wealth

REFINITIV LIPPER FUND AWARDS 2021

Presented by THE EDGE MALAYSIA

Resilience in adversity

Foreword

At the start of 2020, when global markets were not looking too good, the thinking then among many fund managers was that it would be tough to bring in returns that matched those of previous years.

Indeed, when the global markets crashed in March as the Covid-19 pandemic heightened and what started as a health crisis quickly snowballed into an economic one, the worst of times seemed inevitable.

But in a year of multiple black swans, the fund management industry has shown great resilience, thanks to global monetary easing which brought about a big turnaround in equity markets. More importantly, a major factor was the quick thinking and decisive measures by fund managers to manage the risks and ride the volatility.

So, what was expected to be a washout year turned out to be an extraordinary one for our fund managers. For the Refinitiv Lipper Fund Awards 2021 in collaboration with *The Edge*, most of the winning funds outperformed, with Public Mutual standing out again as the biggest winner.

What of this year? There is certainly optimism that 2021 will be a year of recovery, but be that as it may, challenges remain as we are not quite out of the woods yet.

To all the winners, we say, "Congratulations". — *By Anna Taing*

Winners list

GROUP AWARD WINNERS

DURATION: 3 YEARS

GROUP AWARD	COMPANY
Best Bond Group (Provident)	AmFunds Management Bhd
Best Equity Group (Malaysia)	Public Mutual Bhd
Best Equity Group (Islamic)	Kenanga Investors Bhd
Best Equity Group (Provident)	Hong Leong Asset Management Bhd
Best Mixed Assets Group (Malaysia)	Public Mutual Bhd
Best Mixed Assets Group (Islamic)	Public Mutual Bhd
Best Mixed Assets Group (Provident)	Kenanga Investors Bhd

FUND AWARD WINNERS

DURATION: 3 YEARS

AWARD	FUND
Bond MYR (Malaysia)	AmanahRaya Unit Trust
Bond MYR (Islamic)	AmanahRaya Syariah Trust
Bond MYR (Provident)	AmDynamic Bond
Equity Malaysia (Malaysia)	Areca equityTrust
Equity Malaysia (Islamic)	Hong Leong Dana Makmur
Equity Malaysia (Provident)	Hong Leong Dana Makmur
Equity Malaysia Small & Mid-Cap (Malaysia)	Public Emerging Opportunities
Equity Malaysia Small & Mid-Cap (Islamic)	Public Islamic Opportunities
Equity Malaysia Small & Mid-Cap (Provident)	Kenanga OA Inv-Kenanga Growth Opportunities
Equity Malaysia Diversified (Provident)	Public Strategic Growth
Equity Asean (Malaysia)	United ASEAN Discovery
Equity Asia-Pacific (Malaysia)	KAF Jade
Equity Asia-Pacific (Provident)	PB Islamic Asia Strategic Sector
Equity Asia-Pacific ex-Japan (Malaysia)	Pheim Asia Ex-Japan
Equity Asia-Pacific ex-Japan (Islamic)	Public Islamic Asia Leaders Equity
Equity Asia-Pacific ex-Japan (Provident)	Hong Leong Asia-Pacific Dividend
Equity Global (Malaysia)	PB Global Equity
Equity Global (Islamic)	Public Islamic Global Equity
Equity Malaysia Income (Malaysia)	Areca Dividend Income
Equity Malaysia Income (Islamic)	Public Islamic Savings
Equity Malaysia Income (Provident)	AmDividend Income
Mixed Asset MYR Balanced - Malaysia (Malaysia)	Public Growth Balanced
Mixed Asset MYR Balanced - Malaysia (Islamic)	Kenanga SyariahEXTRA
Mixed Asset MYR Balanced - Malaysia (Provident)	Kenanga SyariahEXTRA
Mixed Asset MYR Balanced - Global (Malaysia)	Public Strategic Balanced
Mixed Asset MYR Balanced - Global (Provident)	Affin Hwang Select Balanced
Mixed Asset MYR Conservative (Malaysia)	United Income Plus
Mixed Asset MYR Conservative (Islamic)	Public Ehsan Mixed Asset Conservative
Mixed Asset MYR Conservative (Provident)	Public Ehsan Mixed Asset Conservative
Mixed Asset MYR Flexible (Malaysia)	Public Tactical Allocation
Mixed Asset MYR Flexible (Islamic)	Public Islamic Asia Tactical Allocation
Mixed Asset MYR Flexible (Provident)	RHB Thematic Growth

FUND AWARD WINNERS

DURATION: 5 YEARS

AWARD	FUND
Bond MYR (Malaysia)	AmanahRaya Unit Trust
Bond MYR (Islamic)	AmanahRaya Syariah Trust
Bond MYR (Provident)	AmDynamic Bond
Equity Malaysia (Malaysia)	Areca equityTrust
Equity Malaysia (Islamic)	Hong Leong Dana Makmur
Equity Malaysia (Provident)	AmMalaysia Equity
Equity Malaysia Small & Mid-Cap (Malaysia)	Public Strategic SmallCap
Equity Malaysia Small & Mid-Cap (Islamic)	Public Islamic Opportunities
Equity Malaysia Small & Mid-Cap (Provident)	Maybank Malaysia SmallCap
Equity Malaysia Diversified (Provident)	Hong Leong Growth
Equity Asia-Pacific (Malaysia)	PB China Pacific Equity
Equity Asia-Pacific (Provident)	PB Islamic Asia Strategic Sector
Equity Asia-Pacific ex-Japan (Malaysia)	Pheim Asia Ex-Japan
Equity Asia-Pacific ex-Japan (Islamic)	Public Islamic Asia Leaders Equity
Equity Asia-Pacific ex-Japan (Provident)	Hong Leong Asia-Pacific Dividend
Equity Global (Malaysia)	PB Global Equity
Equity Malaysia Income (Islamic)	Public Islamic Savings
Equity Malaysia Income (Provident)	Hong Leong Dividend
Mixed Asset MYR Balanced - Malaysia (Malaysia)	Public Growth Balanced
Mixed Asset MYR Balanced - Malaysia (Islamic)	Kenanga SyariahEXTRA
Mixed Asset MYR Balanced - Malaysia (Provident)	Kenanga SyariahEXTRA
Mixed Asset MYR Balanced - Global (Malaysia)	United Bond & Equity Strategic Trust
Mixed Asset MYR Balanced - Global (Provident)	Affin Hwang Select Balanced
Mixed Asset MYR Conservative (Malaysia)	PB Mixed Asset Conservative
Mixed Asset MYR Conservative (Islamic)	Public Ehsan Mixed Asset Conservative
Mixed Asset MYR Conservative (Provident)	Public Ehsan Mixed Asset Conservative
Mixed Asset MYR Flexible (Malaysia)	Public Tactical Allocation
Mixed Asset MYR Flexible (Islamic)	Public Islamic Asia Tactical Allocation
Mixed Asset MYR Flexible (Provident)	Public Islamic Asia Tactical Allocation

FUND AWARD WINNERS

DURATION: 10 YEARS

AWARD	FUND
Bond MYR (Malaysia)	KAF Bond
Bond MYR (Islamic)	PB Islamic Bond
Bond MYR (Provident)	Maybank Malaysia Income
Equity Malaysia (Malaysia)	Areca equityTrust
Equity Malaysia (Islamic)	Affin Hwang Aiiman Growth
Equity Malaysia (Provident)	AmMalaysia Equity
Equity Malaysia Small & Mid-Cap (Provident)	KAF Vision
Equity Malaysia Income (Islamic)	Manulife Investment Al-Fauzan
Equity Malaysia Income (Provident)	AmDividend Income
Equity Malaysia Diversified (Provident)	Affin Hwang Select Opportunity
Equity Asia-Pacific (Malaysia)	PB China Pacific Equity
Equity Asia-Pacific ex-Japan (Malaysia)	Pheim Asia Ex-Japan
Equity Asia-Pacific ex-Japan (Islamic)	Public Islamic Asia Leaders Equity
Equity Asia-Pacific ex-Japan (Provident)	Principal Asia Titans
Mixed Asset MYR Balanced - Malaysia (Islamic)	Dana Makmur Pheim
Mixed Asset MYR Balanced - Malaysia (Provident)	Dana Makmur Pheim
Mixed Asset MYR Conservative (Provident)	Eastspring Investments Dana al-Islah
Mixed Asset MYR Flexible (Malaysia)	InterPac Dynamic Equity
Mixed Asset MYR Flexible (Islamic)	Eastspring Investments Dana Dinamik
Mixed Asset MYR Flexible (Provident)	Manulife Investment-HW Flexi
Mixed Asset MYR Balanced - Global (Malaysia)	Pheim Emerging Companies Balanced

Public Mutual biggest winner with 34 awards

BY **PATHMA SUBRAMANIAM**

Public Mutual Bhd dominated the Refinitiv Lipper Fund Awards 2021, bagging three group and 31 individual awards — the greatest number of awards won by a fund management company — retaining its winning streak for three years running.

The fund house clinched the Best Equity Malaysia, Best Mixed Assets Malaysia and Best Mixed Assets Malaysia (Islamic) group awards, despite stormy market conditions and global economic volatility caused chiefly by the Covid-19 pandemic.

Its CEO Yeoh Kim Hong attributes the stellar performance to the funds' holdings of fundamentally sound companies with positive long-term growth prospects that displayed resilience during the pandemic-led downturn.

The companies in their portfolios had subsequently staged a strong rebound in 2020, following buying interest in quality companies as sentiment improved, she says.

"The group award for an asset class is conferred on the fund house with the best overall ranking as derived from its eligible funds' standings within their respective fund categories. Under the Best Equity (Malaysia) group award, Public Mutual had seven domestic and 13 foreign conventional equity funds evaluated across the categories of Equity — Malaysia, Asean, Asia-Pacific ex-Japan, Asia-Pacific and Global.

"Under the Best Mixed Assets (Malaysia) group award, we had four domestic funds and seven foreign funds evaluated against their peer funds, while we had three domestic funds and one regional fund evaluated for the Best Mixed Assets (Malaysia Islamic) group award.

"The performances of our funds in these three group categories were lifted by their investments in technology, e-commerce and healthcare stocks, which benefited from the accelerated adoption of digital solutions, owing to social distancing measures and increased demand for medical care and personal protective equipment amid the Covid-19 pandemic."

The firm's overarching philosophy of fundamental-based investing has ensured that their funds deliver consistent returns over the long term, Yeoh says.

This strategy saw to it that three of its funds — PB China Pacific Equity, Public Tactical Allocation and Public Islamic Asia Leaders — won Lipper fund awards for five consecutive years.

PB China Pacific Equity fund's performance was underpinned by its holdings of selected China internet and Taiwan technology stocks that benefit from the long-term structural growth of the internet and e-commerce, 5G and data centre segments.

The Public Tactical Allocation fund was tactically positioned in selected US technology software and healthcare companies, which benefited from the country's accommodative monetary and fiscal policies as well as the sectors' long-term structural growth prospects.

The performance of the Public Islamic Asia Leaders fund, on the other hand, was underpinned by its focus on regional market leaders in the technology and e-commerce sectors, particularly investments in electric vehicle supply chains, which are capitalising on the increased focus on clean energy.

"Our equity funds had to weather the sharp correction in the equity markets at the start of the pandemic as well as the subsequent periods of elevated volatility throughout the year."
> **Yeoh**

FUND	PB China Pacific Equity	
AWARD	Equity Asia Pacific — Malaysia (5 and 10 years)	
FUND SIZE	RM221.76 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	35.64
	5 years	86.87
	10 years	166.09

FUND	PB Global Equity	
AWARD	Equity Global — Malaysia (3 and 5 years)	
FUND SIZE	RM139.33 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	37.09
	5 years	67.85
	10 years	NA

FUND	PB Islamic Asia Strategic Sector	
AWARD	Equity Asia Pacific — Provident (3 and 5 years)	
FUND SIZE	RM51.27 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	40.64
	5 years	80.88
	10 years	133.07

FUND	PB Islamic Bond	
AWARD	Bond MYR — Islamic (10 years)	
FUND SIZE	RM1.51 billion	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	19.72
	5 years	32.40
	10 years	71.10

Other funds, such as the Public Ehsan Mixed Asset Conservative fund and the Public Islamic Asia Tactical Allocation fund, also benefited from holdings in the technology, healthcare and e-commerce sectors.

The pandemic has accelerated the adoption of technology solutions for both corporations and consumers to accommodate the movement restrictions and physical distancing measures globally.

As such, the firm rebalanced its equity investments accordingly into the domestic and foreign technology, e-commerce and internet sectors, which are poised to benefit from these structural changes, says Yeoh.

"In addition, our funds have increased exposure to selected healthcare stocks to capitalise on the increased demand for healthcare services, medical equipment and personal protective equipment such as rubber gloves. The technology and healthcare sectors outperformed strongly relative to the broader markets in the past year.

