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Fund manager says rally can last

By EMILYN YAP

FUND manager Capital Dynamics (S), which recently expanded into Australia, reckons the current stock market rally is sustainable.

Sharing what he acknowledged are 'unusually positive' views, the company's managing director Tan Teng Boo said at a briefing yesterday that the global economy is in the midst of a V-shaped recovery. This will revive stock markets, which bottomed out a few months ago, he added.

The Straits Times Index yesterday lost 72.11 points to close at 2,166.1. Nevertheless, it has risen more than 48 per cent from its low in March.

'Over next two or three months, I think there may be some form of correction,' Mr Tan said of the STI. 'But the more important horizon to look at would be over the next couple of years. Will it go over the 3,000, 3,400-mark? I think chances are very good.'

According to him, ST Engineering and some property-developer counters in Singapore look attractive. He is also optimistic about Chinese and Hong Kong equities, but downbeat on those in Thailand because of the volatile political situation there.

Underlying his confidence in the stock market rally is the belief that the global economy is recovering sharply. The US could see positive GDP growth by the third quarter of this year, and if that happens, Singapore's economy will benefit 'almost immediately', he said.

Mr Tan was speaking at the launch of his company's new fund management arm in Australia. Capital Dynamics (Australia) obtained an Australian financial services licence last December and will launch a retail fund next month that aims to attract A\$50 million (S\$55.4 million) over 18 months.

The Capital Dynamics group, which includes an investment advisory firm and fund manager in Malaysia, currently manages assets of more than US\$200 million.

Mr Tan plans to make Singapore the global headquarters of Capital Dynamics. It has expanded its Singapore office and is on the lookout for more staff.

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