CAPITAL DYNAMICS BULLISH AMIDST GLOBAL ECONOMIC WOES

Like astrologers, economists are obsessed with predicting the future, and most forecasts these days are anything but rosy. Title such as "Federal Reserve sees weak growth ahead, but mulls exit (Business Times, 17 June 2009)," does little to inspire confidence.

Indeed in the current environment, with IPOs faltering and investors fearful, the current rally is built on nothing but brownish shoots of recovery. Yet that did not deter Capital Dynamics Group (CD) from expanding its umbrella of funds or upgrading its operations in Singapore and Kuala Lumpur.

CD is an investment advisory and fund management group managing more than US$200m of assets. The group traces its history to Capital Dynamics Sdn Bhd, an independent advisor created in 1989 and has since evolved to manage funds. At present, the group comprises of Capital Dynamics Australia, Capital Dynamics Singapore, Capital Dynamics Asset Management Sdn Bhd and Capital Dynamics Sdn Bhd.

The group is headed by managing director Tan Teng Boo, an economics graduate with 38 years of experience in the equity markets.

Reaching for growth

SURFING THE INVESTMENT WAVE DOWN UNDER

Having obtained its Australia Financial Services License in December 2008, Capital Dynamics Australia, a wholly-owned subsidiary of Capital Dynamics Singapore wasted no time in making its investment expertise available to the general public.

The financial services license issued by the Australian Securities and Investments Commission allows CD to provide fund management services to retail investors.

Thus the iCapital International Value Fund was conceived and

V-shaped recovery ahead

born on 1 June 2009. A retail global fund that aims for superior long-term capital appreciation based on the company's proven "Intelligently Eclectic" value philosophy.

Unlike conventional mutual fund companies, CD adopts its value investing philosophy by taking into account key macro-economic factors as well as specific country's risks. This is especially pertinent if the fund is serious about investing in the emerging market sector, wherein military coups and unrest can adversely impact the investment climate.

Further differentiating itself from its rivals, CD aims for a conservative "low risk, high returns" approach with a bias towards long term built-in margin of safety investments instead of a traditional "high risk, high returns" approach.

The margin of safety is achieved through a rigorous value investment approach by which counters are selected based on discrepancies between share price and intrinsic value.

So despite all the hype has CD delivered a superior return? The answer is yes. A comparison of the Capital Dynamics Asset Management Sdn Bhd's compounded annual return versus the KLCI from April 1998 to March 2009 will be 19.78% against 3.16%.

With its unique Asian roots and global focus, CD is able to draw upon the best of both worlds and brings an uncommon view and fresh perceptive to the table. A worthy addition to the portfolio of a well-diversified investor.

Recovery Awaits

Regardless of the downturn, Tan brimming with optimism and a self-proclaimed disbeliever in the doom and gloom theories, considers the recession time as the best period for investment owning to the huge premium to be earned.

On the direction of the world economy, Tan is an absolute bull. "I believe that recovery will be V-shaped as a result of the correct responses taken by governments worldwide when compared to the great depression era whereby every decision made was simply wrong."

"The present situation is far better than that of the great depression. With inflation in the US a mere 0 to 1% versus -10% of deflation in the great depression as well as inclusion of China and other emerging countries in the global economy, prospects for a swift recovery are firm," he added.

Reaffirming his faith in the equity market, Tan singled out Keppel Corporation for special mention. While the counter has risen quite a fair bit, oil prices in the long run is scheduled for an upward trajection.

— Donavan Lim