"As lockdown restrictions gradually eased and prospects for a recovery in economic activities improved amid positive news on Covid-19 vaccines in 4Q2020, our funds were subsequently repositioned into selected recovery plays in the financial, basic materials, industrial, services, leisure and consumer sectors, which were anticipated to benefit from the restarting of business activities and a rebound in consumer spending."

These strategies enabled Public Mutual's fund managers to navigate the challenging market conditions in 2020 and outperform their peers over the period.

On the fixed income front, the PB Islam-

CONTINUES ON PAGE W6

'Hold a diversified portfolio for the long term'

FROM PAGE W4

ic Bond fund won the 10-year award in the Bond MYR–Malaysia Islamic category with a return of 71.1% over the review period.

"The fund adopted a longer-duration portfolio to capitalise on falling bond yields in the first half of 2020. It also focused its investments on sukuk issued by the Malaysian government as well as infrastructure sukuk with sound credit fundamentals," explains Yeoh.

The fund house's balanced and mixed asset funds, which invest in a portfolio of both equities and bonds, exhibited lower volatility of returns compared with the equity funds, which are generally positioned in growth industries such as e-commerce, internet and technology.

"The performance of these funds was underpinned by contributions from their bond/sukuk portfolios, as yields were compressed in the first half of last year.

"Our bond funds, which are mainly invested in the Malaysian bond market, maintained a long portfolio duration for most of 2020 on expectations of interest rate cuts as central banks globally reduced policy rates to mitigate the adverse economic impact brought about by the Covid-19 pandemic. This allowed our funds to capitalise on the lower bond yields in 2020.

"The funds also focused their investments on bonds with sound credit fundamentals and resilient business models, which enabled us to avoid adverse credit events amid slowing global and domestic growth," she says.

While there were opportunities aplenty, there were nerve-wracking challenges to contend with, Yeoh adds. "Our equity funds had to weather the sharp correction in the equity markets at the start of the pandemic as well as the subsequent periods of elevated volatility throughout the year.

"Nevertheless, by adhering to our fundamental investment approach of selecting stocks that have resilient earnings, strong financial positions and proven management records, our funds were able to navigate such challenging periods," she says.

On the fixed income front, the most challenging situation faced by fund managers in 2020 was the uncertainties pertaining to the Covid-19 outbreak.

"Thus, our strategy was to avoid bond/sukuk issuers that could be adversely affected by the contraction in economic activities while seeking to preserve credit quality by focusing on issuers in sectors such as finance, telecommunications and utilities," Yeoh explains.

In view of continued global policy responses as well as the progressive rollout of vaccinations worldwide, she says gradual recovery in the global economy and firmer financial markets are expected.

"Against this backdrop, we may revisit selected sectors and markets that are poised to benefit from the reopening of economic sectors and rebalance our equity exposure accordingly."

The equity funds are expected to continue to focus on stocks that demonstrate long-term sustainable growth, as they will be better positioned to weather the ups and downs of the markets and provide consistent returns over the long term.

"Given the prospect of intermittent rises in global bond yields in 2021 as market participants gauge whether global economic growth and inflation could accelerate more quickly than anticipated this year, our bond funds will maintain a defensive positioning and focus on quality issuers at better pricing, while rebalancing on an ongoing basis to capitalise on opportunities arising from shifts in yield curves," she says.

Considering the persisting volatility, Yeoh recommends that investors maintain a well-diversified portfolio consisting of domestic, regional and global equity funds as well as fixed income funds.

"It is crucial that investors adopt Ringgit Cost Averaging, which will help them remain disciplined in investing for their long-term financial goals and remove the emotional component when investing during market highs and lows.

"As the market goes through cycles and is subject to short-term volatility, investors are advised to hold their unit trust investments over the long-term period of five years or more to allow time for their investments to grow," says Yeoh. E

"By adhering to our fundamental investment approach of selecting stocks that have resilient earnings, strong financial positions and proven management records, our funds were able to navigate such challenging periods."
> **Yeoh**

FUND	PB Mixed Asset Conservative	
AWARD	Mixed Asset MYR Conservative (5 years)	
FUND SIZE	RM80.59 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	19.84
	5 years	33.50
	10 years	NA

FUND	Public Ehsan Mixed Asset Conservative	
AWARD	Mixed Asset MYR Conservative – Islamic (3 and 5 years) Mixed Asset MYR Conservative – Provident (3 and 5 years)	
FUND SIZE	RM346.35 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	27.04
	5 years	42.61
	10 years	NA

FUND	Public Emerging Opportunities	
AWARD	Equity Malaysia Small & Mid Cap (3 years)	
FUND SIZE	RM110.54 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	53.95
	5 years	NA
	10 years	NA

FUND	Public Growth Balanced	
AWARD	Mixed Asset MYR Balanced (3 and 5 years)	
FUND SIZE	RM13.41 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	25.16
	5 years	42.02
	10 years	NA

FUND	Public Islamic Asia Leaders Equity	
AWARD	Equity Asia Pacific ex Japan – Islamic (3, 5 and 10 years)	
FUND SIZE	RM2.03 billion	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	43.99
	5 years	79.94
	10 years	128.92

FUND	Public Islamic Asia Tactical Allocation	
AWARD	Mixed Asset MYR Flexible – Islamic (3 and 5 years) Mixed Asset MYR Flexible – Provident (5 years)	
FUND SIZE	RM1.33 billion	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	38.63
	5 years	71.29
	10 years	NA

FUND	Public Islamic Global Equity	
AWARD	Equity Global – Islamic (3 years)	
FUND SIZE	RM344.43 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	48.82
	5 years	NA
	10 years	NA

FUND	Public Islamic Opportunities	
AWARD	Equity Malaysia Small & Mid Cap – Islamic (3 and 5 years)	
FUND SIZE	RM1.02 billion	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	33.81
	5 years	50.66
	10 years	164.61

FUND	Public Islamic Savings	
AWARD	Equity Malaysia Income – Islamic (3 and 5 years)	
FUND SIZE	RM350.50 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	17.72
	5 years	29.78
	10 years	NA

FUND	Public Strategic Balanced	
AWARD	Mixed Asset MYR Balanced – Global (3 years)	
FUND SIZE	RM35.43 mil	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	29.24
	5 years	NA
	10 years	NA

FUND	Public Strategic Growth	
AWARD	Equity Malaysia Diversified – Provident (3 years)	
FUND SIZE	RM186.58 mil	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	39.73
	5 years	58.22
	10 years	NA

FUND	Public Strategic SmallCap	
AWARD	Equity Malaysia Small & Mid Cap (5 years)	
FUND SIZE	RM526.55 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	11.67
	5 years	20.70
	10 years	NA

FUND	Public Tactical Allocation	
AWARD	Mixed Asset MYR Flexible (3 and 5 years)	
FUND SIZE	RM633.73 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	40.28
	5 years	78.01
	10 years	NA

AmInvest overcomes pandemic hurdles en route to group victory

BY **OLIVER CHRISTOPHER GOMEZ**

AmFunds Management Bhd (AmInvest) emerged as a group winner at the Refinitiv Lipper Fund Awards 2021. In fact, the fund management firm, helmed by CEO Goh Wee Peng and chief investment officer (CIO) Wong Yew Joe, bettered its 2020 performance despite a year of Covid-19-enforced lockdowns.

AmInvest won in the Best Bond Group (Provident) category and took home a further six individual awards (an improvement on the one group and three individual awards from last year). The group's improved performance came at a time when the economy and markets were rocked by the pandemic and the lockdowns.

According to Goh, while the pandemic was not the first crisis the firm had faced, this time around, AmInvest offices were empty and lacked the usual rush to study, formulate and implement strategies to manage the market volatility, with most of the team having to work from home. "While selling pressure was strong, the commitment of massive stimulus measures by governments around the world maintained some [degree] of stability in March 2020," she says.

"Our general investment stance was already moderately defensive on the back of the bleak economic outlook in 2020. We were also mindful, however, that an overly pessimistic investment stance would risk our missing out on any swift market recovery.

"In addition to managing a more balanced risk exposure, we were closely monitoring the redemption patterns of the mutual funds, as we had expected the volatility to spur investors to redeem the investments.

"In hindsight, however, redemptions were more manageable than expected, which reflected investors' sense that there was more value in the market after the initial selling pressure."

For his part, Wong recounts that the early divergence in the economic data and market direction was a reflection that investors were eager to look beyond 2020, even though the immediate risks (global lockdowns and economic shutdowns) presented a bleak outlook.

Wong and his team had also anticipated support in the form of massive fiscal and monetary stimulus, which provided liquidity to the markets. "We viewed the selling pressure in most asset classes during the second quarter of 2020 to have substantially priced in the downside risk," he explains.

At that point, it was a matter of looking for signs that the pandemic would eventually wear out — something that Wong admits took some faith on his part. But one year on, from the first Movement Control Order (MCO), Wong and his team have been vindicated.

Speaking on the firm's overall fixed income performance, Wong says he and his team held fast to their convictions throughout 2020 and remained consistent in their approach to be selective on credit exposure.

"We engaged in active and tactical trading strategies based on prevailing market valuations and outlook to generate alpha," he says. AmDynamic Bond picked up two individual awards in the three- and five-year returns categories for ringgit-denominated bonds.

"What we need to do is keep a level head and maintain rationality when [black swan] events do strike."
> **Goh**

"We engaged in active and tactical trading strategies based on prevailing market valuations and outlook to generate alpha."
> **Wong**

Despite the selling pressure on bonds in 2Q2020, which spooked most bond fund managers, Wong and his team were committed to maintaining a high portfolio duration and took some material trading positions in long-tenure government bonds that boosted alpha returns throughout the year.

The two other funds — AmMalaysia Equity and AmDividend Income — won two individual awards each. "These funds benefited from active trading positions in rubber gloves, a sector winner from 2020. In addition, the portfolio stability was underpinned by a selection of dividend-yielding and less volatile stocks in the larger and mid-cap segments," Wong says.

He attributes this year's strong performance to the firm's overarching investment philosophy. "We adopt a combination of top-down (macroeconomic views, trends and themes) and bottom-up (sector, stock and credit selection, and relative valuation) approaches.

"With these views, we deployed high conviction structural and tactical strategies. For fixed income funds, the fund manager continuously adds value by actively managing duration and yield curve positions."

Looking ahead, Wong anticipates the broad economic recovery to be an anchor investment theme for this year. While the downside risk of delayed herd immunity is still in play, he is hopeful the vaccination drive will be successful.

"Newly elected US President Joe Biden also brings the expectation of a return to some predictability to the country's international relationships. In any event, improvements are expected to be gradual.

"Our funds generally adopt concerted strategies, and we expect the equity markets to continue their recovery, while the bond market will still be supported by continued accommodative monetary policies until economic normalcy is achieved."

Meanwhile, Goh says the pandemic highlighted the need for the investment community to be able to identify black swan events, although, to be fair, the precise timing of these events is almost impossible to determine. "What we need to do is keep a level head and maintain rationality when these events do strike," she adds.

Like Wong, Goh is closely monitoring the country's trajectory towards herd immunity and, to that end, cites the availability and efficacy of vaccines to be paramount.

She says: "Looking at the pace of inoculation in many countries and the confidence in the vaccines' efficacies based on test results, we are more confident of a global recovery in the latter part of 2021, and perhaps slightly later for our own local economy.

"The biggest risks right now have to do with just how long the vaccines' effectiveness will last, and the extent to which multiple inoculations will be necessary to achieve herd immunity."

Meanwhile, Goh expects investors to continue to shift into riskier asset classes such as equities, in line with the economic recovery theme for this year. Global interest rate policies are expected to remain accommodative, and steep yield curves are likely to benefit the banking sector, she says. "We also think the technology sector, despite its rich valuations, will continue to show upside potential, especially those at the forefront of technology."

FUND	AmDynamic Bond	
AWARD	Bond MYR – Provident (3 and 5 years)	
FUND SIZE	RM186.08 million	
FUND MANAGER	Kho Hock Khoon	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	24.73
	5 years	36.75
	10 years	80.63

FUND	AmMalaysia Equity	
AWARD	Equity Malaysia – Provident (5 and 10 years)	
FUND SIZE	RM8.33 million	
FUND MANAGER	Wong Yew Joe	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	43.80
	5 years	63.02
	10 years	148.55

FUND	AmDividend Income	
AWARD	Equity Malaysia Income – Provident (3 and 10 years)	
FUND SIZE	RM19.99 million	
FUND MANAGER	Andrew Seah Saik Weng	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	24.61
	5 years	35.48
	10 years	106.6

Kenanga Investors wins two group awards

BY **TAN ZHAI YUN**

Kenanga Investors Bhd won two group awards and five individual awards at the Refinitiv Lipper Fund Awards 2021, outperforming its record last year and emerging as the winner with the third highest number of total awards this year (tied with AmFunds Management Bhd).

