

PNB remains focused on portfolio diversification

Fund manager aims to outperform the annualised 3-year return of the FTSE Bursa Malaysia 100 Index

by **NUR HANANI AZMAN**

PERMODALAN Nasional Bhd (PNB) will continue to diversify its portfolio by geography and asset class, with the fund manager aiming to invest more in renewable energy (RE), infrastructure and 5G adoption this year.

Malaysia's largest fund manager with assets under management (AUM) worth RM322.6 billion for financial year ended Dec 31, 2020 (FY20), aims to outperform the annualised three-year return of the FTSE Bursa Malaysia 100 Index for

all its investee companies.

PNB president and group CEO Ahmad Zulqarnain Onn said the fund's diversification efforts under its Strategic Plan 2020-2022 (also known as Focus 4) saw its net income for FY20 grow by 2.8% to RM11 billion in FY20 from RM10.7 billion in FY19.

He attributed the improved performance to gains from PNB's growing international exposure, which helped offset the weaker performance on the domestic front.

PNB's international assets increased by 3.5% in FY20, accounting for 12% of its overall portfolio, which allowed for a larger contribution from international investments in FY20 at 25.5% compared to 11.6% in FY19.

The fund's global assets in FY20

comprised 8.7% in public equity, which grew from 5.9% the year prior. PNB's investment in global equities has seen the segment's contribution to the groups' income rising 18-fold between 2017 and 2020, expanding from RM200 million to RM3.7 billion in FY20.

"Moving forward, PNB aims to gradually expand this segment of new investments over the long-term including in RE, 5G technology, logistics and data centres, which are among the defensive sectors that provide stable-recurring yields," Ahmad Zulqarnain said at a virtual media briefing on the release of PNB's 2020 Annual Report yesterday.

He said the fund is seeking to gain exposure in the sectors by participating in IPO activities globally.

Domestically, PNB rebalanced its portfolio by monetising its mature assets in FY20 which included the divestment of Menara MIDF in Jalan Raja Chulan, Kuala Lumpur, to reduce its exposure in the commercial office segment.

The rebalancing efforts also included the divestment of its entire 23% minority holding in Unilever (M) Holdings Sdn Bhd, enabling PNB to unlock its investment value to recycle capital into new investments.

Total units in circulation for all of PNB's 15 funds rose by 4% to reach 264 billion units in FY20, as it welcomed more than 200,000 new account holders during the year, taking the total number of accounts to 14.5 million.

PNB continued to generate com-

petitive returns for its unitholders, disbursing RM11.1 billion in income distribution and bonuses during FY20.

This amount takes PNB's total cumulative income distribution since inception to RM211.3 billion, a 5.5% increase from the preceding year's RM200.2 billion.

PNB group chairman Tan Sri Dr Zeti Akhtar Aziz said the motivation to diversify the fund's portfolio away from local equities is to ensure that PNB will be resilient to major shifts in the environment.

"Our risk is still over concentrated in the equity market. During a down cycle, the fixed-income portfolio does better than equities and vice versa, so that is the rationale for the diversification plan," she said.