

21/09/1997

Extend ASB scheme to infants, increase ceiling

Shaik Osman Majid

A NUMBER of Bumiputeras, with a substantial amount of disposal income, might have been heartened by the announcements at the tail-end of the Umno general assembly two Sundays ago.

One was the revelation by Deputy Prime Minister Datuk Seri Anwar Ibrahim that the ceiling for investments in Amanah Saham Nasional and Amanah Saham Bumiputera will be raised from the RM100,000 to RM200,000.

The objective of the revision in these two schemes was rightly worked out to garner national savings. As Prime Minister Datuk Seri Dr Mahathir Mohamed explained later that same day, if only 50,000 investors in both schemes double their savings, Amanah Saham Sdn Bhd, the managers of both unit trust schemes would have RM5 billion to give them more funds to lead, rather than follow tentatively, the ventures of foreign fund managers into the local equity market.

The upward revision of the limits of both funds is based on a solid premise. More money raised from the secondary capital market will definitely give Permodalan Nasional Bhd the confidence to take the lead in the stock market.

PNB has currently more than RM30 billion on call, though much of it is tied up in equities. Analysed, ASB has more than RM24 billion in the accounts of slightly over six million investors. ASN has about RM6 billion in the accounts of slightly less than two million investors.

A cursory glance would show the revision might place RM5 billion in the hands of PNB or its fund manager Amanah Saham Sdn Bhd. The main question is: how fast would the managers be able to raise the money?

For one, let us examine the statistics on the profile of accounts of investors of ASB. Originally the unit trust scheme was called Amanah Saham Nasional, launched in April 1981. It did not attract much attention in the initial days.

Only slightly more than 80,000 investors took up the offer of a free 10 units and saved a little more.

But solid dividends and bonuses declared by PNB for the year of 1981, totalling 20 per cent, began to stir interest in the scheme. And so within three years the number of investors triplified; dividends and bonuses, higher than 15 per cent in the late 80s quadrupled the number of investors.

Though the returns have slipped in subsequent years, the number of investors encouraged by the special bonus of 60 per cent in 1991 decided that ASN which became ASB in 1991 was the unit trust that would take care of their future needs. Thus the number of investors increased by six fold by last year.

Which bring us to the basic question: how can we nudge these people to invest more in ASB? One analyst says this is not the best of times for people to place their money in unit trust schemes, even in the highly regarded ASB and ASN funds.

His argument is simple. For the past 16 years the ASN/ASB had given returns averaging an annual 15 per cent. But two weeks ago the ASW 2020 unit trust scheme provided 10.1 per cent in dividends. Though solid it is not as that declared for the other two schemes. Moreover no bonus was declared.

The investors in the high income bracket, that is those who have disposable cash would think twice about increasing their investments in

the ASB and ASB schemes given the returns declared on ASW 2020 accounts.

For the present, ASN linked as it to market movements is not exactly attractive as the prices of the shares listed on the Kuala Lumpur Stock Exchange are not exactly stable. Which explains why less than two million investors have accounts with the ASN, with total investments of less than RM4 billion. With the prices mired in four-year lows, ASN was not an attractive buy. Last Thursday the managers' buying price was only RM1.06.

Whatever the forces or factors that engendered a shaving of quite a bit of the market capitalisation of the stocks in the KLSE over the last ten to twelve weeks, they by extension affected the Net Asset Value of unit trust funds, depressing prices of the units. By extension it cannot be denied the confidence of all investors have been shaken.

Despite this backdrop, two options are open to PNB and ASN Sdn Bhd to draw more investments into the ASB scheme. One, the authorities must heed the views of socio-economists who emphatically say that the most important investment a middle-class bumiputera would make, besides buying a house, is to build a nest egg for his children.

The managers of ASB could perhaps extend its Account Remaja scheme to include children aged a few months. At the moment only children above the age of 12 benefit from this scheme. True, PNB's wholly-owned subsidiary, Malaysia National Insurance Bhd had launched its Graduan Along unit trust scheme for children between the ages of nine months and 18 years last year.

The ASB scheme is more accessible as any Bumiputera can open accounts in any of the thousands of branches of three major banks as well those of Pos Malaysia.

Second, at the moment the Account Remaja imposes a limit of RM10,000 until the minor reaches the age of 18. This limit could perhaps be increased to allow parents, especially those who have the means, to save for their children.

Thus besides increasing the limit of investments in ASN and ASB, the managers should seriously consider, one, extending the Account Remaja to even infants and, two, increasing the ceiling of amount that could be invested in this account.

Perhaps then PNB and ASN Sdn Bhd would be able to garner more investors and more investments. Their objective of raising the RM5 billion could be achieved faster.

(END)