Kenanga won the group awards for Best Equity Malaysia (Islamic) and Best Mixed Asset Malaysia (Provident). Under the individual awards, it clinched the Best Mixed Asset MYR Balanced (Islamic) and Best Mixed Asset MYR Balanced (Provident) awards for the three- and five-year categories. Kenanga also won the Best Equity Malaysia Small & Mid Cap (Provident) for the three-year category.

This success can be attributed to the fund house's commitment to improvement and sustainability, says CEO and executive director Ismitz Matthew De Alwis.

"In 2020, we experienced one of the most volatile market conditions ever; it is testament to our capabilities as an asset and wealth manager to receive recognition for our performance last year," he says.

"The firm's investment strategy of bottom-up stock picking, coupled with a stringent risk management framework, guided us as we navigated the complexities of the investment universe. This enabled us to produce superior returns to the index in the medium to long term."

Despite the volatility in the market, there was no change to the fund house's investment philosophy or strategy last year.

"We follow a comprehensive research process, from understanding industry dynamics to individual company business models and drivers of return on equity," says chief investment officer Lee Sook Yee. The fund house also practises dynamic asset allocation according to market conditions.

"While timing the market is notoriously difficult, we aim to practise good risk management by judiciously scaling back exposure when risk abounds and further downside is likely, and increasing exposure when conditions are favourable. Notwithstanding, our stock-picking approach is still the main driver of alpha."

The two winning funds — Kenanga SyariahEXTRA and Kenanga OA Inv-Kenanga Growth Opportunities — benefited from the fund house's bottom-up stock selection in small- and mid-cap counters, she adds. Many of these counters exhibited strong, market-beating earnings growth in the past few years, including in 2020.

A key call that the investment team made last year was to overweight the tech and healthcare sectors. As Kenanga is benchmark agnostic, the heavier positioning in these two sectors and underweight in other sectors like financials and consumer led to the outperformance, says Lee.

"Despite the demand shock arising from the pandemic in the first part of the year, structural trends such as 5G, electric vehicles, artificial intelligence, Internet of Things (IoT) and e-commerce continued to gain traction and, in some cases, were even accelerated by the pandemic."

The outperformance is also due to the selection of key companies best positioned to grow within each theme, she adds. Additionally, an overweight in rubber glove companies contributed to the performance.

Despite the stellar performance, navigating 2020 was challenging due to the volatile market.

"The financial market was ironically 'blessed' by the central banks' liquidity management and monetary injection, much of which have found their way to the stock markets, boosting record-high trading volume and stock price reflation," says De Alwis.

"However, the reflation story was not without extreme volatility, both during the sell-off in March and the equally sharp rebound in subsequent months. As such, the key challenge was to refrain from panic selling while still adhering to good risk management principles in reducing exposure to stocks that were fundamentally impaired."

In the first half of 2020, the fund house held a higher-than-usual portion of cash. Unprecedented levels of fiscal and monetary stimulus in the second half of the year prompted the fund house to rebalance and increase investments.

"Throughout this time, trading activity and fund turnover were higher than [in] normal years, as the fund [managers] sought to take advantage of the extreme market volatility. Overall, our investment levels have stayed fairly high on average during the year in sectors that continued to enjoy earnings expansion, thus minimising the low-yielding 'cash drag'," says Lee.

BRIGHTER DAYS AHEAD

Given the global economic recovery expected this year, Kenanga will adopt a balanced approach with a barbell strategy, centred on the two themes of recovery and structural growth, observes De Alwis.

To benefit from the economic recovery, the fund house has increased exposure to cyclical sectors such as consumer discretionary, financials, energy and commodities. Meanwhile, the structural growth trends include 5G proliferation, automation, IoT, renewable energy and trade diversion, which are expected to accelerate, he adds.

"Therefore, we will continue to invest in technology, electronics manufacturing services and the renewable energy space, which provide the best exposure to these structural growth themes."

> "The firm's investment strategy of bottom-up stock picking, coupled with a stringent risk management framework, guided us as we navigated the complexities of the investment universe. This enabled us to produce superior returns to the index in the medium to long term."
> **> *Matthew De Alwis***

Last year was an exciting one for Kenanga as the fund house launched its first exchange-traded funds (ETFs) through leveraged and inverse ETFs.

"Throughout the year, the ETFs have helped clients optimise and diversify their portfolios to better reflect their outlook for domestic markets with a greater degree of flexibility while being cost efficient," says De Alwis.

The fund house also launched the third tranche of the Kenanga AUD Alternative Income Fund Series, which allows its clients to diversify their investments in the Aussie dollar.

"We launched several debts and equity wrappers, which have proven to be popular among our high-net-worth clients during the current low interest rate and volatile environment," says De Alwis.

In February this year, Kenanga acquired i-VCAP Management Sdn Bhd, a shariah-compliant investment management services provider primarily focused on Islamic ETFs.

This acquisition reflects Kenanga's interest in Islamic investment products, especially in relation to sustainable and responsible investments. An area of significant potential is the development of waqf, an Islamic philanthropic-based vehicle for social development, public good and wealth distribution, says De Alwis.

"There will be efforts to increase the level of sustainable waqf assets through fund management or capital raising in sectors such as healthcare, education and community development."

In line with the Securities Commission's Islamic Fund and Wealth Management Blueprint and the waqf featured-fund framework, the fund house launched a waqf-themed fund in April.

"The fund will provide opportunities for all Malaysians to invest with professional fund managers while contributing to societal and community development throughout the country," says De Alwis.

FUND	Kenanga SyariahEXTRA	
AWARD	Mixed asset MYR Balanced – Islamic (3 and 5 years) Mixed asset MYR Balanced – Provident (3 and 5 years)	
FUND SIZE	RM120.65 million	
FUND MANAGER	Low Pei Yee	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	40.29
	5 years	62.78
	10 years	119.79

FUND	Kenanga OA Inv-Kenanga Growth Opportunities	
AWARD	Equity Malaysia Small & Mid Cap – Provident (3 years)	
FUND SIZE	RM336.26 million	
FUND MANAGER	Low Pei Yee	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	50.81
	5 years	63.62
	10 years	156.80

Another upcoming venture is the launch of a new multi-functional digital platform to address the needs of Kenanga's clients, advisers, operations and reconciliation teams through a variety of financial and investment services, he adds.

"We are planning to utilise this digital platform as a gateway accessible from multiple devices for multiple products such as unit trusts, financial planning, private retirement schemes and actively managed portfolios. This digital initiative is another piece in our over-arching customer experience agenda by allowing straight-through processing to save on resources," says De Alwis. E

Hong Leong Asset Management bags eight awards

BY **VANESSA GOMES**

Hong Leong Asset Management Bhd (HLAM) continued its winning streak, taking home eight awards at the Refinitiv Lipper Fund Awards 2021. It won the Best Equity Group (Provident) award for the second year running.

Hong Leong Dana Makmur won the Best Equity Malaysia (Islamic) awards for the three- and five-year categories and Best Equity Malaysia (Provident) award for the three-year category. Hong Leong Asia-Pacific Dividend Fund bagged the Best Equity Asia-Pacific ex-Japan (Provident) awards in the three-year and five-year categories.

Hong Leong Growth walked away with the Best Equity Malaysia Diversified (Provident) award in the five-year category while Hong Leong Dividend won the Best Equity Malaysia Income (Provident) award in the five-year category.

HLAM CEO Hoo See Kheng says over the past years, the company's funds have performed well despite the many uncertainties and challenging macro events. He believes that being consistent in their investment approach and strategy was the key to attaining long-term and sustainable fund returns that met clients' expectations.

"A competent and highly motivated investment team is also critical in ensuring that the investment process is well executed to deliver the desired fund performance," he says.

Last year was certainly an unprecedented and eventful period. All asset classes experienced a correction when global economies were forced to enter into a lockdown. The world saw negative oil prices, Covid-19 outbreaks, the rise in retail investors' participation in global equity markets and the unexpected change of government in Malaysia.

"Against a challenging investment landscape that was very dynamic and evolving almost on a monthly basis, we battened down the hatches and made even greater efforts to look for investment opportunities and identify companies that were possibly mispriced by investors.

"Despite the logistical difficulties caused by the lockdown, we persevered to establish regular engagement with the management of various companies, an exercise which was more relevant due to the rapidly changing economic and geopolitical climate," says Hoo.

"As the Covid-19-related recession and the economic recovery that followed had vastly divergent impacts across different sectors and companies, we believe that a thorough understanding of the company's fundamentals and a precise appraisal of the company's outlook were critical in driving HLAM's fund outperformance," he adds.

The stellar fund performance is a testament to HLAM's belief that a bottom-up stock-picking strategy is the ideal investment approach for the local market. This strategy has stood the test of time and will continue to be highly effective in creating sustainable performances for the funds, says Hoo.

"Although we acknowledged that much of what happened in 2020 was highly unusual, we did not see the need to change our investment approach, which has served us well in the past.

"In fact, using the same active fund management and high conviction approach has proven to be very effective for us. We intensified our research efforts to capitalise on some of the buying opportunities that were present in the midst of extreme volatility.

"We believe having a deep understanding of the company and knowledge of its business outlook is critical, particularly in an economic environment that tends to lead to very divergent prospects among different industries and sectors," he says.

"We stuck closely to our belief that a bottom-up stock picking strategy is the ideal investment approach and were constantly on the lookout for opportunities.
> **Hoo**"

Hoo adds that the team found itself in uncharted waters last year with very little historical context to refer to. "However, we are of the view that when a company's fundamentals and outlook remain intact, the stock price will eventually reflect the company's intrinsic value. We also maintained our discipline in assessing the valuation of the company at all times, carefully weighing the potential upside against the downside risks before investing in it.

"Again, we stuck closely to our belief that a bottom-up stock picking strategy is the ideal investment approach and were constantly on the lookout for opportunities.

"As such, the funds were well invested throughout the whole year, even during the sharp decline in March. We took advantage of the severe price dislocations to establish positions in well-managed companies that were trading at very attractive valuations," he says.

For instance, the firm invested in selected export stocks, particularly companies in the technology and manufacturing sectors, to capitalise on the shift in consumers' spending habits. These stocks benefited the firm's award-winning funds last year.

As for 2021, Hoo says the firm is positive on the outlook for equities. The current vaccine rollout has proven to be very effective against Covid-19 and he expects life to gradually return to pre-pandemic times.

"The generous fiscal stimulus and accommodative monetary policies by the central bank is expected to continue to support equity valuations. For our funds, we prefer the export sector as we expect it to benefit from the improving external demand."

Recent global economic data points to a robust economic recovery, says Hoo. "We believe the risk to the economic recovery is a resurgence of the pandemic, although the likelihood appears low at the moment due to the rollout of the vaccine, which is showing promising results.

"Higher-than-expected inflation leading to tighter monetary conditions is also one of the risks to look out for, but the likelihood is low at the moment," he says.

Over the next 12 months, Hoo expects interest rates to stay low domestically and globally. He believes that savers would seek out investment opportunities that can give better returns than the current deposit rates. "Investment products such as unit trusts with consistent and proven performance track records would continue to do well in the coming year."

FUND	Hong Leong Dana Makmur	
AWARD	Equity Malaysia — Islamic (3 and 5 years) Equity Malaysia — Provident (3 years)	
FUND SIZE	RM19.40 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	55.00
	5 years	82.71
	10 years	149.86

FUND	Hong Leong Asia-Pacific Dividend	
AWARD	Equity Asia Pacific ex Japan — Provident (3 and 5 years)	
FUND SIZE	RM46.24 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	63.26
	5 years	98.00
	10 years	94.64

FUND	Hong Leong Dividend	
AWARD	Equity Malaysia Income — Provident (5 years)	
FUND SIZE	RM112.06 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	35.39
	5 years	79.37
	10 years	151.07

FUND	Hong Leong Growth	
AWARD	Equity Malaysia Diversified — Provident (5 years)	
FUND SIZE	RM200.54 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	33.26
	5 years	65.27
	10 years	113.32

RESILIENCE
in a year of black swan events

"The first half of last year was one of the most unique investment experiences we have had. Malaysian investors were faced with one of the fastest collapses in asset prices, economic activity as well as a change in government, with unknown policy directions. We had a health, economic and political crisis all at the same time." > *Gan*

"We were able to cut our losses and limit our funds to double-digit losses in general. It gave us a solid enough base to mount a strong comeback later that year." > *Chue*

"The lesson learnt here, really, is that a deep and sharp pullback in the equity market triggered by a crisis is usually a great opportunity to invest. The crisis will pass, and the market will eventually rebound as investors are always forward looking." > *Lee*

BY **THE WEALTH TEAM**

A year of triple black swan events is how Gan Eng Peng, senior director at Affin Hwang Asset Management Bhd, depicts 2020. They were the Covid-19 pandemic, the collapse of the Pakatan Harapan government and crude oil prices falling into negative territory — the first time in history.

