

↓ 31.19 KLCI 1,376.59	↓ 60.54 STI 2,563.69	↓ 1,029.79 HANG SENG 23,613.80	↓ CLOSED SCI	↓ CLOSED NIKKEI	↓ 271.66 TSEC 10,720.48	↓ 52.19 KOSPI 1,895.37	↑ 73.96 SGP/ASX200 5,319.85
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PNB to **expand** overseas allocation to 30%

➤ Fund aims to diversify its investment over a spectrum of global assets, says CEO

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PETALING JAYA: Permodalan Nasional Bhd (PNB) aims to expand its global exposure to 30% by 2022 from its current allocation of 8.5% as of end-2019, as part its strategic plans for the next three years.

According to its president and group CEO Jalil Rasheed, the fund will strategically diversify its investment over a spectrum of global assets, while increasing capital efficiency and crystallizing a more vibrant investment process.

The diversification will be executed in tandem with the other components of its "Focus 4" strategic plan for 2020-2022, which includes value creation, risk management and organisational transformation, as it advances towards transforming, while preparing for future headwinds and evolving market landscapes.

With the strategy, PNB aims to allocate 9% of its investments into real estate, 7% into private investment, 19% into fixed income, 5% into money markets and the remaining 60% into public equities, with a 70% domestic and 30% global allocation by geography.

Given the volatility from the current economic challenges arising from the Covid-19 pandemic, Jalil stated that the fund's aim is to have various investment styles that could weather through different market conditions rather than a single investment strategy.

"The goal is to optimise overall risk adjusted returns in a persistently low yielding environment that we are in, and we will not only diversify our asset classes but also sub classes to capture specific sectors and geographies," he said in a virtual press conference to launch PNB's 2019 annual report and its 2020-2022 strategic plan.

However, he emphasised that PNB's robust governance process will remain



Zeti and Jalil at the launch of PNB's annual report and its first virtual press conference.

despite the change in its approach to investment.

For PNB's international investments, Jalil revealed that the ringgit's strength and weakness will be the determining factor in the deployment.

"We have done analysis internally to determine the range at which we could deploy further funds into the international market and at which point we need to perhaps scale back a bit. Nonetheless, we will still continue to find pockets of opportunity," he said.

For 2019, PNB's gross income fell by 25.6% to RM15.1 billion, from RM20.3 billion reported in 2018. Net income contracted by 36.7% year-on-year to RM10.7 billion.

In turn, this contributed to a 5.4 sen payout per unit for the fixed price funds, despite a 6% negative return in the FBM KLCI. On the whole, this translated into a

total of RM13.2 billion income distribution to PNB's 14.3 million unit holders last year.

Last year, the fund's assets under management grew to RM312 billion, compared with RM298.5 billion in 2018. Units in circulation increased by 73% to reach 254 billion as at end-2019.

PNB chairman Tan Sri Zeti Akhtar Aziz acknowledged the challenges faced last year, and said the fund's performance this year hinges on a number of factors, namely: the absence of another wave of the virus, the implementation of announced policies, addressing issues related to SMEs and rising unemployment, and how quickly consumer spending would pick up.

Jalil also cautioned that PNB will likely record weaker earnings this year, given the conditions, which will affect its income stream in terms of dividends from its portfolio companies.