

Capital Dynamics sees new stock bull market

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“We don’t see the current rally as a bear market rally. We are pretty convinced that it is the beginning of a new bull market,” Tan Teng Boo, founder and managing director of Capital Dynamics, said in an interview on Thursday. The fund manager has about 230 million in assets. Asian markets have rebounded strongly since March on hopes that the region, led by China, will be the first to recover from the global downturn. Malaysia’s benchmark stock index has risen 16.7 per cent so far this year after a 39 per cent drop in 2008. Elsewhere in Southeast Asia, Singapore has gained 24 per cent, Thailand is up 15.5 per cent and Indonesia has risen 28.8 per cent. The region’s strong rally has left analysts scrambling to upgrade their calls. UBS raised this week its year-end target for the Kuala Lumpur Composite Index to 1,112 points from 1,000 points. BNP Paribas recently upgraded Singapore to overweight with a higher Strait Times Index target of 2,500 points, saying the economic recovery had happened earlier than expected. Capital Dynamics’s main fund dropped 30.3 per cent last year compared with the wider market’s 39 per cent loss, said Tan. **NEW GEM** Capital Dynamics has been adding palm oil producer Kuala Lumpur Kepong since last year, said Tan. “We have bought quite a fair bit of Kuala Lumpur Kepong. It’s one of the new gems that we have discovered,” Tan said. Kuala Lumpur Kepong, Malaysia’s third-largest palm oil producer by market value, has a good management and a strong balance sheet, said Tan. The company also offers long-term growth potential because most of its oil palm trees are still young, he said. Tan said other Malaysian stocks that he is upbeat about include soft drinks maker Fraser & Neave Holdings, garment maker Padini, petrol station operator Petronas Dagangan, PIE Industrial, which makes industrial products such as cables and wires, and department store operator Parkson Holdings. Parkson, which has a strong presence in China’s upmarket retail sector, remains the firm’s single largest holding, said Tan. “The prospects for Parkson are extremely bright. China is such a huge market and there is a long way to go,” he said. - Reuters