

## home business

## CIMB issues CWs on HSBC, SingTel, Bursa and TM

All oversubscribed at time of launch

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KUALA LUMPUR: CIMB Investment Bank Bhd has issued call warrants (CWs) on four underlying stocks, including two foreign companies HSBC Holdings plc and Singapore Telecommunications Ltd (SingTel).

The CWs were oversubscribed at the time of launch yesterday. The two local stocks are Bursa Malaysia Bhd and Telekom Malaysia Bhd (TM).

The issuance of the CWs follows the launch of the base prospectus that allows CIMB Investment Bank to issue structured warrants such as CWs, basket CWs and bull equity-linked structures, on both local and foreign underlying stocks and stock indices.

The CWs of Bursa Malaysia and TM are slated to be listed on June 8, and those of HSBC and SingTel on June 11. HSBC and SingTel are listed in Hong Kong and Singapore, respectively.

CIMB Investment Bank deputy chief executive Charon Wardini Mokhtari said its structured warrants on foreign underlying instruments would allow Malaysian investors to gain exposure to foreign markets without having to open an overseas trading account or foreign currency account.

He said it targeted to issue 40 CWs under the second base prospectus, which would last until May 27, 2008. He added that half of the CWs would likely be on foreign stocks or indices.

He said it had issued 41 CWs through its first base prospectus that had expired on April 6, capturing an 80% share in the

local call warrants market.

"Overall we have done very well as far as call warrants are concerned last year. On average, CIMB's call warrants turnover is estimated at 525% of the size of their issuance.

"There is a lot of room for the call warrants market to grow. We would like to see other issuers also come to the market," he told reporters after the launch of the base prospectus here yesterday.

Charon said there was huge growth potential in the CW market in Malaysia, as it was still much smaller than those in Hong Kong and Singapore.

Malaysia has only 61 CWs listed, compared with Hong Kong, which has more than 2,000, and Singapore with 580.

"In Singapore, for example, the warrants turnover was 10 times (that of) ours last year or US\$9 billion (RM30.6 billion), and in Hong Kong it was 25.5 times at US\$230 billion.

"While our warrants market has grown considerably, the turnover in 2006 was US\$955 million or RM3.2 billion; there is room for more," he said.

Meanwhile, CIMB Investment Bank director of equity derivatives Lim Jong Hai said it had also received approval in principle from the Securities Commission to issue and list zero strike CWs or "synthetic stocks".

A zero strike CW tracks the price movement of foreign underlying shares quoted on the respective exchanges, and serves as an indicative reference price of the said shares.

Lim said zero strike CWs would enable investors, especially retail investors, to view real-time foreign underlying stock prices quoted in ringgit.



Charon (left) and Lim launching the new base prospectus offering structured warrants on local and foreign underlying companies.  
Photo by Abdul Ghani Ismail

## Bank Negara leaves OPR unchanged at 3.5%

by B Suresh Ram  
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PETALING JAYA: Bank Negara Malaysia (BNM) has left the overnight policy rate (OPR) unchanged at 3.5% as it expects the economy to sustain steady growth over the medium term and inflation to range between 2% and 2.5%.

BNM said its monetary policy committee, which met yesterday, decided that given the medium-term outlook for inflation and economic growth, "the current level of the policy rate remains appropriate".

The central bank said due to uncertainty in the external environment, developments in the international economy would be monitored closely.

However, the future stance of monetary policy would be determined by the assessment of new data and information and its implications on the prospects for price stability and economic growth, it added.

Despite the less favourable external environment, which had a moderating effect on Malaysia's export growth, the central bank said strong domestic demand had sustained the growth of the Malaysian economy.

"The public sector has also had an important positive impact on domestic economic activity," it said.

The central bank said the Malaysian economy was expected to sustain steady growth over the medium term, inflation during the first four months of 2007 averaged 2.4% and had continued its downward trend.

"Going forward, the continued high prices of commodities and agricultural products, and the rise in global food prices could have implications for domestic food prices and overall inflation," it said.

BNM said taking into account these developments and the low inflation prevailing currently, the expectations are that the average rate of inflation for 2007 would be within the projected range of 2% to 2.5%.

## CIMB-Principal's new fund to yield 8% return

KUALA LUMPUR: CIMB-Principal Asset Management Bhd expects its newly launched Islamic structured fund, the CIMB Islamic Structured Growth Fund, to yield an average annual return of at least 8% over its three-year tenure.

Its chief executive Noripah Kamso said the fund would offer investors principal protection, provided that they held it until maturity, and an opportunity for capital gain that could be higher than fixed deposit rates.

"The CIMB Islamic Structured Growth Fund is a smart alternative to fixed deposits. It meets the appetite of conservative investors who want

to protect their principal investment and yet be granted the opportunity for capital growth.

"This is contributed by the fund capturing the best-performing combination comprising international equity, property and commodity asset classes," she told reporters after the launch of the fund here yesterday.

The CIMB Islamic Structured Growth Fund invests in a three-year "Best Performer" Islamic structured product to be issued by CIMB Investment Bank Bhd.

The underlying index for the syariah-compliant equity basket is the Dow Jones Islamic Market Titans 100 Index,

while the commodity basket will track the performance of nickel, zinc, copper and WTI light sweet crude oil.

Meanwhile, the property basket will track the performance of Singapore's Ascendas real estate investment trust (REIT) and CapitaMall Trust, Hong Kong's Link REIT and Australia's Westfield Group, the world's largest public property company.

Noripah said the fund adopted four investment strategies, each with different proportions for investments in the asset classes, that would allow investors to optimise their returns.

She said all four strategies would be reviewed at maturity, and investors

would be paid gross profits based on the strategy that gave the best returns.

The CIMB Islamic Structured Growth Fund has an approved fund size of 400 million units priced at 50 sen each. While it does not charge a management fee, investors need to pay an application fee of 2.5% of each unit's net asset value (NAV), as well as a trustee fee of 0.08% per annum of the fund's NAV.

CIMB-Principal had a total of RM15.85 billion in assets under management as at April 30, 2007. It had earlier announced a targeted 27% growth in assets under management to RM19 billion by year-end from RM15 billion at end-2006.

## Guthrie Ropel doubles net profit

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PETALING JAYA: Guthrie Ropel Bhd doubled its net profit for the first quarter ended March 31, 2007 (1Q07) to RM5.8 million from RM2.8 million previously, boosted by higher crude palm oil (CPO) and palm kernel prices.