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## Raising Bumiputera stake in ASW 2020

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PERHAPS the Amanah Saham Wawasan 2020 should be renamed Amanah Saham Merdeka.

Its initial objective and the response over the past year since its launch on Sept 2, provides more than perfunctory reasons to rename the unit trust scheme that is open to all Malaysians.

First let us examine the rationale behind the scheme. The original objective, enunciated by Prime Minister Datuk Seri Dr Mahathir Mohamad when he announced the ASW 2020 on Aug 28 last year, was to foster unity and peace among the diverse populace and ethnic groups. That is the vision of 2020 and ASW 2020 is one of the strategies to achieve that objective.

Second, let us look at the dates. The announcement was made three days before the National Day parade. And because the following day, Sept 1 was a Sunday, the trust fund was only opened to subscription the next day.

A year later on Aug 26, the managers of ASW 2020, Amanah Saham Nasional Bhd, announced a dividend of 10.1 per cent. Which is solid returns on any kind of investments in a unit trust, save perhaps the historical dividends and bonuses declared on the Amanah Saham Nasional and the Amanah Saham Bumiputera.

The returns declared on ASW 2020 are attractive, given the fact that the dividend is tax free. And it comes at a time when the stock market is not exactly performing its best. Unit holders could update their investment books or certificates to incorporate the dividends from Sept 2.

Whether the authorities, that is Permodalan Nasional Bhd, the parent company of ASB Bhd, the managers of three unit trust schemes, would consider a change in name of ASW 2020 is an issue best left to them to ponder.

But let us assess the performance of ASW 2020 over the past year. Before we begin any analysis we must acknowledge that the unit trust scheme was unique or as described by the Prime Minister "monumental".

For it was the first unit trust scheme opened to all Malaysians between the ages of 12 and 29. And it was managed by Government-backed ASB Bhd. Which means it had options to invest in the best performing listed and non-listed companies in the portfolio of its parent company, PNB.

ASW 2020 proffered three billion units at one ringgit each. Of the total 51 per cent were reserved for Bumiputeras. The rest for all the other races. The marketing of three million units in lots of 100 units has turned out to be a too ambitious target.

Analysis of statistics released by PNB makes it quite plain that Bumiputeras are not attracted to ASW 2020. One, of the 1.53 billion units that had been allocated to Bumiputera investors only 333,996 responded to pick up lots of 100 units. This works out to slightly more than 20 per cent of the units allocated to Bumiputeras.

Conversely, of the non-bumiputera allocation of 1.47 billion units, 1.25 billion were snapped up, an investment rate of over 80 per cent. This discrepancy in response to the ASW 2020 might raise several questions.

The first of which is why Bumiputeras, from the figures at least, are not attracted to the scheme. The answer is simple. Bumiputeras have two attractive schemes managed by ASN Bhd. For the conservative, the managers offer the ASB scheme, which gives steady and comparatively attractive returns in terms of annual bonus and dividends which keep on growing year after year.

For the adventurous among Bumiputeras, ASN Bhd offers the ASN scheme in which investments move in tandem with the net asset value of the portfolio of shares held by ASN.

Moreover, ASN Bhd offers the Account Remaja in the ASB scheme which allows parents to save for their children. But this particular plan has a cap of RM10,000.

Which should explain why some Bumiputeras have ventured into the ASW 2020 scheme to invest on behalf of their children. Readers must note that for the ASW 2020, though investments can only be made in lots of RM100 or 100 units, the maximum allowed investment allowed is RM50,000 or 50,000 units for children above the age of 12 but below 18.

So from the figures made available by PNB, it would appear that the individual Bumiputera has an average of about 1,000 units and the non-Bumiputera 2,600 units of the unit trust.

Given these figures, and the dividends declared, the average Bumiputera would have today about 1,110 units and the non-Bumiputera 2,886 units.

But this is only one facet of people responding to unit trust schemes, especially Bumiputeras.

To obtain a clearer perspective we must consider some salient facts. The Amanah Saham Nasional was launched in April 1981, when investors had only to put in as little as RM10 to open an account. To prod more savings four commercial banks were persuaded to provide loans of up to RM20,000 to eligible Bumiputeras.

Despite the incentives, only 82,000 Bumiputeras invested between April and December that year. But after the initial dividend and bonus totalling 20 per cent was declared, ASN suddenly metamorphosed into an investors' haven. The number of investors tripled in the second year.

This leads to the question of how ASN Bhd can weave the same magic wand to lure Bumiputera investors to place their savings in ASW 2020.

The remaining Bumiputera units in the scheme would probably be taken up in the next few years. But to expedite it, perhaps PNB should consider some measures. It could draw elements from its ASN and the Graduan Along scheme promoted by an insurance subsidiary, Malaysian National Insurance.

One, it could consider extending the ASW 2020 scheme to children below the age of 12. Why not extend it to very young children? All parents would dearly desire to put aside some money for their children's welfare, some even on the day offsprings are born.

Many insurance companies have various schemes that entice parents to buy an education plan. But the problem with these insurance schemes is that the parents are tied down to fixed annual payments and they cannot withdraw a sen in emergencies.

But if the managers were to consider lowering the minimum age from 12 to say six months and reduce the minimum quantum to be invested from RM100 to say RM50 or even RM20, they might well evoke a response from young parents.

Consider the potential market. Today almost three million students are in primary schools. And equal, if not more, are in their pre-school days. Surely the parents of these kids even if they are in the lower income bracket could set aside RM10 a month. Given the multiplier effect the amount could swell and the residual 1.2 billion units of the ASW 2020 would be easily taken up.

PNB and ASN Bhd should not worry about the units that have not been taken up by non-Bumiputeras. Given the dividends that have just been declared, the units might be gobbled up within the next few months.

Rather the authorities should focus on how to garner the support of Bumiputera parents to invest for the future of their children. Granted we have the ASB but it has its limitations not only in age of eligibility but

also on the amount that can be saved until the child becomes an adult which might not necessarily be the age when they can fend for themselves. The ages between 18 and 23 or 24 are the most taxing times for parents if they desire to provide their children with a tertiary education.

So providing parents a means to save exclusively for the future education of their children would always be welcomed. The ASW 2020 is one solid plan. It should be expanded to cover more children.

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