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MAHATHIR-SHARES

MAHATHIR: LOCAL UNIT TRUST INDUSTRY HAS 110 BLN UNITS APPROVED

ALOR SETAR, April 26 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today said the approved fund size of the local unit trust industry has expanded to 110 billion units up till the end of last year from just 55.5 billion units at the end of 1997.

The prime minister also said the net value of the unit trust industry in the country was RM47.3 billion.

"This represented 10.2 percent of the market capitalisation of the Kuala Lumpur Stock Exchange," he said at the close of the 2002 Unit Trust Week here at Dewan MSAM in Stadium Darul Aman here today.

Dr Mahathir said the value invested in the unit trust industry in Malaysia had seen encouraging increases.

"We should be thankful that the country has been able to establish organisations like Permodalan Nasional Berhad (PNB) in line with the stable economic and political environment," he said.

To date, PNB is managing more than 39 billion units of shares in its group portfolio from more than eight million local account holders.

Dr Mahathir said PNB had seen its capability to give good returns improve and this was evident from the dividends of more than RM35 billion disbursed to unit holders in funds managed by the agency so far.

He said the bumiputera community, who at one time lived in poverty, was able to live more comfortably through the efforts of the government to actively involve them in the nation's economic activities indirectly through their ownership of shares.

Through unit trusts, those who were middle and low income earners could also participate in the stock market, he said.

"It is certain that their investments, although in small amounts, had contributed to the expansion of the unit trust industry. Therefore, in an indirect manner, unit trust holders are also owners of shares of companies traded on the KLSE," Dr Mahathir said.

Dr Mahathir said the approach taken by the government was not easy and could not be achieved overnight but it had been crafted through a long process of planning over the long term in an integrated and comprehensive manner until admirable results were attained.

Through PNB, he said the government had issued shares at fixed rates and prices had changed to reflect the needs of the people in the country.

"PNB is really a unique creation. Many foreign leaders had come to study how PNB managed and administered its funds from the money pooled from the people," he said.

Dr Mahathir said the establishment of PNB had also contributed towards the creation of capable bumiputeras in the areas of management and business after the agency had acquired major companies like Kumpulan Guthrie, Golden Hope, Malaysia Mining Corporation and Sime Darby.

The prime minister also criticised the unrealistic stand adopted by some investors who only welcomed profits but could not accept losses as they felt that losses should not happen at all.

Dr Mahathir said saving money without investing would also be unprofitable because inflation occurred all the time and would diminish the value of the savings.

Referring to some promoters who had promised 100 percent returns or more, he said their sole intention was to cheat.

"It is healthier to invest in unit trusts which provide appropriate

returns in line with the risks which are not too high when compared with get-rich-quick schemes. It is better to be late than never."

Dr Mahathir also hoped that the unit trust week could be held annually and not be confined to major towns only. -- BERNAMA

JM SHY