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Exciting times for unit trusts seen (HL)

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FUND managers in the unit trust industry may not be overly-excited about stock market prospects this year but the industry itself is heading for some exciting times.

BHLB Pacific Trust Management Bhd executive director Mark Toh said a variety of options for investors is in store for 1997.

Several companies have already applied to the Securities Commission (SC) to introduce new funds while a number of securities firms are also said to have expressed interest in entering the unit trust industry, he said in an interview.

BHLB Pacific Trust itself is looking at introducing two new trust funds this year - an equity and a fixed income fund which are both awaiting approval from the SC.

"After the approval is received, we have between four and six months to launch the funds. Initially, they will be between RM100 million and RM200 million in size and will subsequently be raised to a maximum RM500 million," he said.

Last year, the industry's high point was the launching of Amanah Saham Wawasan (ASW) 2020 in August by Prime Minister Datuk Seri Dr Mahathir Mohamad.

To date, the ASW has attracted some 700,000 investors aged between 12 and 29 years, with total investments exceeding RM1.3 billion.

"Although, the ASW somewhat affected the sales of other unit trust companies, we believe it augurs well for the industry.

"It is very difficult to say how much the ASW has affected our business because the drop might also have been caused by redemptions... on the whole the drop could be only a small one," he said.

The introduction of the EPF Member Savings Investment Scheme on the other hand has provided a boost to the unit trust companies' sales.

Toh said BHLB Pacific Trust was among 25 fund managers EPF shortlisted for contributors interested in investing part of their savings in the capital market. "From the EPF contributors alone, we were able to attract some RM15 million worth of investment," he added.

That was a good start, "but we need to keep these investors happy to retain the investment," he said.

In this regard, fund managers in the unit trust industry see a "neutral" market this year. Toh said the market is not expecting any "exceptional corporate announcements" between March and June, when many companies close their financial year.

"Barring a major correction, the market is expected to trade between 1,200 and 1,300 points (according to the Kuala Lumpur Stock Exchange Composite Index)."

Earlier, he had launched the Unit Trust Exposition and Game in Bangi. Education on unit trust, he said, will still be a priority in the industry.

"We need to show the public that unit trust is an alternative investment for people who do not want to participate directly in the high-risk stock market but at the same time are not satisfied with the conventional fixed deposit account in a bank," he said.

Currently, BHLB Pacific Trust, a subsidiary of Ban Hin Lee Bank Bhd, manages four funds - Double Growth Fund, Emerging Companies Fund, High Growth Fund and Growth Fund. These funds are worth a combined RM800

million.

BHLB Pacific Trust expects to manage RM1 billion worth of unit trust funds by the end of the year.

On average, BHLB Pacific Trust recorded a 20 per cent growth in fund size and unit circulation. Last year, the industry achieved a growth of 0.8 per cent or net asset value of RM56 billion compared with RM44.1 billion in 1995.

Of the RM56 billion, Perbadanan Nasional Bhd (PNB) commands about 80 per cent of the net asset value in the market with 26.4 billion of units in circulation from three funds - Amanah Saham Bumiputera, Amanah Saham Nasional and ASW.

Besides PNB, there are 29 other management companies in the industry, nine of which are government-sponsored while the rest are private.

The private firms have a total net asset value of RM6.7 billion in 29 funds, while the Government-backed firms (other than PNB) have RM4 billion in 24 funds.

The first unit trust fund was launched in 1959. Twenty three years later, the Amanah Saham Nasional was introduced, followed by Amanah Saham Bumiputera in 1990 and ASW last year.

Under the SC guidelines on unit trust operations, fund managers must diversify their investment to include equities, fixed income securities and other assets over a medium to long-term period.

Previously, the unit trust industry was regulated by SC (Guidelines on Unit Trust Funds), Registrar of Companies (applicable provisions in the Companies Act 1965) and Bank Negara Malaysia.

Effective, August 30 1996, the SC assumed the role of the central regulatory authority for the industry under the SC (Unit Trust Scheme) Regulations 1996.

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