

'Stock markets have bottomed out'

The global economy is expected to experience a synchronised V-shaped recovery and a major bull market is seen as being underway

By LEE CHERNG WEE

GLOBAL stock markets have bottomed out a few months ago and the current rally is not a bear market rally, said Tan Teng Boo, managing director of Capital Dynamics Sdn Bhd.

"The global economy will experience a synchronised V-shape recovery and a major bull market is underway," said Tan at the launch of iCapital International Value Fund (ICIVF) yesterday.

The experienced fund manager added that the global equity sell-down was not caused by the subprime crisis

or US housing problems. Instead, it was sparked by the Lehman panic which led to a global panic.

"There has been a huge divergence between investor sentiment and economic fundamentals. Now the economic statistics around the world looks much more positive. Sentiment will catch up with the improving fundamentals and this will lead to a rally," said Tan, adding he will not be surprised if the Kuala Lumpur Composite Index climbs back to its previous high of 1,500 in the next two years.

"Global fund managers still have a lot of cash in hand. When the economy improves, they realised that if they do not invest soon, they will underperform the market. Then they will start panic buying and that will set a stage for a non-bear market rally," he said.

Amid the equity melt-down, Capital Dynamics



Tan says he will not be surprised if the KLCI climbs back to its previous high of 1,500 in the next two years

have been actively buying undervalued stocks in the region. Its iCapital Global Fund's cash portion has been lowered to 6% currently from

45% as at July 2007.

Tan said the fund has bought shares in Singapore's Keppel Corp Ltd, Australian energy company Oil Search

Ltd, Chinese property developer Beijing Capital Land Ltd, Hong Kong gaming company Rexlot Holdings Ltd, Tesco plc and Bank of East Asia. On the local front, Capital Dynamics' icapital.biz Bhd fund is adding its position in Parkson Holdings Bhd and bought shares in Kuala Lumpur Kepong Bhd.

Launched yesterday, the ICIVF is denominated in Australian dollar (AUD) and invests in 42 stock markets globally.

Targeted at retail investors, the fund's minimum initial investment is AUD20,000 (RM50,000) with additional investments at AUD2,000. ICIVF charges a management fee of 1.5375% of the net asset value with no entry or exit fee.

Tan said the fund's target is to achieve 15% to 20% of compounded annual return over the long term, which is higher than the Australian Securities Exchange (ASX)'s 7%.