

EPF considering RM30bil Glencore investment
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Employees Provident Fund (EPF), has been approached to subscribe to the RM30 billion-plus initial public offering of commodities giant Glencore, a senior official from the country's largest pension fund said on Tuesday.

Glencore is expected to kick off the much-anticipated listing this week in what could be the largest to-date in London and one of the largest in Europe.

"Given the size of the IPO, a lot of the banks handling the float have introduced it to us. We approach it like any other IPOs," said Shahril Ridza Ridzuan, EPF's deputy chief executive officer for investment.

A decision would be made closer to the time of the IPO, he added.

"There were some discussions about the kind of sizes that will be made available but to be honest we've not reached a firm (decision) on our side yet about what kind of size we'll be interested in," he told Reuters in an interview at the annual Invest Malaysia conference.

"We are still evaluating the company and the prospects of the company."

The EPF had RM425.5 billion in assets as of end-September last year and is among the largest investors in the Malaysian stock market, holding stakes in almost every major listed Malaysian company.

The pension fund is aiming to increase its allocation to non-ringgit investments to 20 percent in three to four years from 10 percent of its assets at the end of last year.

"Part of our focus this year is really about making sure we have the right platform, right resources to get that done and to manage those investments effectively," he said, adding that the EPF's non-ringgit investments are mainly in the equities, fixed income and property markets.

Shahril said the fund's higher overseas allocation will not be done at the expense of its local investments.

"We have a constant flow of cash coming in from our members' contributions. A large part of the new money coming in is aimed at the global portfolio.

"So in terms of absolute size, we are actually maintaining our domestic presence. In fact, we are increasing it slightly," he said.

The EPF has a 45 percent stake in fourth-largest banking group RHB Capital, which Shahril describes as a "holding that we are very comfortable with".

The fund has no plans to further sell down its stake in RHB, which has been at the center of

market speculation after another shareholder Abu Dhabi Commercial Bank (ADCB) said it was looking to sell its 25 percent stake.

Last week, the EPF's chief executive officer Azlan Zainol said the fund was open to merger proposals for the bank but they create value for shareholders although it is currently not in discussions with any parties.

Malaysia has nine local banks, led by Malayan Banking Bhd and CIMB, but some bankers and analysts have suggested that the banking industry may be reaching its limit.

With competition heating up, consolidation may be one way for smaller banks to keep up.

- Reuters

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