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## PNB'S CHIEF EXECUTIVE ON COMPETITION AND CHALLENGES

By: Arshi Mohd Daud

KUALA LUMPUR, Aug 16 (Bernama) -- Permodalan Nasional Bhd (PNB) sees little threat from the mushrooming of private and state-managed unit trusts in the country, said group chief executive, Datuk Mohd Hilmey Mohd Taib.

"No doubt in the short run there is competition for the same money, but looking from the long term perspective, the local unit trust industry is not fully developed. There is still more room for everybody," he told a press interview here recently.

Industry observers forecast the domestic unit trust industry to continue its rising momentum as at present, 75 percent local savings were maintained in the banks compared to only 25 percent in the United States.

The local unit trust industry started with the first fund launched in 1959. For the the period 1959 to 1970, there were only three fund management companies operational but until July 31, 1996, the number had increased to 32 companies managing 70 equity trust funds and four property trust funds.

For the Jan 1 to May 31 this year, six unit trusts have been formed.

The growth of the industry has mostly been spurred by the success of PNB in managing a RM30 billion investment fund, especially in mobilising bumiputera capital through the Amanah Saham Nasional scheme. The scheme was launched on April 20, 1981.

"There would not be much competition as at the end of the day, unitholders consider three main factors in deciding where they should park their money.

"They would look at the risks and returns associated, as well as liquidity," said Hilmey.

PNB had satisfied all the three tests, with its Amanah Saham Bumiputera scheme boasting 13 percent returns last year (10 percent in dividends and three percent in bonus.)

Its unit trust can also be easily redeemed at its 1,243 sales agents throughout the country.

While proud of PNB's on-line system that allows the easy redemption, Hilmey quoted an example where for state-run Amanah Saham Johor the liquidity is better in Johor than in Kedah because the infrastructure that process the redemption is available in Johor.

"In the end, the choice for unitholders are many. It's up to them to look at the features that are more suitable (for their investment needs)," added Hilmey.

He further explained that the performance data of Malaysia's unit trust funds, published in a local financial weekly was a good start in measuring the trust's performance, since investors can at least compare their prices.

However, it could not be taken as a benchmark for investment decision as the risk aspect was not factored-in, added Hilmey.

On future challenges, he said the biggest would be in managing a good track record achieved so far.

"We are infact very lucky our capital market has grown very well in the last 10 years, supplying good investment avenues that allow us to give good returns every year," he said adding this was aided by the local bourse's liquidity.

Hilmey further explained that another crucial challenge involved managing the expectation of unitholders where it would exceed its existing 4.3 million with the launch of Amanah Saham Wawasan 2020 by the prime

minister Datuk Seri Dr Mahathir Mohamad this coming Aug 28.

"In managing expectations, we have to educate people so that they understand that why we can provide a better return in a year and low return in another," he explained.

PNB's task, he said was more difficult compared with other fund managers given the diverse profile of its many small investors. -- BERNAMA

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