"The first half of last year was one of the most unique investment experiences we have ever had. Malaysian investors were faced with one of the fastest collapses in asset prices, economic activity as well as a change in government, with unknown policy directions. We had a health, economic and political crisis all at the same time," says Gan.

Local markets were in turmoil while fund managers' eyes were glued to the screen. At least, that was the case for Chue Kwok Yan, chief investment officer (CIO) at KAF Investment Funds Bhd.

"We were stuck in front of the computer screen. When we were away from our desks, our eyes were glued to the phone. Battery life on our mobile devices was impaired over that period. And probably the life expectancy of our team members shortened too," he quips.

Working from home compounded the challenges that Chue and his team were facing. They struggled to replicate the smooth communication they had when working together in the same office. "It was an emotional and stressful period — an experience difficult to put into words," he says.

CEOs and CIOs of other fund houses that manage billions in investors' money express the same experience, though in varying intensities, in their email responses to *Wealth*. But witnessing a crisis unfold was definitely not fun, even for an experienced fund manager who has gone through various up and down cycles.

"Experiencing market turmoil is never pleasant," says Kenanga Investors Bhd CIO Lee Sook Yee. "We had been through previous crises like the 1997/98 Asian financial crisis and the global financial crisis a decade later.

"There was also the European sovereign debt crisis in 2009, the US taper tantrum in 2013 and the global trade spats in 2018. The list goes on.

"But this crisis was different. What surprised us last year was the speed and ferocity of both the selldown and the subsequent rebound."

A keyword in Lee's response, however, is "rebound". Markets quickly clawed back ground in the second half of last year, and so did the performance of various funds that had been well positioned during the market meltdown.

In the case of Kenanga Investors, most of its equity funds fell by 18% to 33% last year compared with 2019. But these funds were up 9% to 43% at year end, which more than recouped their losses in the first half of the year, says Lee.

Many of the other winners at the Refinitiv Lipper Fund Awards 2021 staged a comeback in the second half of 2020 and ended the year with positive returns. More importantly, these funds generated impressive returns over the longer period of three, five and 10 years.

The question then, is how did they do it? What are the crucial lessons fund managers learnt from these unprecedented events.

The toughest decision: Cut losses, reserve cash

The market last year was a tale of two halves as funds that had invested in mainly the glove and semiconductor sectors performed better than their peers. But other real challenges lay in their decisions to cut losses, reserve cash and rebalance their portfolios.

KAF's Chue recalls how hard it was to cut losses and raise cash last year. The award-winning KAF Vision Fund, which mainly invests in local small and mid-cap companies, was up 54.3% at end-2020. But it suffered a loss of more than 20% at one point.

"We were able to cut our losses and limit our funds to double-digit losses in general. It gave us a solid enough base to mount a strong comeback later that year," he explains.

Various award-winning fund managers mention that raising cash and cutting losses earlier on was the key to their outperformance in 2020. Danny Wong, CEO of Areca Capital Sdn Bhd, raised cash in February last year and reduced the equity market exposure of its funds to about 50%, which is way below the normal level.

RHB Asset Management Sdn Bhd did the same. And it was a tough call, says CEO Eliza Ong. "The decision to reduce equity exposure significantly is very uncommon to equity funds. Nevertheless, it had to be swiftly done in these unprecedented circumstances to protect asset values."

The decision to cut losses was also based on instinct that comes with extensive experience, says Affin Hwang's Gan. "When we were faced with an unknown future, we followed our basic instinct of preserving clients' capital. We knew we were going into the fastest and deepest recession in recent history. But this would mean selling into the downward trend at depressed prices.

"In hindsight, we made some mistakes. But that was a prudent decision. Cutting losses, sometimes at a deep level, were counter-intuitive to our wealth generation goal. But because of that, we more than made up for the losses incurred during the early part of the year by subsequently turning to a risk-on mode."

After all, making losses was almost unavoidable as various events took place at great speed last year. "Events were happening faster than what the market could digest. And the usual tools of looking at markets did not work," says Gan.

For Kenanga Investors CEO Ismitz Matthew De Alwis, the imminent challenge was not just to sell, but to hold on to stocks before selling them at the right time. "We made some tough calls to not panic sell during the sharp drop at the beginning of last year. When the market is in turmoil, the hardest thing to do, sometimes, is to not do anything and stick to your strategy," he says.

The next challenge was then to add on to those stocks that the fund house still held a conviction in during the market crash, he adds.

Dr Tan Chong Koay, founder and chief strategist of Pheim Asset Management Sdn Bhd, concurs with De Alwis' second point. Bargain-hunting during a depressed market is wise, but hard to execute.

"Buying shares in a major crash takes a lot of courage as we would be acting against the majority of investors. We cannot

ESG investing on the rise

Several trends have accelerated and emerged stronger since the Covid-19 pandemic wreaked havoc on the world. Environmental, social and governance (ESG) investing is one of them.

Ahmad Najib Nazlan, executive director and CEO of Maybank Asset Management Sdn Bhd, says ESG-related data were very helpful last year in helping the firm discover companies that are resilient in facing economic and market adversity. "Companies with high ESG scores have experienced lower cuts in earnings growth compared with those with lower scores. Furthermore, we found that in the long run, high ESG-ranked companies tend to outperform conventional companies at lower volatility."

As at Dec 31, 2020, the MSCI World Socially Responsible Investing (SRI) Index generated 10.4% per annum, while the MSCI All Country World Index (ACWI) was lower at 9.7%. The volatility of the former at 13.4% was also lower than the latter at 14.2%.

Dr Tan Chong Koay, founder and chief strategist of Pheim Asset Management Sdn Bhd, says the rise of ESG is due to a growing awareness of environmental issues among the public. "The extreme weather phenomena that affected many parts of the globe in recent years have drawn more attention to the need for us to do more to protect the environment. We increasingly realise that we must all do our part in engaging in and promoting sustainable practices to preserve the earth for future generations."

The election of Joe Biden as US president has been another boost for the ESG investing trend, says Tan. "Biden won the 2020 US presidential election partly on the Green New Deal campaign platform. The election win has given him and other governments the political will to push the ESG agenda forward after a lull over the last four years. This agenda has existed since the Obama administration," he adds.

"It has also given the ESG investing trend fresh impetus in the investment space today."

However, the trend has its own set of challenges. Yeoh Kim Hong — CEO of Public Mutual Bhd, the biggest winner at the Refinitiv Lipper Fund Awards 2021 — says the differing quality of ESG information disclosed by companies is one of them. This is despite an increased level of disclosure made by companies.

"The inclusion of environmental and social considerations when undertaking investment decisions is still a challenge for us. And it is expected to be a gradual process," she says.

Ismitz Matthew De Alwis, CEO of Kenanga Investors Bhd, agrees. "The first problem we encounter is ensuring the quality and accuracy of information. Financial data of listed companies are checked by auditing firms. But non-financial data are not endorsed by third parties in many cases. The rules of disclosures vary. And the conversion and standardisation of disclosure guidelines still need to be developed," he says.

Moreover, it is hard to analyse and evaluate vast amounts of ESG data even when they are available. There is also a lack of standardisation of reported data by companies and quick accessibility to this data by fund houses, says De Alwis.

"We will continue to work towards observing ESG data standards locally and internationally. There are no fixed rules on how fund managers must include ESG factors into their investment decisions. But we selectively consider methodologies such as norms-based screening, negative screening and positive or best-in-class screening, among others, in our investment processes," he says. E

"Ideally, we want to sell shares at their highest point, when they are overvalued. This is not an easy call. But having good research and extensive investment experience certainly helps." > Tan

Unlike previous crises like the Asian financial crisis and global financial crisis, certain sectors may look cheap in terms of their valuations after prices collapsed last year, but it may not be the right time for investors to enter stocks in these sectors until the virus can be stopped from spreading further." > Ong

Even if a fund has ample cash holdings, the fund manager's ability to use the cash is restrained if there is a huge amount of outflows due to client redemptions. An informed client base that believes in the fund manager's ability is important." > Wong

be sure that we would be buying shares at the lowest price, and prices can go lower. This may lead us to underperform, at least temporarily," says Tan.

Another significant challenge for Pheim was when clients rushed in, wanting to redeem their capital when the market was in a free fall. Fund managers would have to sell shares for cash to meet these redemptions, even if they felt that they should hold on to those shares or buy more.

"We were lucky that many of our clients followed our advice not to redeem when the market was depressed," says Tan.

In fact, many award-winning fund houses have thanked their clients for trusting them during the market meltdown. Just as Areca's Wong rightly sums it up.

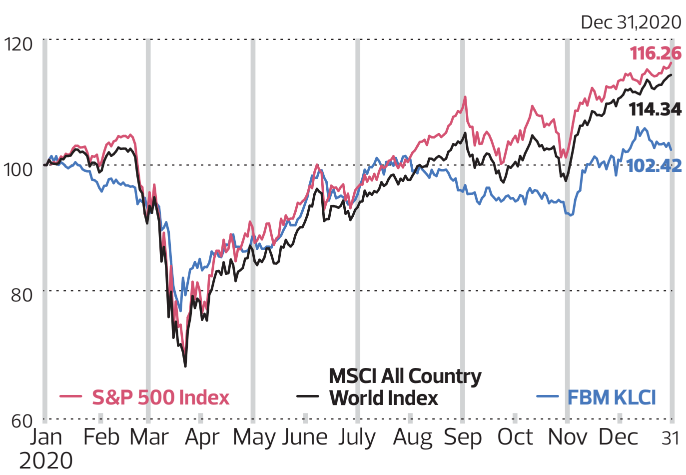
"Even if a fund has ample cash holdings, the fund manager's ability to use the cash is restrained if there is a huge amount of outflows due to client redemptions. An informed client base that believes in the fund manager's ability is important," he says.

Key lessons from 2020

Take profit with discipline and do not be too greedy — this was a key lesson for Pheim's Tan in 2020. While he invested in glove stocks last year, he sold some of them during the latter part of the year to lock in healthy profits. In hindsight, he made the right move.

"Ideally, we want to sell shares at their highest point, when they are overvalued. This is not an easy call, but having good research and extensive investment experience certainly helps," says Tan.

For instance, Pheim sold some of its positions in Supermax Corp Bhd at RM21.55 per share. The stock



peaked at RM23.76 before losing almost half its value by the end of last year.

"This is despite brokers being very bullish on the stock, with some saying that it would go beyond RM30. We received many comments from our stakeholders and brokers asking why we wanted to sell Supermax shares at such a time. However, we were proven right when its share price fell nearly 50% from its peak," says Tan.

Meanwhile, a similar scenario played out at Top Glove Corp Bhd, which almost overtook Malayan Banking Bhd as the company with the largest market capitalisation on Bursa Malaysia.

"A similar situation can be seen in Top Glove. Some brokers said that in a bull-case scenario, its share price could go up to RM70 or even RM100. This was far higher than its peak of RM29.30. This is a classic case of people being overly optimistic," says Tan.

Meanwhile, the crucial lesson RHB Asset Management's Ong learnt is that each crisis is different and that investors should stay calm to spot the right opportunities. "A health crisis, such as the Covid-19 pandemic, is different from a typical economic or financial crisis where [the share prices] of all sectors benefit from fiscal policies introduced by the government and interest rate cuts," she says.

"Unlike previous crises like the Asian financial crisis and global financial crisis, certain sectors may look cheap in terms of their valuations after prices collapsed last year, but it may not be the right time for investors to enter stocks in those sectors yet. Investors would have to wait until there is a clear sign that the virus can be stopped from spreading further or effective vaccines are widely available.

"On the other hand, certain sectors that are expected to benefit from the pandemic have continued to perform strongly. [Instead of a synchronised recovery in all sectors], certain sectors in the economy may recover more slowly than others."

Kenanga Investors' Lee concurs with Ong's view. The key lesson is to spot the right opportunities and stay invested in the market. "Investors should keep their cool and remain invested throughout the crisis, though with a certain rebalancing of the portfolio and rejigging of strategy," she says.

Governments and central banks globally took unprecedented measures to rescue their economies and markets, resulting in abundant liquidity, which sped up the global stock market recovery after March last year. While investors were shocked by the sharp pullback in markets, they were equally surprised by the swift recovery that followed.

"Many investors were reluctant to put their money to work during the early stage of the market recovery. Instead, they preferred to hang on for a deeper plunge," says Lee.

"The deeper correction, however, did not materialise. And most investors realised later that markets were looking towards a recovery instead.

