

PNB net income up 16% in FY17 to RM18b

> Rise due to steady domestic growth and strong recovery in the FBM KLCI

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KUALA LUMPUR: Permodalan Nasional Bhd (PNB) and its unit trust funds saw its net income increase 16.4% in the financial year ended Dec 31, 2017 (FY17) to RM17.7 billion compared with RM15.2 billion in FY16 on the back of steady domestic growth and a strong recovery in the FBM KLCI.

PNB's assets under management (AUM) grew 4.8% to RM279.2 billion in FY17 from RM266.4 billion in the previous year. Its unit trust fund accounts rose 1.5% to 13.2 million accounts while number of units in circulation increased 3.5% to 219.7 billion units in circulation. PNB distributed dividend and bonus amounting to RM14.6 billion in FY17.

PNB group chairman Tan Sri Abdul Wahid Omar reiterated that PNB is rebalancing its asset allocation, shifting some of its sizeable cash into private investments, which is targeted to reach 5% of its portfolio from 2% currently.

"The idea would be to reduce our cash holdings and to reinvest that money into other asset classes, in particular private investments from 2% to 5% and eventually closer to 7.5%. The rate of reallocation will be done progressively and subject to the right opportunities and at the right time," he told a media briefing at the release of PNB's 2017 annual report yesterday.

PNB has reduced its cash portion of its overall portfolio to 18.6% in 2017 from 20.4% in 2016. Its private investments include the acquisition of SILK Highway and internal restructuring of Prolintas for fast track listing. In 2017, private investments generated the highest yield for PNB at 18.2%, outperforming the rest of the asset classes.

Wahid added that the private



Abdul Rahman (left) and Wahid during the annual report media briefing in Kuala Lumpur yesterday.

investments that PNB will embark on is a combination of investments in unlisted companies and private entities.

Given the central bank's call to foreign insurers to divest a minimum of 30% in their operations to local investors, PNB president & group CEO Datuk Abdul Rahman Ahmad viewed the insurance sector as an attractive sector for investment but noted that valuation is critical.

Domestically, Wahid said 2017 was a good year across all fronts, with Malaysia recording gross domestic product (GDP) growth of 5.9% against 4.2% in 2016. The strong economy has enabled Malaysian corporates, including banks and oil & gas counters, to record better earnings and total shareholder return.

For Malaysia, 2018 is expected to be another good year from the macroeconomic perspective, with GDP growth for 2018 expected to be comfortably within the 5-6% range and ringgit's positive performance to

maintain in 2018, at a RM3.81 forecast against the greenback.

In the first two months of 2018, PNB's AUM and net income rose 6.1% and 39.5% year-on-year to RM279.6 billion and RM2.2 billion respectively.

For the financial year ending March 31, 2018, two Amanah Saham Nasional Bhd fixed price funds namely Amanah Saham Bumiputera 2 (ASB 2) and Amanah Saham Malaysia (ASM) declared income distribution of 6.75 sen per unit and 6.25 sen per unit respectively. The total income distribution payout amount to RM562.9 million for ASB 2 and RM1.1 billion for ASM.

PNB also declared income distribution for all three funds under the Amanah Saham Gemilang (ASG) umbrella fund namely ASG-Pendidikan, ASG-Kesihatan and ASG-Persaraan of 4.80 sen per unit, 5.20 sen per unit and 5.15 sen per unit respectively. The total income distribution payout for the three ASG funds amount to RM21.6 million.