

# Smart money is on Malaysia

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SINGAPORE: Amit R. Bhartia, who helps manage more than US\$100 billion for mutual fund GMO, looked restless. He was due to meet Malaysian ministers in a one-on-one session and was waiting for the organisers to take him to the meeting.

I decided to pick his brain on what he thinks about Malaysia. Instead, the Indian national, who has been living in the United States for 10 years, ended up picking mine.

"What do you think about the property market?" he asked.

I gave my answer:

GMO has about US\$1 billion invested in Malaysia. They hold shares in mobile phone operator Maxis Communications Bhd and property firms like Sunway City Bhd.

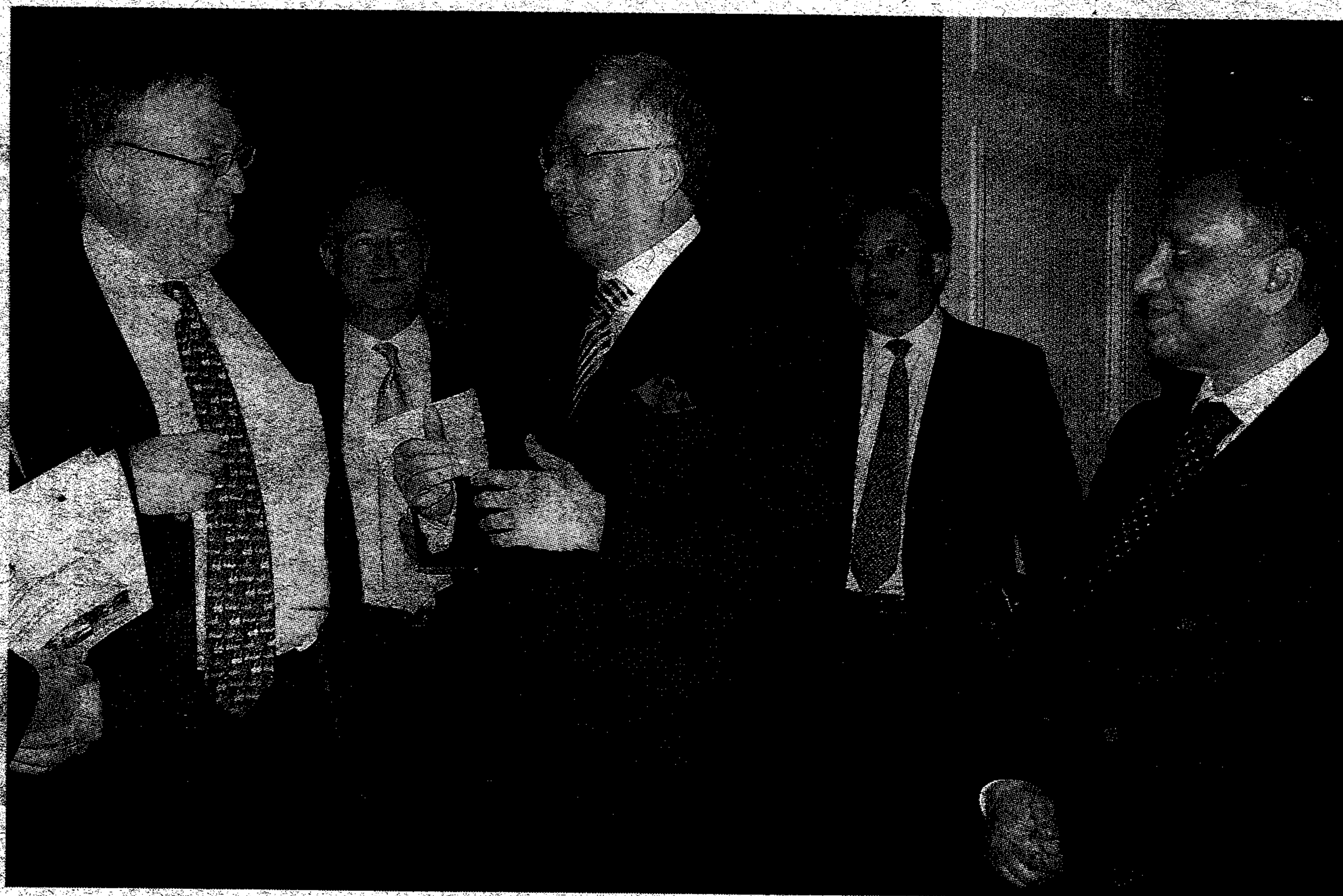
"We like Malaysia. It's pretty rare for top guys to come to a road show like this," he said.

