

Six global fund managers for private equity play: PNB

► The appointed firms will start deploying investments by the end of this year

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KUALA LUMPUR: Permodalan Nasional Bhd (PNB) has identified six global fund managers for its international private equity investments and expects to begin deploying some of these investments by year-end.

"Selection has been approved by the board. As you know under equity investment, actual investment deployment takes between three and three-and-a-half years. We expect some of the deployment to start happening at the end of year," said PNB president and group chief executive Datuk Abdul Rahman Ahmad.

Speaking to reporters at the announcement of PNB's results yesterday, Abdul Rahman declined to name the six global fund managers but assured investors that they are global private equity firms that are renowned to be best in their class and were chosen via a rigorous selection process.

The move is part of PNB's strategic plan aimed at enhancing sustainable returns, which includes optimising asset allocation, boosting domestic public equity performance, increasing exposure in private equity and fixed income, rationalising and enhancing property investments, and diversifying into global assets.

"It is part of our strategy to increase asset diversification, not just geographically but also across other asset classes...part of the strategy to diversify our investments is to increase our exposure in private equity, fixed income and real estate. That is going to continue. Our investment in fixed income went up to 6.6% (as of February 2019) from 5.8% (as of February 2018)," he said.

Abdul Rahman said there is no particular target for each of the asset class, as it would



Abdul Rahman (left) and Zeti at the announcement of PNB's results and income distribution yesterday. — ZULKIFLI ERSAL/THE SUN

depend on the opportunities available, market conditions and timing of investment but the asset diversification will be done gradually.

In terms of overseas investments, group chairman Tan Sri Dr Zeti Akhtar Aziz said, PNB will venture into international financial markets in developed economies as well as emerging economies that show potential for PNB.

"We will look at all these options to try and enhance our returns and also mitigate some of the risks that happens in different financial markets," she said, adding that these markets include the US, Europe, the UK, Australia, Japan and emerging economies within Asia and Europe.

Zeti noted that PNB has started diversifying into the domestic bond market, which has gained significant maturity.

"We will look at other asset classes, including Reits (real estate investment trusts) and so on in the domestic market. We have an investment committee that assess the proposals for investments in these different asset classes in a very rigorous and robust manner. We also apply very significant risk management practices on all the investment decisions," she added.

In terms of engagement with its core

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companies and whether PNB will consider shedding some of these assets, Zeti said PNB as a responsible investor will not contribute to any disruptive movements in the domestic market or to its strategic investments.

For the financial year ended Dec 31, 2018 (FY18), PNB's net income fell 4% to RM17.01 billion from RM17.71 billion in the previous year while gross income remained flat at RM20.31 billion from RM20.35 billion recorded in FY17.

Assets under management grew 6.9% to RM298.52 billion from RM279.23 billion in FY17 while return on assets stood at 6%, lower than the 6.7% achieved in FY17. Unit trust funds expanded to 13.8 million accounts across 14 funds while units in circulation rose 7.9% to 236.6 billion in FY18 from 219.3 billion in FY17.

PNB's annual income distribution payout amounted to RM15 billion in FY18. It announced an income distribution of 6 sen per unit for Amanah Saham Bumiputera 2 and 5.50 sen per unit for Amanah Saham Malaysia.

The fund manager also announced an income distribution of 4.10 sen for ASN Equity 3, 4.20 sen for ASN Imbang 2 and 5 sen for ASN Sara 1.