

Cohesive internal system a key factor

Multidisciplinary teams and clear accountability metrics contribute to AmInvestment's performance

AmInvestment Services Bhd took home three awards at The Edge-Lipper Fund Awards 2015 — two individual awards and one group award.

The fund house won the group award in the mixed-asset category and the award for Best Bond Malaysian Ringgit Fund over 10 years, for its AmDynamic Bond fund, for the second year running. This year it also won the award for Best Mixed Asset MYR Balanced — Malaysia Islamic Fund over 10 years for its AmIslamic Balanced fund.

The Edge spoke to AmInvestment CEO Datin Maznah Mahbob and chief investment officers Andrew Wong and Goh Wee Peng to find out how they continue to achieve success year after year.

Maznah attributes the fund house's success to how it is structured. "We have multi-disciplinary specialist teams dedicated to economic research, asset allocation, bottom-up stock selection and research and bottom-up credit risk review, as well as experienced fund managers," she says.

This approach plus clear accountability metrics that support the management of multi-asset funds are key to its performance, she adds. Wong concurs, saying that the firm has cultivated a sharing environment across the diverse areas of specialisation.

"[The different] teams have always worked together cohesively towards the organisation's success, and this has helped the funds and AmIn-



vest excel in this category," he says.

However, the fund house has had its share of external challenges despite its cohesive internal system. The biggest test came last year when the market trended downwards and there was volatility in the financial markets and illiquidity in the bond market, especially in November.

During the year, its strategy was to fully invest in equities and also actively rebalance its portfolios. "[We wanted to] take advantage of the rotational undervaluation of stocks arising from the market volatility," says Wong. For the fixed income portion, Goh put more emphasis on buying corporate bonds with higher yields.

Wong says the fund house will use the same investment strategy this year. "Stock selection will be crucial due to the macro uncertainties, and this is where teamwork is very important for the funds to excel in 2015."

As for bonds, Goh is confident in her top-down approach that takes into account both foreign and domestic drivers to anticipate the market's direction. "We are expecting a more sanguine local bond market in 2015 on the back of lower probability of an interest rate hike for the year," she says.

AmInvestment's total assets under management (AUM) increased 11% to an all-time high of RM39 billion at Dec 31 last year, according to Maznah. The AUM comprise unit trust funds and institutional mandates.

Based on its total AUM over the past 10 years, AmInvestment has recorded an annualised growth of 19%. "Our incremental growth in AUM last year, in value terms, is due to conventional

funds, from our fixed income unit trust and institutional mandates," says Maznah. "Our AUM in terms of equity funds grew 18% last year."

The 14% year-on-year growth in AUM seen by AmInvestment's Islamic funds in 2014 was encouraging, she adds. "Over the past five years, our Islamic funds have seen a phenomenal annualised growth of 44%."

According to Maznah, the bulk of AmInvestment's equity inflows last year went into its AmAsia Pacific Equity Income fund. Eighty per cent of its equity funds were ranked in the first and second quartile for their one-year performance.

AmInvestment launched 10 unit trust funds last year alone, eight of which were conventional funds. The rest of its new fund inflows were from fixed income, says Maznah. AmInvestment is aiming to grow its AUM to RM44 billion by March 31, 2016.

Wong believes the fund house will see a modest growth of 6% this year. "Given the uncertainties, we do not expect returns to be phenomenal this year. We will be more defensive at this point and stay with dividend-yielding stocks.

"On top of that, we will track the quarterly results closely for guidance and change our strategy accordingly, based on the latest earnings results."

Goh targets 4.5% growth for the year. "While we believe the local environment is likely to be supportive of the bond market, we do not expect the market to see sustainable rallies," she says.

Despite the possible volatility expected from the implementation of the Goods and Services Tax (GST) and concerns about a potential US rate hike, Goh believes the overall local eco-

FUND	AmDynamic Bond	
AWARD	Bond Malaysian Ringgit	
FUND SIZE	RM137.09 million	
FUND MANAGER	Goh Wee Peng	
RETURNS FOR THE PERIODS ENDED DEC 31, 2014 (%)	1 year	5.22
	3 years	18.78
	5 years	36.67
	10 years	120.07

FUND	AmIslamic Balanced	
AWARD	Mixed Asset MYR Balanced — Malaysia Islamic	
FUND SIZE	RM7.25 million	
FUND MANAGER	Cheng Yoke Phing	
RETURNS FOR THE PERIODS ENDED DEC 31, 2014 (%)	1 year	11.4
	3 years	21.34
	5 years	47.33
	10 years	102.71

nomic environment will be supportive of the bond market.

"Stable interest rates, less inflation pressure, lower but stable GDP growth and active measures by the government to manage the fiscal concerns are some of the factors that may support local bond yields in 2015," she says, adding that AmInvestment is maintaining high exposure to bonds and seeking high-quality, lower-rated ones to buffer the expected volatility. — By Sarah Voon