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10.1pc ASW 2020 dividend declared (HL)

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INVESTORS of Amanah Saham Wawasan 2020, a unit trust scheme for all Malaysians aged 12-29, will be paid a maiden dividend of 10.1 per cent. The scheme's manager, Permodalan Nasional Bhd (PNB) has set aside some RM160.59 million for the purpose.

The dividend will be paid to 814,325 unitholders who invested in the scheme between September 2 last year and August 31 this year. Payments will be credited into the accounts of the unitholders from September 2.

Targeted at the 6.5 million young Malaysians, the ASW 2020 is the first unit trust scheme managed by PNB which is open to both Bumiputeras and non-Bumiputeras.

Prime Minister Datuk Seri Dr Mahathir Mohamad said he hopes the unitholders will maintain the dividend in their accounts and increase their investment because the ASW 2020 is a long-term savings scheme that offers stable and profitable returns.

"I hope those who are eligible will buy ASW 2020 units so that they can participate in the nation's booming economy," Dr Mahathir said in a speech read at the announcement of the dividend by PNB chairman Tan Sri Ahmad Sarji Abdul Hamid yesterday.

Dr Mahathir, who is also chairman of the Bumiputera Investment Foundation, said as of August 22, ASW 2020 had attracted 333,491 Bumiputeras with a total investment of RM333.95 million and 480,834 non-Bumiputeras with RM1.25 billion.

The units not taken up by Bumiputeras amounted to RM1.2 billion and by non-Bumiputeras RM222.8 million, he added.

In contrast, the first dividend paid by Amanah Saham Bumiputera, announced on December 31 1990, was 8 per cent plus a 6 per cent bonus, while that for Amanah Saham Nasional, announced on December 31 1981, was 10 per cent and a 10 per cent bonus. The two schemes are also managed by PNB.

At a press conference after the announcement, Ahmad Sarji said the dividend is good, especially in view of the depressed market conditions.

He described the returns for the scheme as "an encouraging beginning" and noted that the 10.1 per cent dividend is higher than the interest rates for other savings schemes.

"I hope the announcement will encourage those who are eligible to invest in the scheme," Ahmad Sarji said.

Current unitholders of ASW 2020, the majority of whom are in the Federal Territory and Selangor, account for only 12.48 per cent of the 6.5 million eligible investors.

Investment in the scheme in five states - Terengganu, Kelantan, Johor, Sabah and Sarawak - was below the national average of 12.48 per cent, Ahmad Sarji added.

"The PNB staff will double efforts to organise promotions and campaigns to reach out to the investors, especially in these five states," he said.

However, PNB does not plan to revise the scheme's age limit eligibility, or to open the Bumiputera portion to non-Bumiputeras, or to non-individual investors, he said.

PNB chief executive Datuk Mohd Hilmey Taib, who was also present at the function, said he agreed with Dr Mahathir that local funds should take the lead on the Kuala Lumpur stock market.

The Prime Minister had urged local investors to flex their muscle and

dominate trading on the local bourse.

Economists and analysts contacted by Business Times said the 10.1 per cent payout is more than fair considering the current stock market performance and the deposit interest rates offered by financial institutions.

TA Securities senior economist Anthony Dass sees the ASW 2020 dividend as a good return and should encourage more investors to participate in the scheme.

"The return is higher than the current savings rate of between 8 and 9 per cent. If the scheme can continue to yield high returns and maintain the double-digit payout, more people will definitely invest in the scheme," he said.

In addition, with the expected moderation in economic growth, banks may not be able to maintain the existing interest rates for savings and fixed deposits.

Northern Securities chief economist Dr Muthi Samudram said the dividend is "extremely good considering the current circumstances".

However, the high dividend is not unexpected as anything lower than the interest rates offered by the banks would result in people opting to keep their money in the banks.

"The good returns will now attract more Bumiputeras and non-Bumiputeras to invest in ASW 2020 and this is a particularly good time to do so because PNB can make purchases on the stock market at low prices," he said.

Asian Strategic Leadership Institute (Asli) vice-president Tan Sri Ramon Navaratnam, who finds the dividend "very encouraging", said the ASW 2020 should be extended to include more Malaysians. The age limit, for example, could be extended.

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