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MAHATHIR-UNIT TRUST

GOVT TO FIND WAYS TO HELP SOLVE WOES OF STATE-RUN UNIT TRUST FUNDS

KUALA LUMPUR, Jan 6 (Bernama) -- The government is studying ways to minimise losses incurred by several unit trusts run by state governments, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the government would not resort to any bailout measures as it involved large amounts of funds but would "arrange for something" to help ease the burden of the state governments involved.

"We are studying...because we want to minimise their losses that must be borne by investors. No bail out, we can arrange something, bail out susahlah, bukannya sikit (it would be difficult if there is a bailout because the amount involved is not small). These are very big (amounts)," he told reporters after attending the fourth Public Service premier assembly where he also opened the Management Technology Centre of the National Institute of Public Administration (Imatec) here.

The prime minister was asked to comment on a recent report about problems faced by state governments as a result of the dismal performance of state-run unit trust funds.

Dr Mahathir, however, said investors should prepare to accept any losses incurred and not expect profits all the time as the market itself was soft at present.

"They (state governments) started this thing (unit trusts) at a time when the market was very bullish. When the market is bullish, people always think that it will never come down. But the market by nature fluctuated, it is (moving) up and down.

"(The) People did not think about the (1997-1998 regional) financial crisis, for example. Since the financial crisis, the (Kuala Lumpur Stock Exchange) Composite Index has gone down from 1,000 to 262 (points), which means a loss of capital. And many companies also suffered."

But the prime minister said there were some people who took the view that even if a company or corporation were to lose money, their investors should still get back the money they had invested.

Such a stand was illogical, he said.

The prime minister also said that investors should also not forget that they had received dividends from the companies or corporations in the past.

To a question whether it was the management's fault that the prices of state-run unit trusts had come down drastically, Dr Mahathir said the managers had done their part well but the businesses had become victims of the economic crisis.

Asked whether the review would involve all state-run unit trusts, he said, "Kita sedang kaji dan kalau boleh keseluruhanlah (We are now evaluating, if possible, all of them)."

Earlier, during a closed-door question and answer session with the participants, Dr Mahathir had praised Tan Sri Nor Mohamed Yakcop, his economic adviser on financial matters, for providing valuable advice in the aftermath of the 1997-98 regional financial crisis. -- BERNAMA

NM SHY