by Alfred P Sloan among others.

Things he has yet to do? He hopes to master the Mandarin language and wants to be an accomplished pianist.

Nonetheless, he has no regrets.

Being the rational and logical realist, Tan believes heaven is on earth. While he believes in God, Tan does not believe in the conventional religions of the world. “For me, heaven is here on earth. That is why we need to live it to the fullest. After we die, we merely disintegrate to dust and are used only to fertilise the ground.”

Indeed, spoken like a true contrarian.