"The lesson learnt here, really, is that a deep and sharp pullback in the equity market triggered by a crisis is usually a great opportunity to invest. The crisis will pass and the market will eventually rebound as investors are always forward looking."

Juliana Ramli, equity fund manager at Eastspring Al-Wara' Investments Bhd, says, "Do not be fearful to bargain hunt when stocks are sold down to very cheap levels. Instead, we continued to focus on our investment process and followed through with a disciplined, medium-term approach.

"Teamwork and open communication between team members are equally important to provide the necessary support during stressful times. And the ability to adapt to sudden changes is key." E

Affin Hwang bags four awards

BY **VANESSA GOMES**

Affin Hwang Asset Management Bhd (AHAM) won four awards at the Refinitiv Lipper Fund Awards 2021. For the fourth year running, its Affin Hwang Select Opportunity Fund won the award for Best Equity Malaysia Diversified (Provident) in the 10-year category.

Other funds in the limelight were the Affin Hwang Aiiman Growth Fund for Best Equity Malaysia (Islamic) in the 10-year category and Affin Hwang Select Balanced Fund for Best Mixed Asset MYR Balanced — Global (Provident) in the three- and five-year categories.

Gan Eng Peng, senior director of equity at AHAM, says it is an honour to be recognised by the industry standard. He attributes the success of the Select Opportunity fund to the quality and cohesion of its enlarged investment team, which was critical to navigating a modern investment climate.

He says the fund's portfolio significantly shrank in terms of the number of positions and sector exposure to reflect the narrow breadth of the market run. Contrarian strategies did not work, he adds, as the winning positions kept surging.

"We had one of the biggest tactical asset allocation changes in 2020 since the credit crisis. Major portfolio changes were made as economically sensitive and political stocks were out of favour, while healthcare and technology were the major performance drivers," says Gan.

> We had one of the biggest tactical asset allocation changes in 2020 since the credit crisis. Major portfolio changes were made ... healthcare and technology were the major performance drivers."
> **> Gan**

"Our cash levels ranged from near zero to over 30% to reflect the changing market conditions. We believe the rapid decision-making in portfolio repositioning was critical to market outperformance."

Looking at the current economic climate, he says the firm believes monetary conditions will again be a key driver of asset prices in 2021, followed by domestic politics.

Touching on the Affin Hwang Aiiman Growth Fund, Akmal Hassan, managing director of AIIMAN Asset Management Sdn Bhd, says the fund did most of its rebalancing in 1Q2020 and 4Q2020, where the first rebalancing involved increasing its cash positions before the selldown to protect the fund and provide ammunition to capitalise on opportunities. The second rebalancing was done to accommodate post-pandemic beneficiaries once it became clearer that there was light at the end of the tunnel.

"The fund took a barbell approach, with significant positions in defensive companies to anchor the portfolio. This was then balanced by positions in what we deem as quality growth stocks. These are companies that offer structural growth potential, strong business moats and a healthy balance sheet," he says.

"What also helped us was our focus on fundamentals and not letting periods of extreme market sentiment cloud our judgement, which was not easy. But we viewed it as opportunities for mispricing to occur. This allowed us to position and lock in returns at attractive prices."

Looking ahead, Akmal says the firm will maintain its investment strategy in 2021, focusing on three main themes: Covid-19 recovery plays, trade divergence beneficiaries and technology stocks. As the economy gradually reopens with vaccination gaining traction, the market will factor in greater optimism into beaten-down sectors, such as consumer and retail, financial and commodities, he says.

He notes that the growing presence of and reliance on technology is a structural trend whose adoption has been accelerated by the pandemic. Thus, he believes that the sector will continue to be an important part of the firm's portfolios over the long term.

Meanwhile, David Loh, senior portfolio manager at AHAM, says the Affin Hwang Select Balanced Fund's equity allocation was highly agile last year due to the many unpredictable events such as the collapse of the Pakatan Harapan government and the Covid-19 outbreak.

"We went into capital protection mode early on by raising cash levels to above 20%, in anticipation of a major market correction," he says, adding that it started deploying cash again

Pheim Asset Management garners six awards

BY **IRIANI AMIRUDIN**

Pheim Asset Management Sdn Bhd took home six awards at this year's Refinitiv Lipper Fund Awards. For the sixth consecutive year, Dana Makmur Pheim swept the award for Best Mixed Asset MYR Balanced (Islamic) in the 10-year category. The fund also took home the award for Best Mixed Asset MYR Balanced (Provident) in the 10-year category.

The Pheim Asia Ex-Japan fund grabbed the awards for Best Equity Asia-Pacific ex-Japan in the three-, five- and 10-year categories, whereas the Pheim Emerging Companies Balanced fund won the Best Mixed Asset MYR Balanced-Global in the 10-year category.

Dr Tan Chong Koay, founder and chief strategist of Pheim, says these achievements are mainly due to its investment philosophy of never being fully invested at all times.

"We believe in trimming our equity exposure near market peaks to preserve capital. This philosophy works well in the volatile Asian market in the long run. When the market continued to break new highs around January 2020, we raised cash and reduced equity exposure, as we thought the valuations were too high and risky," he says.

> We believe in trimming our equity exposure near market peaks to preserve capital. This philosophy works well in the volatile Asian market in the long run."
> **> Tan**

When the Dow Jones Industrial Average collapsed in March last year, however, the performance of Pheim's funds still took a hit and was at its historical low. It was a challenging period for Tan and his team, but they knew that it would be temporary.

Tan is thankful for the trust of its investors, as they did not redeem their capital when markets were depressed.

"We are doing our best to educate investors that crises can present opportunities. They can earn good returns by participating in the market when most shares are being offered at big discounts. Our experience and track record speak for themselves. We have been able to do well during many crises," he says.

With cash in hand, the fund house picked up many stocks at attractive valuations from March to May, which led to the outperformance of Pheim's funds last year.

"The decision by our investment team to buy glove company shares early [was the right move]. For instance, the shares of Supermax went up by more than 1,000% in less than three months, outperforming giant conglomerates such as Amazon.com, Microsoft, Apple and Tesla," says Tan.

In anticipation of an economic recovery worldwide in 2021, the US markets have been breaking new highs. While this bodes well for investors, Tan believes there is a need to be cautious in view of heightened volatility inflicted by the Covid-19 pandemic and the resurfacing of the US-China trade and political tensions.

Tan and his team will leverage an active asset allocation strategy to manoeuvre market uncertainties. The fund will also combine value and growth investing strategies by investing in companies that have healthy growth rates and good management and are undervalued.

Pheim is positioning itself appropriately through sector rotation, Tan says. This will allow the fund house to identify and invest in companies that have temporarily been affected by the pandemic, and are thus expected to recover strongly.

Other key risks that investors should beware of include high government debt levels worldwide, the threat of rising inflation as well as heightened social inequality that can increase political risk, says Tan. E

FUND	Pheim Asia Ex Japan	
AWARD	Equity Asia Pacific ex Japan — Malaysia (3, 5 and 10 years)	
FUND SIZE	RM10.30 million	
FUND MANAGER	Pheim Asset Management Sdn Bhd	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	22.48
	5 years	44.01
	10 years	49.65

FUND	Pheim Emerging Companies Balanced	
AWARD	Mixed Asset MYR Balanced – Global (10 years)	
FUND SIZE	RM17.90 million	
FUND MANAGER	Pheim Asset Management Sdn Bhd	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	20.61
	5 years	33.92
	10 years	77.00

FUND	Dana Makmur Pheim	
AWARDS	Mixed Asset MYR Balanced – Malaysia — Islamic (10 years) Mixed Asset MYR Balanced – Malaysia — Provident (10 years)	
FUND SIZE	RM205.20 million	
FUND MANAGER	Pheim Asset Management Sdn Bhd	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	25.46
	5 years	51.24
	10 years	143.08

"We went into capital protection mode early on by raising cash levels to above 20%, in anticipation of a major market correction ... We were able to pick up many quality names at distressed valuations."
> *Loh*

when the risk-reward ratio looked favourable after the FBM KLCI plunged below 1,300 points. "We were able to pick up many quality names at distressed valuations. This rebalancing process was repeated throughout the year due to the constant change in the lockdown stance to combat Covid-19."

On the fund's fixed-income strategy, Ahmad Raziq Ab Rahman, senior portfolio manager at AHAM, says the fund's allocation was maintained at around 40% throughout last year. The firm took a more defensive stance during the start of the pandemic by shortening duration and then gradually increasing duration once it became clear that Bank Negara Malaysia would cut interest rates.

Looking ahead, Loh says the dissipating risk of strict lockdowns, thanks to the gradual rollout of vaccines, coupled with the unprecedented scale of stimulus measures, should drive a synchronised global recovery. This bodes well for corporate earnings, which are a key driver for equity markets.

On fixed income, Ahmad Raziq says the outlook for global growth and inflation is being reshaped by the vaccine rollouts and fiscal stimulus. Central banks and governments around the world are expected to maintain a loose monetary and fiscal policy stance to ensure a sustainable economic rebound from the trough last year as downside risks remain.

"In the near term, rising yields will inevitably weigh on ringgit bonds. We remain focused on credit quality and have a shorter duration positioning for the fixed-income portion to protect our holdings from rising yields," he says. E

"In the near term, rising yields will inevitably weigh on ringgit bonds. We remain focused on credit quality and have a shorter duration positioning for the fixed-income portion to protect our holdings from rising yields."
> *Raziq*

FUND	Affin Hwang Aiiman Growth	
AWARD	Equity Malaysia – Islamic (10 years)	
FUND SIZE (AS AT DEC 31, 2020)	RM330.40 million	
FUND MANAGER	Akmal Hassan Lee Pak Seng	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	28.00
	5 years	46.30
	10 years	129.00

FUND	Affin Hwang Select Balanced	
AWARD	Mixed Asset MYR Balanced – Global — Provident (3 and 5 years)	
FUND SIZE (AS AT DEC 31, 2020)	RM272.30 million	
FUND MANAGER	David Loh Ahmad Raziq Ab Rahman	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	26.30
	5 years	49.70
	10 years	113.00

FUND	Affin Hwang Select Opportunity	
AWARD	Equity Malaysia Diversified – Provident (10 years)	
FUND SIZE	RM585.10 million	
FUND MANAGER	Gan Eng Peng	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	7.00
	5 years	39.10
	10 years	129.00

Areca continues winning streak

BY **KUEK SER KWANG ZHE**

FUND	Areca Dividend Income	
AWARD	Equity Malaysia Income (3 years)	
FUND SIZE	RM53.02 million	
FUND MANAGER	Danny Wong	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	72.64
	5 years	NA
	10 years	NA

FUND	Areca equityTrust	
AWARD	Equity Malaysia (3, 5 and 10 years)	
FUND SIZE	RM267.77 million	
FUND MANAGER	Danny Wong, co-managed with UOB Asset Management	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	68.72
	5 years	141.83
	10 years	298.92

Areca Capital Sdn Bhd bagged four awards at the Refinitiv Lipper Fund Awards 2021. This was the fourth time in a row that the fund house was taking home the awards for Best Equity Malaysia in the three-, five- and 10-year categories. It also achieved a first by clinching the award for Best Equity Malaysia Income in the three-year category.

Areca equityTrust provided investors with a return of 33.84% over one year. In the last three and five years, it generated a return of 68.72% and 141.83%, respectively. Areca Dividend Income, launched in February 2017, recorded a return of 72.64% for the three-year category. The defining factor that contributed to Areca Capital's outperformance is its agile investment approach and accurate anticipation of market conditions.

Danny Wong, CEO of Areca Capital, says the firm started to sell down its equity holdings in January last year and raised its cash position before the Covid-19 pandemic wreaked havoc on global economies and markets, much earlier than some of its peers.

"We decided to react swiftly to the conditions. We temporarily raised our cash level when the pandemic had not yet raised alarm bells in the broader investing community," he explains.

Wong says that was not the first time the firm had acted decisively to cut market exposure by raising cash levels. Areca Capital had done the same in other uncertain times, such as the 2008 global financial crisis, 2011 European sovereign debt crisis and 2014-2016 commodity price shocks. The firm adjusted its funds' equity exposure during these periods to way below its average level of 50%.

"We then saw a very steep selldown in March last year, during which the price of every asset class just fell off the cliff. In hindsight, raising cash earlier was one of the right calls we made.

"We only started to deploy cash after prices fell drastically and we raised our invested cash level to about 90%. We also picked the right sectors that turned out to be the winners last year, including technology and healthcare," he says.

Technology plays an important part in managing clients' expectations, leading to the outperformance of its funds.

Wong says some investors tend to want to redeem their units and withdraw cash from their funds when markets are down. But Areca Capital relied on technology to quickly reach out to its clients, providing them with market updates and convincing them to stay invested.

