

PNB remains resilient despite turbulent 2020

Transformation strategy is key to success

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PETALING JAYA: Permodalan Nasional (PNB), the country's largest fund manager, will continue with diversification efforts that include increasing its exposure to overseas markets as well as fixed income assets.

Its group chairman Tan Sri Dr Zeti Akhtar Aziz described 2020 as "the most tumultuous in our history" but the fund had remained resilient thanks to its transformation strategy that was implemented in 2018.

In 2020, PNB's total international assets increased to 12% of its overall portfolio which Zeti said had generated a much larger contribution to the fund's returns of 25.5% as compared to 11.6% in 2019.

In terms of group income composition, she said global equities contribution had increased 18-fold between 2017 and 2020, expanding from RM200mil to RM3.7bil in FY2020.

"The transformation that we took on in 2018 has given us significant payoff and PNB is now in a position to achieve a new milestone ahead," she told reporters during PNB's financial year 2020 virtual briefing yesterday.

Earlier, PNB had announced its target to increase its overseas investment to 30% by 2022 from 8.5% in 2019.

When asked why PNB's dividend payout in 2020 for its ASB unitholders was lower than the Employees Provident Fund (EPF) payout, Zeti pointed out that the EPF had a bigger asset allocation in fixed income accounting for more than 50% of its AUM and that fixed income, tend to do well during market downturns.

"PNB only started investing in fixed income in 2017 and 81% of our portfolio is in the equity market, as such our risk is concentrated.

"During the upcycle, the equity market usually will do better than fixed income. In addition, the EPF has been in the overseas markets for quite sometimes," she added.

"The transformation that we took on in 2018 has given us significant payoff and PNB is now in a position to achieve a new milestone ahead."

Tan Sri Dr Zeti Akhtar Aziz

Moving forward, PNB president & group chief executive Ahmad Zulqarnain Onn said PNB aims to gradually expand into new investments over the long term including in renewable energy and 5G technology, logistics and data centres, whilst continuing with buyouts, secondaries and possibly the domestic Consumer Discretionary sector under the private equity portfolio.

"With the organisational transformation initiatives implemented during the year, PNB is now more agile and well-equipped to realise greater potential as we enter the post-Covid-19 era.

"We will pursue our Focus 4 strategies towards growing our portfolio to do better for the benefit of Bumiputeras and all Malaysians, and for the overall prosperity of the nation," he said.

Zulqarnain said domestically, PNB had also rebalanced its portfolio by monetising mature assets including the divestment of Menara MIDF in Jalan Raja Chulan, Kuala Lumpur, to reduce exposure to the commercial office segment as well as the disposal of its entire stake in one of its flagship investee companies - Chemical Company of Malaysia Bhd (CCM).

"This year we will continue with our engagement with investee companies including setting up short to medium term targets, discipline capital allocation, board composition, as well as, reviewing their value creation plans," he added.

In 2020, PNB posted a 3.4% jump in its asset under management (AUM) to

RM322.6bil despite the crippling effect of the Covid-19 pandemic on the economy.

Last year, Malaysia's economy contracted 5.6% following global restraint order and border closures.

"The year 2020 was the most tumultuous in our history but significant payoffs were gained from the transformative strategies that were implemented since 2018.

"PNB has managed to weather the highly challenging investment climate.

"We sustained a relatively resilient financial performance, made significant progress in our portfolio diversification efforts and further improved our unit holders' experience and value, particularly on the digital platforms," Zeti said.

She added PNB saw a 4% jump in units in circulation (UIC) for its 15 funds to 264 billion units, as the group welcomed more than 200,000 new account holders during the year, bringing the total number of accounts to 14.5 million.

In total, PNB has disbursed RM11.1bil in income distribution and bonuses in FY2020 to its unitholders.

Benchmarked against the Maybank 12-month Fixed Deposit rate, Zeti said PNB's fixed price (FP) funds, the Amanah Saham Bumiputera (ASB), ASB 2 and Amanah Saham Malaysia (ASM), has continued to surpass this benchmark.

"In fact, both ASB and ASM have consistently continued to generate positive returns despite the negative performance of the FBM KLCI during five of the recent seven years," she said.