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Investors shifting focus to unit trusts

Norzuhaira Ruhanie

WITH the current stock market condition expected to stay volatile in the near future, players see individual investors staying on the sidelines or shifting their focus to unit trust funds.

"Long-term investors are likely to consider putting their money in unit trusts where there is less risk," an analyst said.

"It is very difficult, almost impossible for individual investors to go into the stock market right now," an economist with a local brokerage said.

Prime Minister Datuk Seri Dr Mahathir Mohamad said on Tuesday that now is a good time to invest in unit trust funds, in line with the recovery of the stock market of late.

"If an investor is to invest now, he would be buying at a low price, and when the stock prices go up, he would be selling at a high price, which is an advantage to him," BHLB Pacific Trust chief executive Paul Low said.

"If we look at the financial clock, we are at the position of falling interest rates with the possibility of stock prices going up in the long run, which is an advantage to this industry," he added.

Prices of unit trust funds of late have declined, and most are traded below RM1.00.

Market players say it is actually better for retail investors to go for unit trust products as their money will be pooled and managed by professionals, and high liquidity makes the investment easier to diversify as well as having the flexibility to make quick changes to their portfolios.

"Furthermore, (an investor) does not need to worry about which stocks to buy, or how long to keep it, as all these decisions will be the responsibility of professionals who know the market better," Low said.

"That is something not many people can afford to do," the economist added.

There is a wide range of unit trust products currently in the market, from the ones managed by Permodalan Nasional Bhd (PNB) such as Amanah Saham Nasional (ASN) to private funds where some invest in specific stocks listed on the Kuala Lumpur Stock Exchange (KLSE).

The Prime Minister on Tuesday launched ASN 3 Imbang, a RM1 billion fund which is PNB's eighth unit trust scheme which will invest in both stocks and bonds.

Although market sentiments have slightly improved compared to the few weeks following the September 11 attacks on the US, players say the market will stay choppy for the time being as economic conditions are not likely to show much improvement.

"The Government's efforts to soften the impact (of possible recession) do help, but people are still worried" a dealer said.

Yesterday, KLSE's benchmark Composite Index (KLCI) closed 4.73 points or 0.77 per cent to 621.58.

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