"Even if fund managers reduced exposure to the market by selling down and raising cash levels, they could be restrained by how much cash they have when clients start redeeming their units, thus creating continuous outflows from funds.

"This is where technology came in useful. We quickly issued updates to our investors via WhatsApp, Zoom webinars and phone calls. We also issued video recordings to our investors within the first day or two when the market selloff started. This way, we managed to convince them to keep their money with our funds."

"We decided to react swiftly to the conditions. We temporarily raised our cash level when the pandemic had not yet raised alarm bells in the broader investing community."
> **Wong**

The fund house's investment philosophy is based on the premise that the price movements of financial assets are driven by a combination of liquidity, risk appetite and the intrinsic value of the underlying assets. In addition, it seeks to optimise its investment results based on the interplay of these factors.

Areca Capital also pursues an active investment strategy that emphasises the appropriate asset allocation for fast-changing market conditions and market cycles.

"Moving forward, we will continue to apply the same investing formula that we have been using. We have gone through crises, and our investment approach has been proven to work well," states Wong. ■

KAF Investment Funds bags three awards

BY **CHUI YEE MUN**

KAF Investment Funds Bhd (KAF) emerged as a winner at this year's Refinitiv Lipper Fund Awards with three winning funds.

KAF Bond won the Best Bond MYR (Malaysia) award in the 10-year category, while KAF Jade won the award for the Best Equity Asia Pacific (Malaysia) in the three-year category. KAF Vision won the award for the Best Equity Malaysia Small & Mid Cap (Provident) in the 10-year category.

Chue Kwok Yan, chief investment officer at KAF, attributes the firm's win to a shift in mindset when facing the market meltdown last year triggered by the Covid-19 pandemic.

"Last year was awash with challenging situations. Market values were shrinking fast and sharp drops in prices caught everyone by surprise. We knew we had to do something and reacted to market conditions to safeguard our portfolios. But we were always one step behind.

"However, our mentality changed when we started to see the market selldown as an opportunity instead of adversity. That was when we could better anticipate the market," says Chue.

It is only human to turn defensive when things go wrong suddenly. A mindset change is therefore critical during crises. "It allowed us to extricate ourselves from the uncomfortable decisions that had to be made to turn around the portfolio performance," he says.

Nimble and adaptable are two keywords that also contributed to the firm's outperformance. Chue and his team were expecting a relatively uneventful 2020. They were positioning themselves to invest in companies with better growth prospects, given favourable economic conditions. But the pandemic upended that plan.

"We had to discard our previous views and biases, as the pandemic caused some abrupt changes to business fundamentals. We evaluated anew quickly and spotted plenty of mispricing opportunities," he says.

Chue also leveraged the strength of his team to ride through the highly challenging period last year.

"Talent is the firm's most valuable asset. And we believe in the diversity of our people, who, in turn, bring to the table different views and insights from their various experiences and backgrounds. This is critical during periods of uncertainty, when we are required to adapt quickly to a fast-changing environment," he says.

As a result, the firm decided to hold more cash as it reacted to the pandemic. It started to invest more aggressively and traded more actively in the market. "We were getting better by reacting to the ebb and flow of markets. It was like dancing to the tune of the pandemic," says Chue.

As a result, its three award-winning funds ended last year with returns ranging from 6% to 60% despite suffering a drop of more than 20% at the beginning of last year.

Chue has a positive outlook on the global economy and markets this year on the back of loose monetary policy adopted by central banks globally. Fiscal support provided by governments is also expected to be strong.

"The low interest rate environment should prompt return-sensitive investors to seek higher performance. We think the asset management industry should be able to benefit from this with a growth in overall assets under management," he says.

The rollout of the Covid-19 vaccine is another boost to market performance. "The recovery is already taking hold globally and locally, in tandem with inoculations, even though this will be an ongoing process. Globally, funds are already rotating into assets that would benefit from the reopening of economies. The local market is no different," he says.

"The key risk, at least for us, is the mutation of the virus, rendering existing vaccines ineffective." ■

"We had to discard our previous views and biases, as the pandemic caused some abrupt changes to business fundamentals. We evaluated anew quickly and spotted plenty of mispricing opportunities."
> **Chue**

FUND	KAF Bond	
AWARD	Bond MYR (10 years)	
FUND SIZE	RM266.07 million	
FUND MANAGER	Zarina Muhammad	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	18.53
	5 years	32.23
	10 years	118.16

FUND	KAF Jade	
AWARD	Equity Asia Pacific – Malaysia (3 years)	
FUND SIZE	RM20.27 million	
FUND MANAGER	Tan Gan Leong	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	41.34
	5 years	75.65
	10 years	83.92

FUND	KAF Vision	
AWARD	Equity Malaysia Small & Mid Cap – Provident (10 years)	
FUND SIZE	RM64.52 million	
FUND MANAGER	Tan Gan Leong	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	36.63
	5 years	49.37
	10 years	218.47

UOB takes home three awards

BY **PATHMA SUBRAMANIAM**

An unwavering bottom-up, fundamentals-driven and structured team-based approach helped UOB Asset Management (M) Bhd win three awards at the Refinitiv Lipper Fund Awards 2021. The awards are the Best Mixed Asset MYR Conservative (won by United Income Plus Fund) and Best Equity Asean (Malaysia) (won by United Asean Discovery Fund) in the three-year category, and Best Mixed Asset MYR Balanced — Global (Malaysia) in the five-year category (won by United Bond & Equity Strategic Trust).

CEO Lim Suet Ling says security selection has been a significant contributor to the funds' outperformance historically and was a key factor in the awards. "We are flexible in recognising that different styles may work better at different times. This flexibility allows us to pick an optimal style in achieving the investment objective for our clients.

"For example, in the second half of 2020, we started rotating from a growth-biased style to a more balanced approach to include value. The positive news on Covid-19 vaccines towards the end of last year triggered a rotation from growth to value. The funds benefited from the positioning in some value sectors such as healthcare and healthcare services."

Despite the selldown in equity markets globally in March 2020 amid pandemic fears, the team held on to their many convictions as they believed that businesses would be able to withstand the shock from the pandemic, says Lim.

> We are flexible in recognising that different styles may work better at different times. This flexibility allows us to pick an optimal style in achieving the investment objective for our clients."
> > ***Lim***

"When governments signalled that they were undertaking unprecedented fiscal and monetary policies, the funds took advantage of the equity market weakness to accumulate and were able to benefit from the swift rebound that followed."

Sticking to their conviction was the "biggest challenge" in the face of hostile market conditions, she says. "Always do your homework and know the company that you have invested in. If the market turns hostile, you can count on the strength of the businesses that you have invested in. In some cases, we believe that the company's competitive position has been enhanced."

Lim says the funds benefited from the sharp rise in the stock prices of glove manufacturers, which saw supernormal profits during the pandemic. But the performance of the funds was attributed to much more than just the glove manufacturers. "One of the big contributors to the funds' performance in recent years has been the positioning in the technology sector. The Covid-19 pandemic did two main things for the technology sector — first, it accelerated the digitalisation trend and second, investors flocked to the technology sector as it was relatively resilient amid a global recession."

The funds' earlier positioning in technology resulted in significant outperformance, she adds. "For United Income Plus Fund, we have exposure to many of the leading technology names in the world. For United Bond & Equity Strategic Trust, we have exposure to global semiconductor and leading technology names. For the United Asean Discovery Fund, we have exposure to manufacturers in the technology supply chain.

FUND	United Asean Discovery	
AWARD	Equity Asean – Malaysia (3 years)	
FUND SIZE	RM40.74 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	62.26
	5 years	81.69
	10 years	NA

FUND	United Income Plus	
AWARD	Mixed Asset MYR Conservative (3 years)	
FUND SIZE	RM79.39 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	20.58
	5 years	28.20
	10 years	NA

FUND	United Bond & Equity Strategic Trust	
AWARD	Mixed Asset MYR Balanced – Global (5 years)	
FUND SIZE	RM10.45 million	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	22.40
	5 years	39.60
	10 years	NA

"Apart from strong demand for products, these companies have also benefited from trade diversion as a result of the US-China trade tensions."

In the light of the current economic uncertainties, the fund house will continue to use the bottom-up approach to investing and continue to focus on finding opportunities to invest in quality businesses irrespective of economic conditions, says Lim.

"Besides looking at security selection to underpin outperformance, we will also manage the asset allocation actively to optimise the funds' returns," she says. E

From left: AmanahRaya Investment Management senior portfolio manager Ivan Koo Von Siong, portfolio manager Syakirah Karim, credit analyst Adib Asilah Acryl Sani and managing director and CEO Roszali Ramlee

From left: Eastspring Investments Bhd CEO Raymond Tang with Eastspring Al-Wara' Investments Bhd equities fund manager Juliana Ramli, fixed income fund manager Mohd Umar Mohd Marzuki, head of investments Tan Ming Han, CEO Khadijah Sairah Ibrahim and senior fixed income fund manager Chow Kim Seng

From left: AmFunds Management Bhd (AmInvest) head of fixed income Raymond Lew Wei Chien, CIO Wong Yew Joe, CEO Goh Wee Peng, head of equities Andrew Seah Saik Weng and senior vice-president of fixed income Kho Hock Khoon

Public Mutual Bhd CEO Yeoh Kim Hong (on yellow stool) and the team. Two key figures in this 2019 photo are CIO Lum Ming Jang (seated, on Yeoh's right) and head of equity Chiang Kang Pey (seated, on Yeoh's left)

Inter-Pacific Asset Management Sdn Bhd CEO Datuk Dr Nazri Khan Adam Khan (centre) and the team

From left: Kenanga Investors Bhd executive director and CEO Ismitz Matthew De Alwis, portfolio manager Syarifah Hidayatul Akmal Syed Mustaffa, CIO Lee Sook Yee, portfolio manager Low Pei Yee and head of equities Christopher Kok Keng Fai


Principal Asset Management CEO Munirah Khairuddin (left) and CIO Patrick Chang

Pheim Asset Management founder and chief strategist Dr Tan Chong Koay (in batik shirt) and the team

Principal Asset Management wins one award

BY **OLIVER CHRISTOPHER GOMEZ**

Principal Asset Management Bhd (formerly known as CIMB-Principal Asset Management Bhd) took home an individual fund award at the Refinitiv Lipper Fund Awards 2021.

The fund management firm rode through an unprecedented year of Covid-19-enforced economic lockdowns to bag an award in the Equity Asia Pacific ex-Japan (Provident) universe in the 10-year returns category for its Principal Asia Titans fund. It returned just shy of 140% during the period under review.

CEO Munirah Khairuddin attributes Principal's success to its fund management process, coupled with its global expertise and capabilities. "Our team's local and regional market understanding also created real value for our clients," she says.

One of the most prominent fund management firms in the world, US-based Principal has had a presence in Malaysia for some years now. One advantage in having a regional team, according to Munirah, is being able to leverage on each other's deep local insights to facilitate channel checks and stock reads through a cross-fertilisation of ideas, coupled with Principal's own fundamental, momentum and value (FMV) model.

Despite the market crash in the first half of 2020, the clincher for Principal came about because of its trust in the long-term process, as well as the strategies and processes that Munirah and her team had in place up to that point.

"Our investment philosophy is simple. We believe consistent alpha is generated when we achieve thought leadership through early identification of long-term growth prospects of companies.

"We focus on both absolute and total returns, rigorous research, independent thinking, paired with decisive action, as well as a focus on low volatility and high alpha, all of which are unconstrained by benchmark [indices]."

"One of the more notable calls we made was to invest into new economy sectors such as e-commerce companies. With the lockdown restrictions in place, we deduced it would accelerate the trend for people to use digital means for personal shopping."
> ***Munirah***

Ultimately, it was faith in the processes, as well as the strength to hold fast through even unforeseen global disasters, that allowed Principal to thrive even as the entire economy ground to a halt.

"The pandemic has caused widespread concern and economic hardship for consumers, businesses and communities throughout the world. In March last year, we spent the bulk of our time responding to the effects of the pandemic on our own workforce and business continuity," says Munirah.

"One of the challenges we faced, just like other companies, was trying to operate safely and economically at the time. Thankfully, we were able to do so via technology and various digital platforms."

The firm then engaged in continuous dialogue with its customers through a combination of educational content, webinars, relationship calls as well as social media activity, as a means to build their confidence and reassure them

RHB's fund wins first Refinitiv Lipper award

BY **TAN ZHAI YUN**

RHB Asset Management Sdn Bhd's RHB Thematic Growth Fund won the award for Best Mixed Asset MYR Flexible (Provident) in the three-year category at the Refinitiv Lipper Fund Awards 2021. It was the first Refinitiv Lipper award for the fund, which invests in securities of Malaysian companies that benefit from evolving domestic and global trends.

