

# PNB on a diversification mode next year

PERMODALAN Nasional Bhd's (PNB) plan to diversify its portfolio to include higher-yielding assets will begin next year as the country's largest fund manager grapples to maximise returns from its rising liquidity.

PNB's aggressive push for corporate mergers, company restructuring and fund injection in various deals over the last two years saw its assets under management rose 10.8% to RM295.2 billion this year from RM266.4 billion in 2016.

The state-linked fund's core companies, including conglomerates Sime Darby Bhd, UMW Holdings Bhd and Chemical Co of Malaysia Bhd, have all undertaken major corporate exercises.

But the share price performance of these companies had been dismal, erasing PNB's market capitalisation.

PNB group chairman Tan Sri Dr Zeti Akhtar Aziz said the fund is opting for a diversification strategy in view of the challenging economic environment next year.

Zeti expects PNB's growth next year to be rangebound and moderate, similar to 2018.

"We will oversee the investment activities in all portfolios and look at the individual investments, the risks for that industry, its track record and so on, as we enter into investment activities.



PNB president and group CEO Datuk Abdul Rahman Ahmad (left) and Zeti at the announcement ceremony in Kuala Lumpur. The total estimated payout for ASB is RM10.7b, which is expected to benefit 9.6m unit holders

"PNB also holds excessively high percentage of cash and there are now many instruments at our disposal to manage liquidity more effectively and that will generate a return," she said after announcing the income distribution for Amanah Saham Bumiputera (ASB) and Amanah Saham Nasional (ASN) in Kuala Lumpur last Friday.

The former central bank governor said the diversification will include more investments into fixed income and other markets like financial and real estate, as well as other real sectors.

"We are diversifying across the board," she said.

As at November 2018, PNB's cash holdings were lower at 16.9% compared to 17.5% last year, while fixed income holdings increased to 6.6% from 5.8% previously.

The country's largest fund manager may consider some divestments to generate better returns. However, Zeti said any divestments would be made after due assessments.

"These assessments will be based on the outlook of the industry that (certain companies) are in and their potential to restructure and have organisational transformation.

"Then (we may) divest parts of the industry within the entity rather than a blanket divest-

6.50 + 0.50  
SEN PER UNIT      SEN PER UNIT

EFFECTIVE RETURN

7.00  
SEN PER UNIT

Pic by Ismail Che Rus

ment," she said.

"It would be inappropriate for me to mention because some of them may be listed and it would be market sensitive to single out any particular entity," she added.

Earlier, PNB declared a total income distribution of seven sen per unit for its flagship fund, ASB, and 3.25 sen per unit for ASN for the financial year ending Dec 31, 2018.

The total estimated payout for ASB is RM10.7 billion, which is expected to benefit 9.6 million unit holders.

For ASN, a total payout worth RM59.7 million is expected to benefit 1.2 million unit holders.

— by ALIFAH ZAINUDDIN