Amit's interest underscored how the country has emerged from the Asian financial crisis some 10 years ago. Malaysia is now firmly back on foreign investors' radar screens.

The stock market reflects this. The Kuala Lumpur Composite Index has risen by some 20 per cent so far this year, breaking records in the process. The plan to reform state firms is showing results and large projects like the Iskandar Development Region are inspiring investors to put more money in Malaysia.

"There seems to be strong interest in our stock market. There is indication of some strategic decision-making at play — either to increase investments or to enter the market," said Deputy Prime Minister Datuk Seri Najib Razak.

Najib, together with Second Finance Minister Tan Sri Nor Mohamed Yakcop, other government officials and Khazanah Nasional Bhd managing director Datuk Azman Mokhtar, were involved in a one-day investment roadshow to promote Malaysia to foreign investors, in Singapore early



Deputy Prime Minister Datuk Seri Najib Razak (centre) chatting with a group of fund managers after the meeting on Tuesday. At right is Second Finance Minister Tan Sri Nor Mohamed Yakcop. — Bernama picture

this week.

The high-powered road show comes a few years after the prime minister himself went to major financial centres such as New York and London to promote the Malaysian story.

Investors like what they are seeing in Malaysia and want to hear more. This was why there was tremendous demand for meetings at the Singapore road-show.

Organisers said some firms turned out in larger numbers than expected. Fidelity, one of the largest fund management firms in the world, for example, easily brought the largest team to the meeting.

The lunch session was a crowded event.

The free flow of exchanges impressed Najib. He was promoting Malaysia and, at the same time, gaining a better understanding of investors'

concerns.

The main worry was whether Malaysia would be consistent with its policies. This was raised by fund managers as well as Singapore investors who are being wooed to invest in Iskandar.

Najib said that Malaysia would not be fickle with its policies for Iskandar. To stress his point, he mentioned it twice in the media briefing.

"For Malaysia to compete at the global level we have to ensure that whatever we do can be sustained. We must not lose focus."

The most recent example was how the government had wanted independent power producers (IPPs) to agree to a lower price for the power they sell to state-owned Tenaga Nasional Bhd.

These deals are perceived to be one-sided and do not benefit TNB. However, IPPs did not

relent and the long-term agreements stayed. Forcing a change would send the wrong signals to investors and the government realised this.

Singapore investors also had their concerns. They are interested in Iskandar — a spiral effect following a meeting between Malaysia and Singapore leaders in Langkawi, early this month.

"The political signals emanating from the Langkawi meeting have been well received by the corporate sector. Now that we are in implementation mode, they are ready to look at the details of the plan," Najib said.

Singapore investors worry about how the government would handle the political repercussions of their investments. Their involvement is sometimes criticised by local politicians who argue about local businesses being pushed

to the side.

Najib gave his assurance that Malaysia welcomed long-term foreign investment from Singapore. Malaysia even went as far as exempting a policy that favoured Bumiputeras for certain businesses in Iskandar. This is to show that Malaysia was serious about attracting investments and improving its competitiveness.

"We all have specific socio-economic initiatives but not at the expense of foreign investors," he said.

At the end of the day, the deputy prime minister impressed many fund managers, said a government official who was present at the meetings. Asked if he thought he had achieved his objectives in Singapore, Najib was optimistic but also cautious.

"The sentiment is positive but we have to wait and see," he said.