

16/04/1998

## The EPF's choice picks

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THE EMPLOYEES Provident Fund (EPF) has been hogging the limelight of late. Like it or not, the investment giant which is accustomed to going about its business quietly, has had its activities and decisions scrutinised and at times criticised.

The main issue seems to be the EPF's investments in the stock market. When announcing on March 4 that it would be paying a 6.7 per cent dividend for 1997, the fund attributed the lower payout - one per cent lower than in the previous year - to the stock market plunge. In line with its accounting practice, the diminution in asset value was reflected in the net income.

As at Dec 31 last year, 19 per cent of the EPF's total assets (RM129.4 billion), or RM24.6 billion, was allocated to equities. Of this amount, RM23.6 billion (or 18.2 per cent of total assets) had been invested in shares listed on the Kuala Lumpur Stock Exchange (KLSE), the Dewan Rakyat was told on March 26 by Deputy Prime Minister Datuk Seri Anwar Ibrahim. In 1996, the EPF allocated 13.8 per cent of its assets for equities. This yielded an income of RM1.2 billion. However, income from equities in 1997 dropped to RM994.3 million despite the larger investment. In late August of last year, Prime Minister Datuk Seri Dr Mahathir Mohamad made a series of announcements about local funds going into the share market in a big way. The prime minister said local funds, including the EPF, could buy shares exceeding the limits that had previously been imposed on them.

Anwar explained in Parliament that any losses incurred by EPF's share investments were only on paper since they were long-term investments. In his reply to a question from the DAP's Lim Kit Siang, Anwar said the EPF did not make a detailed report on the purchase and sale of shares on the KLSE, but he added that the fund reported those transactions according to requirements under the Companies Act.

To provide an idea of the EPF's stakes in KLSE counters, Malaysian Business has tracked the fund's major transactions in recent months. Relying mainly on substantial shareholding disclosures in annual reports and on Form 29B filings made in accordance with the Companies Act, we have compiled a list of EPF's top 60 investments in listed companies (see table).

The cut-off date was March 6. MB sent a fax to the EPF in mid-March seeking confirmation or an update of the stockholdings and requesting information, but there was no reply. Based on our computation, the total value of the EPF's investment in the 60 counters alone amount to RM11.51 billion, almost three per cent of the KLSE's total market capitalisation of RM415.33 billion on that day.

Among the counters actively bought and sold by the EPF and its portfolio managers in recent months are AMMB Holdings Bhd, Chemical Company of Malaysia Bhd, Cold Storage (M) Bhd, Commerce Asset-Holding Bhd, Edaran Otomobil Nasional Bhd, Perusahaan Otomobil Nasional Bhd, Sime Darby Bhd and United Engineers (M) Bhd.

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