

# PNB's AUM tops RM300b for the first time

Y-o-y increase of 7% reflects continued trust of Malaysian public — chairman

BY AHMAD NAQIB IDRIS

KUALA LUMPUR: Permodalan Nasional Bhd (PNB) saw its total assets under management (AUM) breaching the RM300 billion mark for the first time ever despite facing challenging conditions during the first half of the year.

PNB group chairman Tan Sri Dr Zeti Akhtar Aziz said the volatile conditions last year are expected to continue throughout 2019, with corporate earnings, recovery in commodity prices and capital flows being the key factors affecting the performance of the domestic market.

"PNB's performance for the year-to-date [period] reflects this challenging market environment that we are operating in. Amid the constraints on growth, PNB has largely sustained its financial performance during the first five months of this year, compared with the same period in the previous year, with net income being marginally lower by 1.4% at RM5.3 billion.

"Notwithstanding this, PNB's AUM [has] increased by 7% year-on-year [y-o-y] to RM301.4 billion, reflecting the continuing trust of the Malaysian public in PNB. This is important to us because this is the first time we [have] broken the RM300 billion mark," she said during a press briefing yesterday.

As the challenging conditions are expected to persist this year, Zeti said the fund will remain fo-



Zeti (left) and Abdul Rahman at the press briefing in Kuala Lumpur yesterday. Zeti says the volatile conditions last year are expected to continue throughout 2019. Photo by Sam Fong

cused on delivering its key priority initiatives, namely to accelerate its investment portfolio diversification, improve the performance of its strategic and core companies, as well as implement a structured outsourcing programme.

PNB president and group chief executive Datuk Abdul Rahman Ahmad said the fund has been working on diversifying its portfolio as a core strategy, pointing out that the fund has a lower cash portion of 13% — versus 17% in 2016 — as it deploys cash to vary its investments. The fund has also increased its fixed income proportion to 7.4% from 6% three years ago, while investments in international assets have increased to nearly 5% from 2% previously.

"We diversify our domestic in-

vestments and international markets across asset classes. In other words, we invest in the equity market, fixed income, real estate as well as property instruments.

"The bulk of our global assets at the moment is in global public equities, which constitute about 3.4% of our global assets, which account for 4.9% of the total portfolio. We also invest in real estate, whereby we have exposure to the UK, and we have started investing in global property funds," he said.

PNB is also looking at more private equity (PE) investments, he said, which the fund is doing by outsourcing its funds to leading global PE fund managers. This opens up opportunities for PNB to explore new investment strategies, he added.

## No more property developments after PNB118

The fund is also looking to monetise its 9,000-acre (3,642.17ha) land bank, with the proceeds to be reinvested in more urban plots.

Abdul Rahman said these are land plots held directly by PNB, which the fund does not intend to develop as it is not a property developer.

"As far as PNB is concerned, we have been very clear. PNB118 is the only property project we have and we will not be developing any other projects. We invest in land and once it matures we divest it to property developers," he said.

On the progress of PNB118, he said it is on track to meet its targeted completion in early 2021. The tower is currently 75 floors high and will hit the 90th floor by year end.

Meanwhile, Zeti said the fund will continue to strengthen its core and strategic companies, amid the uncertain conditions, as PNB continues to work on enhancing the longer-term underlying performance of its companies.

"The restructuring of companies is ongoing. Some corporations are at an advanced stage and some are still at an early stage. There has been tremendous progress and some of them have shown results, and we're very pleased that some have actually turned around and dealt with their areas of vulnerability," added Zeti.