

# BUSINESS

DIVERSIFICATION PLAN

## PNB TARGETS 30pc GLOBAL EXPOSURE

Company to hire external fund managers for investments in emerging markets

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**P**ERMODALAN Nasional Bhd (PNB) wants to raise its global exposure to 30 per cent of the total investment portfolio by the end of its three-year blueprint.

It aims to diversify its portfolio into real estate funds and private equities in emerging markets under its Strategic Plan 2020-2022.

PNB would continue accelerating its diversification via investments in new asset classes and geographies, including global real estate with attractive yields, said president and group chief executive Jalil Rasheed during a virtual press conference on PNB's Annual Report 2019 and Strategic

Plan 2020-2022, here, yesterday.

PNB's global exposure stood at 8.5 per cent as at the end of last year versus 3.3 per cent in the preceding year.

Of the global investments, public equity investments make up 70 per cent, followed by real estate (14 per cent) and private investments (four per cent).

Jalil said PNB would be expanding its investments via external fund managers in emerging markets, which would address its previous limitations due to insufficient research coverage.

"This will give us an opportunity to co-invest alongside other funds globally, an opportunity we may not necessarily have if we attempt to buy brick-and-mortar assets alone," he said.

PNB's strategic plan for 2020-

2022, dubbed "Focus 4", outlines diversification, value creation, risk management and organisational transformation while preparing for future headwinds and evolving market landscapes.

"With a three-year focus, Focus 4 will ultimately position PNB as an investment institution with a clear and consistent investment philosophy with a diversified portfolio, leading in areas of risk management, high performance and corporate stewardship."

Jalil said PNB would also continue growing its assets under management (AUM) by at least 4.5 per cent annually to RM350 billion by 2022.

He said the current market conditions would be a good opportunity to invest as stock valuations were depressed.

Group chairman Tan Sri Dr Zeti Akhtar Aziz said PNB's current cash position was about 13.4 per cent of its total assets.

This put the fund in a good position to accumulate good quality stocks at lower valuations.

She said PNB's diversification efforts across various asset classes in diverse geographical areas had helped it to remain resilient amid the Covid-19 crisis.

In the bleak financial and economic conditions, there was room for optimism, she added.

"While the economic pain to contain the spread of the pandemic may be intense and immense, it will be temporary.

"Once the economic shutdown is lifted, economic activity can be reignited. In the immediate time frame, a recession may be felt be-

fore the recovery occurs. We, therefore, need to look beyond the immediate term."

Zeti said PNB's AUM had grown 4.5 per cent year-on-year to RM312 billion in the year ended Dec 31 last year.

Its net income stood at RM10.7 billion, compared with RM17.01 billion in 2018.

She said this had contributed to a 5.4 sen per unit payout for the fixed price funds for the financial year under review, despite the six per cent negative return in the FTSE Bursa Malaysia KLCI.

This will result in a RM13.2 billion income distribution to its 14.3 million unitholders.

At gross level, PNB's income shrank 25.6 per cent to RM15.12 billion from RM20.31 billion recorded a year ago.



*Permodalan Nasional Bhd (PNB) group chairman Tan Sri Dr Zeti Akhtar Aziz and PNB president and group chief executive officer Jalil Rasheed with PNB's Annual Report 2019 at the launch of its Strategic Plan 2020-2022 (Focus 4) in Kuala Lumpur yesterday.*