

AIA unit targets assets to surpass RM400mil

By **WONG WEI-SHEN**
weishen.wong@thestar.com.my

KUALA LUMPUR: AIA Pension and Asset Management Sdn Bhd (APAM), the private retirement scheme (PRS) and asset management unit of insurer AIA Bhd, is looking to grow its assets under management (AUM) to surpass RM400mil this year.

Since its establishment in July 2012, APAM has seen its AUM grow to RM320mil as at Dec 31, 2015, which includes the PRS business and also a segregated account.

Of this, the AUM for the PRS business stood at RM135.6mil from its four funds comprising growth fund, moderate fund, conservative fund and Islamic moderate fund.

APAM general manager Ng Chze How said the company posted a 273% growth in PRS AUM in 2015, versus a 63% growth in the overall industry.

He said more than 50% of total inflows into APAM's funds were

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into its moderate fund, which comprises 60% in equities and the remainder in fixed income.

"Most of the inflows took place during the second half of last year. That was when the market was volatile with a lot of bad news and noise on the ground.

"I think the members received our message that the entry point was good. Discipline and regular investing is a good methodology for them to follow," he said at a briefing yesterday.

AIA Group regional director of investment management for equities Ian Lui added that the key concern for investors coming into Malaysia was its currency.

"The stock market has not moved much while currency has been devalued more than 20% against the US dollar. From a valuation point, Malaysia's price-to-book is already quite cheap, but from the eyes of foreign investors, it is even cheaper. This present opportunities," he said.

Asean currencies as a whole had risen about 4% to 5% against the US dollar, which had sparked interest in the region again, he added.

Meanwhile, Ng said foreign funds could start to flow in again, as foreign investors were now more constructive on Malaysia as a defensive market in the current volatile market. "The foreign funds that needed to go out has already left. The reverse will take place very soon," he said.

From 2010 till May 2013, inflow

of foreign funds into Malaysia hit some US\$16bil but since then, some US\$12bil has flowed out of Malaysian equities. Foreign shareholding in Bursa Malaysia now stands at 22%.

Ng said APAM had a neutral stance on equities in favour of the local market. APAM is overweight on the property, construction, oil and gas, and transportation sectors.

In the property sector, it is focused on affordable housing segment while for oil and gas, it is focused on companies with long-term and secured counterparties.

"For the construction sector, we see a lot of pump-priming projects being given out by the Government, which is why we are overweight on it," he said.

While for fixed income, Ng said the company was slightly overweight on duration, given the possible monetary easing stance adopted by Bank Negara. It prefers corporate bonds to Government bonds for higher yield pick-up.