Eliza Ong, CEO of RHB Asset Management, attributes the success to good sector selection. "We took the view early on that the demand in the healthcare sector, especially for exporters, would rise exponentially and lead to higher selling prices of their products and hence, profitability for these companies.

"The fund took an overweight view of this sector in as early as March 2020. The Covid-19 pandemic that led to lockdowns in many parts of the world further fuelled demand in the healthcare and related sectors, which delivered strong earnings growth."

The fund house capitalised on the mispricing between price and valuation by combining bottom-up stock picks with top-down considerations, says Ong, adding that this strategy allowed the fund to generate consistent and superior returns over the medium to long term.

The pandemic presented a challenging market for the fund house to navigate last year, despite the recovery that occurred following the sharp dip in March 2020.

"Markets have recovered well from the lows in March 2020 despite the severe impact of Covid-19 on the global markets. Equity markets throughout the world have continued to climb higher, aided by stimulus packages announced by various governments and aggressive cuts in interest rates by central banks," says Ong.

"It was challenging to make fundamental investment decisions at that point, as most valuations had peaked while earnings visibility remained weak. The possibility of more downside risks as well as ongoing external concerns like trade tensions remained."

Against this backdrop, the RHB Thematic Growth Fund successfully generated a return of 49.44% by end-2020. This was possible because the fund house focused on stocks with earnings growth, as it believed that only sectors that could deliver growth could outperform the market, says Ong.

"Growth investments outperformed value investments significantly in the first nine months of 2020 as earnings from healthcare-related sectors beat expectations. Asset allocation also contributed to the fund's performance as the fund was not fully invested in 2020 due to the lack of companies that could offer growth in earnings," she adds.

"Asset allocation contributed to the fund's performance as the fund was not fully invested in 2020 due to the lack of companies that could offer growth in earnings."
> ***Ong***

Cash flow issues in companies due to collapsed demand and uncertainties in the economy contributed to RHB Asset Management's decision to not be fully invested in the market last year.

Additionally, the fund house avoided underweighted sectors that had been negatively impacted by Covid-19. This minimised the negative impact from these sectors. The fund house also actively traded and rebalanced its portfolio by increasing the weightage of healthcare-related sectors and decreasing that of sectors with negative earnings or those that had cash flow issues.

Moving forward,

FUND	Principal Asia Titans	
AWARD	Equity Asia Pacific ex Japan – Provident (10 years)	
FUND SIZE (AS AT FEB 28, 2021)	RM90.50 million	
FUND MANAGER	Jeffrey Chong	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	27.69
	5 years	74.99
	10 years	139.22

through the challenging times of 2020.

"Of course, being active managers, Principal could not have come out on top without some quick thinking and shrewd foresight right at the start of the pandemic.

"One of the more notable calls we made was to invest into new economy sectors such as e-commerce companies. With the lockdown restrictions in place, we deduced it would accelerate the trend for people to use digital means for personal shopping, where, previously, it would have taken much more time to break out of traditional shopping habits, in malls, for example.

"The opportunity was there for most e-commerce companies to incentivise customers to shop online while stuck at home. As a result, these companies were able to capture market share much faster than expected."

Perhaps unsurprisingly, as at February 2021, the fund's top holdings included Tencent Holdings Ltd, SEA Ltd and Alibaba Group Holding Ltd. There were also semiconductor and technology companies such as Taiwan Semiconductor Manufacturing Co Ltd and Samsung Electronics Co Ltd.

Munirah is hopeful that the economy will recover and, with it, the fortunes of Principal and its investors will continue to improve.

"Our winning fund is likely to invest more broadly relative to last year. The fund will be less concentrated. We expect more companies to do well, as we anticipate a synchronised global recovery is likely to follow," she concludes. E

FUND	RHB Thematic Growth	
AWARD	Mixed Asset MYR Flexible – Provident (3 years)	
FUND SIZE	RM69.91 million	
FUND MANAGER	Mike Lai Teck Voon	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	41.90
	5 years	64.26
	10 years	132.48

RHB Asset Management believes that an economic recovery is underway. The rollout of Covid-19 vaccines and easing of movement restrictions will contribute to an improved economy by the second half of 2021, Ong observes.

"We deployed [funds] into cyclical stocks and value stocks by the fourth quarter of 2020 and continued to do so in the beginning of 2021."

The fund house may change its investing style going forward, she adds. "Although the growth investing style outperformed value investing due to the scarcity of sectors that could offer earnings growth in 2020, we believe that the cyclical and value investment styles will outperform growth investing in 2021 or post-Covid-19."

The fund house believes that growth outperformance has peaked. Sectors with low price-to-book ratios and strong earnings revisions will be its preferred picks for 2021. E

Awards methodology

The awards methodology and guidelines for the Refinitiv Lipper Fund Awards are provided below:

GENERAL METHODOLOGY

Criteria (cumulative)

- Funds registered for sale in the respective country as at the end of the calendar year of the respective evaluation year.
- At least 36 months of performance history as at the end of the calendar year of the respective evaluation year.
- Lipper Global Classifications with at least 10 distinct portfolios based on the primary share class definition, excluding residual classifications, institutional and other non-retail funds; private, closed-end, exchange-traded, insurance and linked funds.
- Asset classes: equity, bond, mixed-asset, commodity and alternatives. Absolute return funds screen over all asset types except real estate.

Fund classification awards

The currency for the calculation corresponds to the currency of the country for which the awards are calculated and relies on monthly data. Classification averages are calculated with all eligible share classes for each eligible classification.

The calculation periods extend over 36, 60 and 120 months. The highest Lipper Leader for Consistent Return (Effective Return) value within each eligible classification determines the fund classification winner over three, five or 10 years. For a detailed explanation, please review the Lipper Leader methodology document.

Asset class group awards

Asset class group awards will be given to the best large and small groups separately. Large fund family groups with at least five equity, five bond or three mixed-asset portfolios in the respective asset classes are eligible for a group award. Small fund family groups will need to have at least three distinct portfolios in one of the asset classes – equity, bond or mixed-asset.

The lowest average decile rank of the three years' Consistent Return measure of the eligible funds per asset class and group will determine the asset class group award winner over the three-year period. In cases of identical results, the lower average percentile rank will determine the winner.

Overall group award

An overall group award will be given to the best large and small group separately. Large fund family groups with at least five equity, five bond and three mixed-asset portfolios are eligible for an overall group award. Small fund family groups will need to have at least three equity, three bond and three mixed-asset portfolios.

An overall group award will be given to the group with the lowest average decile ranking of its respective asset class results based on the methodology described above. In cases of identical results, the lower average percentile rank will determine the winner. No asset class and/or overall group awards are handed out if there are fewer than three competing companies.

Asset class and overall group awards are given to the company that is responsible for establishing the fund by appointing the fund management company, and promoting and/or distributing the fund, the brand of the fund and the product range. This company is also referred to as the promoter or sponsor company.

SPECIFIC METHODOLOGY ISSUES

Asia

- Because of the small market size, the Asian countries will not make a distinction between large and small groups for the single asset class and overall group awards.
- To be eligible for an asset class group award, the groups will need to have at least three distinct portfolios in one of the asset classes: equity, bond or mixed-asset.
- To be eligible for an overall group award, the groups will need to have at least three equity, three bond and three mixed-asset funds.
- Classification awards will be handed out to classifications with at least five distinct portfolios.
- Malaysia: The regular universe excludes the Employees Provident Fund-approved and Islamic funds. Separate classification and group awards will be handed out to Islamic and EPF-approved funds within classifications meeting the aforementioned criteria.

Global Islamic

- All Islamic funds globally within Lipper Global Classifications with at least five distinct mutual funds over the respective time frame.
- Calculation currency is the US dollar.
- No distinction between large and small groups for the single asset class and overall group awards.
- To be eligible for an asset class group award, the groups will need to have at least three distinct portfolios in one of the asset classes: equity, bond or mixed-asset.
- To be eligible for an overall group award, the groups will need to have at least three equity, three bond and three mixed-asset funds.
- The calculation periods are until the end of November of the respective evaluation year.

For a detailed explanation, please read the Lipper Leaders methodology document at http://lipperalpha.refinitiv.com/lipper/our-methodology/

Manulife Investment Management bags two awards

BY **JOTHAM LIM**

Manulife Investment Management (M) Bhd nabbed two fund awards at the Refinitiv Lipper Fund Awards 2021.

Manulife Investment-HW Flexi won the award for Best Mixed Asset MYR Flexible (Provident) in the 10-year category, which saw a return of 143.96%, while Manulife Investment Al-Fauzan took home the award for Best Equity Malaysia Income (Islamic) in the 10-year category, with a return of 80.64%.

CEO Jason Chong attributes the funds' success to a dynamic investment team that is active in sharing ideas and quick in decision-making, which allowed them to adapt to rapidly shifting market conditions. "We work as a team, and no idea is too small or too big," he says.

"One advantage in having a regional team is that we leverage each other's deep local insights for channel checks and sector or stock read-throughs. A climate of transparency and trust in the regional team allows for a cross-fertilisation of ideas."

Chong describes 2020 as a tumultuous year in which they witnessed not only extreme swings in share prices but also investor sentiment and emotions as well. Remaining calm and rational was a challenge in a panicked market, particularly when dealing with multiple uncertainties due to the far-reaching impact of the pandemic, he says.

To address this issue, the team had to be disciplined in adhering to their investment fundamentals and not let periods of extreme market sentiments affect their investment decisions. "When it became clearer that the pandemic was turning into a black swan event, we decided to drastically adjust our strategy — first by prioritising the return of capital," says Chong.

"This involved locking in gains in holdings that had priced in earnings growth. In addition to that, the cash would allow us to pick and choose fundamentally strong companies at beaten-down prices and valuations."

For Manulife Investment-HW Flexi, Chong points out that the rebalancing exercises were concentrated in the first and fourth quarters of last year. 1Q2020 involved increasing its cash position before the market selldown to protect the fund's position while providing ammunition to capitalise on bargain-hunting opportunities.

In 4Q2020, the team rebalanced the portfolio to support post-pandemic beneficiaries once it became clear that there was light at the end of the tunnel when it came to the pandemic.

" One advantage in having a regional team is that we leverage each other's deep local insights for channel checks and sector or stock read-throughs."
> ***Chong***

"Companies with sound balance sheets and strong management are likely to withstand the challenging economic conditions of last year. One example would be the telecommunications sector, and even alternative industries such as the glove sector, which are enjoying strong earnings that could potentially translate into better dividend payouts later," says Chong.

Moving into 2021, he highlights a shift in investment focus — from prioritising companies with earnings certainty last year to prioritising those with strong earnings growth momentum. "We will look for stocks that offer strong earnings recovery and growth in the light of an anticipated economic recovery, resumption of economic activities and potential reopening of borders. Under such circumstances, companies that did not fare well in 2020

Two awards for Maybank Asset Management

BY **JOTHAM LIM**

Maybank Asset Management Sdn Bhd once again landed a winning spot at the Refinitiv Lipper Fund Awards 2021, with two fund awards this year.

Maybank Malaysia Income (MMI) took home the award for Best Bond MYR (Provident) in the 10-year category, with a return of 116.77% over the period. Maybank Malaysia SmallCap (MMSC) won the award for Best Equity Malaysia Small and Mid-Cap (Provident) in the five-year category, with a return of 76.61% over the period.

CEO Ahmad Najib Nazlan says making contrarian calls in its investment strategy enabled both MMI and MMSC to outperform their industry peers. "For MMI, we turned defensive in January 2020 and decided to have higher levels of cash to allow us to be agile in case of any market events due to the uncertainties surrounding the Covid-19 pandemic. Due to that stance, during the sell-off in March, we were able to add positions and benefit from the wild swings.

"For MMSC, we had a very strong conviction in the healthcare sector after news of the virus broke out in China heading into 2020. That conviction was vital as it contributed very positively to the portfolio. Those healthcare names were small-cap stocks when we invested, but have now increased their market cap."

Ahmad Najib points to the investment team's agility, teamwork and leadership as being key contributors to the success of the two funds. He says that from the onset of the pandemic and lockdowns, the team mobilised daily virtual meetings to discuss and plan their fund management strategies, which allowed them to look at opportunities in dislocated markets.

"Due to our proactive engagements, we were able to turn 'defensive' early on. When the markets were dislocated, we were ready to go on the offensive and capitalise on those opportunities at attractive valuations," he adds.

However, Ahmad Najib highlights that it was challenging to make contrarian calls and persist with that view while managing investors' expectations. He says that when the team decided to position MMI defensively, investors were concerned about a laggard performance.

"Moving into 2020, the market was expecting GDP performance to be better at 4.8% compared with 4.7% in 2019 on a potential meaningful resolution to the US-China trade war. Hence, having a defensive call may have dragged our performance compared with our peers," he adds.

However, as it turned out, 2020 saw a contraction in GDP.

