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U.S. fund manager launches Asian currency fund

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NEW YORK, April 1 (Reuters) - U.S.-based Merk Investments, which manages a \$400-million foreign exchange mutual fund, launched a fund on Tuesday dedicated to investing in Asian currencies, according to a company prospectus.

The fund, called the Merk Asian Currency Fund, seeks to protect against the depreciation of the U.S. dollar relative to Asian currencies.

The Asian fund would invest at least 80 percent of the value of its net assets in securities or instruments that provide exposure to Asian currencies, the prospectus said. The fund expects to achieve this exposure through investments in short-term money market instruments denominated in Asian currencies or a combination of U.S. dollar-securities and forward currency contracts.

"This is the first vehicle that will allow investors to have exposure to Asian currencies without the equity risk typically associated with investing in these markets," said Axel Merk, portfolio manager of the \$400-million Merk Hard Currency Fund in Palo Alto, California.

Merk will also manage the Asian fund.

"Typically when you want to buy China, you have to buy overvalued Chinese stocks. This Asian fund is one avenue where you can try to play up this market," he added.

The Merk Hard Currency Fund, which bets against the U.S. dollar by buying European currencies, has an annualized rate of return of 10.9 percent, according to its Web site. (Reporting by Gertrude Chavez-Dreyfuss; Editing by Tom Hals)

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