"Similarly with MMSC, when we decided to increase positions in healthcare and technology, investors questioned our stance as they were unsure about our view. Despite the immense pressure from our investors, we maintained our call," says Ahmad Najib.

"We continued to engage with and communicate our strategies to our investors and provided clarity and justifications for our calls. When the sell-off happened, it was challenging to stick to our conviction. But we did not panic and instead, focused on the fundamentals as well as the long-term objectives of the funds. As a result, we were able to deliver better returns to our investors."

" Due to our proactive engagements, we were able to turn 'defensive' early on. When the markets were dislocated, we were ready to go on the offensive and capitalise on those opportunities at attractive valuations."
> ***Ahmad Najib***

He says that due to the decision to position MMI to be nimble and agile early on, the investment team managed their liquidity well and kept cash at a minimum during the sell-off — opting to capture new opportunities in the bond market instead.

As for MMSC, Ahmad Najib explains that the team conducted several rebalancing exercises towards the second half of 2020, as the market shifted away from the healthcare sector. However, since the fund got into the sector early, the team was able to raise a significant amount of cash and took profit from that strategy.

Moving forward, he expects a global growth recovery this year. But he foresees a volatile market, with fiscal policies playing an increasingly critical role in supporting growth.

"For MMI, given the current volatile situation in the bond markets, we will be positioned defensively in the near term by reducing our 'govvies',

FUND	Manulife Investment-HW Flexi	
AWARD	Mixed Asset MYR Flexible – Provident (10 years)	
FUND SIZE	RM349.45 million	
FUND MANAGER	Affin Hwang Asset Management Bhd	
RETURNS FOR PERIODS ENDED DEC 31, 2020(%)	3 years	24.84
	5 years	54.10
	10 years	143.96

FUND	Manulife Investment Al-Fauzan	
AWARD	Equity Malaysia Income – Islamic (10 years)	
FUND SIZE	RM429.15 million	
FUND MANAGER	Manulife Investment Management (M) Bhd	
RETURNS FOR PERIODS ENDED DEC 31, 2020(%)	3 years	5.51
	5 years	15.35
	10 years	80.64

are likely to emerge as winners," he says.

"Apart from positioning in such 'economic reopening' stocks, we continue to look for opportunities to invest in stocks that will benefit from long-term structural investment themes such as digitalisation, climate change and globalisation." E

FUND	Maybank Malaysia Income	
AWARD	Bond MYR – Provident (10 years)	
FUND SIZE	RM80.83 million	
FUND MANAGER	Maybank Asset Management Sdn Bhd	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	17.24
	5 years	26.57
	10 years	116.77

FUND	Maybank Malaysia SmallCap	
AWARD	Equity Malaysia Small & Mid Cap – Provident (5 years)	
FUND SIZE	RM23.99 million	
FUND MANAGER	Maybank Asset Management Sdn Bhd	
RETURNS FOR PERIODS ENDED DEC 31, 2020 (%)	3 years	40.20
	5 years	76.61
	10 years	137.75

or government-guaranteed bond holdings. We will also cut our duration and be very mindful of adding longer-duration positions. In the longer term, we are still positive on Malaysian fixed income and will be nimble, depending on the market conditions," says Ahmad Najib.

"For MMSC, within the same thesis of expected global growth recovery, we have taken some profit from our high conviction ideas last year and increased our position in some recovery themes. And we will be positioned a bit more defensively in this current volatility to ensure we have more agility to capture potential opportunities that arise from new ideas in 2021." E

AmanahRaya Investment Management wins four awards

BY **IRIANI AMIRUDIN**

AmanahRaya Investment Management Sdn Bhd (ARIM) took home four fund awards at this year's Refinitiv Lipper Fund Awards. AmanahRaya Unit Trust snagged the awards for Best Bond (MYR) in the three- and five-year categories while AmanahRaya Syariah Trust won the awards for Best Bond MYR (Islamic) in the three- and five-year categories.

Managing director and CEO Roszali Ramlee attributes the achievements to the team's investment strategy, which is a blend of both active and passive approaches. "Our fixed-income investment team has the belief that the market is not always efficient. We pursue active strategies in market segments where we hold a strong alpha conviction. However, passive strategies are adopted when there is an absence of such a strong conviction," he says.

Asset allocation is another key to ARIM's outperformance. "It is important to diversify our investments amid market volatility. Our asset allocation decisions consider prevailing market conditions to avoid underperformance. And they capture various opportunities during market up cycles," says Roszali.

Fundamental analysis conducted by ARIM's investment team is equally vital to the firm's win, he adds. Such analysis covers macroeconomics, interest rate view, sector analysis and credit evaluation, which all play an essential part in producing superior investment outcomes.

Roszali is particularly proud of the firm's active investment approach that played out well in last year's market turmoil. For instance, he and his team actively rebalanced their investment portfolios last year according to their outlook for interest rates. As a result, they extended the investment portfolio duration and overweight sukuk holdings prior to the central bank's interest rate cuts last year.

"Our fund manager and credit team actively discussed and managed the portfolio over time. And the portfolio's turnover ratio of two of our award-winning funds were 2.56 times and 2.79 times last year. We believe our active investment approach contributed to our outperformance," he says.

In March last year, the AmanahRaya Syariah Trust fund suffered about 2% to 3% downside, but it took less than four weeks to recover the losses. The fund's returns also ended up higher at the end of the year, says Roszali.

"Like our peers, our fund suffered during the market sell-off in March last year. But we were one of the first to recover when the market turned around," he adds.

In terms of the increasing importance of the environmental, social and corporate governance (ESG) factor in investing, AmanahRaya is currently developing its strategies for the firm's fixed-income and equity investments. Nevertheless, the firm has already included several ESG-compliant sukuk in its portfolios.

"Our asset allocation decisions consider prevailing market conditions to avoid underperformance. And they capture various opportunities during market up cycles."
> *Roszali*

FUND	AmanahRaya Unit Trust	
AWARD	Bond MYR (3 and 5 years)	
FUND SIZE	RM112.00 million	
FUND MANAGER	Ivan Koo Von Siong	
RETURNS FOR THE PERIODS ENDED DEC 31, 2020 (%)	3 years	23.82
	5 years	35.46
	10 years	65.50

FUND	AmanahRaya Syariah Trust	
AWARD	Bond MYR – Islamic (3 and 5 years)	
FUND SIZE	RM912.00 million	
FUND MANAGER	Ivan Koo Von Siong	
RETURNS FOR THE PERIODS ENDED DEC 31, 2020 (%)	3 years	26.93
	5 years	39.43
	10 years	69.79

Roszali says that moving forward, fixed-income investors should brace for lower returns this year. "The market will likely undergo a recovery in the next 12 months, with interest rates normalising, but a full recovery may take slightly longer."

The fund house may reduce its portfolio durations and be slightly overweight in cash, he adds. "The wider fiscal deficit of the Malaysian government and oversupply of government bonds are key risks that fixed-income investors should keep in mind." E

Eastspring Investments takes home two awards

BY **CHUI YEE MUN**

Eastspring Investments Bhd bagged two awards at the Refinitiv Lipper Fund Awards 2021. Eastspring Investments Dana Dinamik won the award for Best Mixed Asset MYR Flexible (Islamic) in the 10-year category while Eastspring Investments Dana al-Islah won the award for Best Mixed Asset MYR Conservative (Provident), also in the 10-year category.

Juliana Ramli, equity fund manager of Eastspring Al-Wara' Investments Bhd, says Dana Dinamik (a balanced fund) outperformed its peers by being overweight on equities last year. Its allocation to the glove, semiconductor and telecommunications sectors also contributed to the fund's success.

"We shifted our portfolio towards cyclical and recovery plays towards the end of the year by making a quick switch to overweight the financial sectors. We also continued to focus on stocks that generate alpha. That was when the economic reopening theme became stronger on the back of more positive vaccine news," she says.

"Prices may overshoot sometimes and become expensive. We were disciplined in taking profit and continued to look for undervalued stocks."

Interestingly, Dana al-Islah, which is another balanced fund, adopted a slightly different investment strategy last year to achieve outperformance. "The fund was overweight on fixed income during the earlier part of the year before it gradually increased its allocation to equities. It also benefited from the allocation to the glove sector," says fixed income fund manager Chow Kim Seng.

> "Prices may overshoot sometimes and become expensive. We were disciplined in taking profit and continued to look for undervalued stocks."
> > ***Juliana***

Despite extremely challenging market conditions last year, Dana Dinamik and Dana al-Islah generated returns of 14.77% and 12.05% respectively. Over a 10-year period, they provided investors with returns of 129.51% and 58.44% respectively.

Juliana attributes the fund house's overall success to its disciplined and research-driven investment approach. "We derive intrinsic value based on valuation, growth and cash flow analysis, and we have a quality bias for companies with a strong balance sheet, good earnings visibility and sound management," she adds.

"Security mispricing driven by greed and fear is an enduring phenomenon, which can be successfully exploited through our long-term investment approach. Value is also created by cyclical extremities in interest rates and credit markets. Or there are shifts in investor risk perception under specific market conditions that result in the mispricing of assets relative to their fundamentals."

Eastspring will continue to remain focused and stay ahead of the curve despite the team working from home, says Juliana. "The team continues to meet online regularly while adapting to the movement restrictions. We have also stepped up our investor communication efforts to keep them abreast of the market updates and their portfolios."

Moving forward, the fund house expects a recovery this year as the global and local economy gradually reopens with the rolling out of Covid-19 vaccines. Recovery plays remain the main theme this year in the equity market, but selection is important as valuations may overshoot fundamentals, says Juliana.

On the fixed income side, she expects bond yields to reverse in a relatively volatile environment as markets return to pre-pandemic performance. "Pockets of trading opportunities are expected to present themselves amid market volatility. We will also see a recovery in credit as lockdowns are gradually lifted in the near future," she says. E

FUND	Eastspring Investments Dana Dinamik	
AWARD	Mixed Asset MYR Flexible – Islamic (10 years)	
FUND SIZE	RM167.36 million	
FUND MANAGER	Juliana Ramli Chow Kim Seng	
RETURNS FOR THE PERIODS ENDED DEC 31, 2020 (%)	3 years	14.56
	5 years	30.74
	10 years	129.51

FUND	Eastspring Investments Dana al-Islah	
AWARD	Mixed Asset MYR Conservative – Provident (10 years)	
FUND SIZE	RM23.28 million	
FUND MANAGER	Chow Kim Seng Juliana Ramli	
RETURNS FOR THE PERIODS ENDED DEC 31, 2020 (%)	3 years	17.07
	5 years	25.95
	10 years	58.44

Inter-Pacific Asset Management wins award for best mixed asset fund

BY **JOTHAM LIM**

Inter-Pacific Asset Management Sdn Bhd's (InterPac) InterPac Dynamic Equity fund won the award for Best Mixed Asset MYR Flexible (Malaysia) in the 10-year category. The fund generated a total return of 55.15% during the period.

CEO Datuk Dr Nazri Khan says the team's dynamic and tactical investment strategy, as well as a combination of well-executed fundamental and technical analysis, were key contributors to the fund's success. "Compared with the traditional approach of buying stocks at low prices and selling them at their peak, we took a calculated risk in managing our investment activities, which is a combination of fundamental and technical analysis. This non-traditional strategy has set us apart from our peers by a large margin.

"Through fundamental analysis, we identify and determine the value and growth rate of the stock. Technical analysis allows us to understand market behaviour and capture opportunities at the right time according to developments in trends."

According to the information on the fund, InterPac Dynamic Equity seeks to maximise capital gains by investing principally in local stocks. It has a flexible asset allocation strategy that enables it to invest in fixed-income securities and money market instruments to meet its objectives over the medium to long term.

> "We took a calculated risk in managing our investment activities, which is a combination of fundamental and technical analysis."
> > ***Nazri***

Nazri points out that one of the largest hurdles his team had to overcome last year was the uncertainty caused by the Covid-19 outbreak. "The CBOE Volatility Index (VIX) hit its historical high in 2020 — an indication that global market players were on hold, due to a fear of uncertainty. However, to us, we saw opportunities in the situation. We made the uncommon decision to be more proactive by allocating assets to technology, consumer and healthcare stocks," he says.

"Our major concern was to maintain our positive returns and retain investors. There were times when we faced difficulties as the market experienced minor corrections. However, it has not affected our overall strong performance as we have policies to minimise risks and secure early profits."

Nazri says that as CEO, it was not easy to execute the trading plans. There were times when the team had to go the extra mile and be more innovative in discovering investment opportunities in the midst of uncertainty.

Hence, he highlights the importance of being accountable as the leader of the investment team — to be proactive and firm in making decisions that will benefit everyone and to display proper leadership and motivate everyone on the team.

Despite the challenges, Nazri is bullish on the outlook for the next 12 months. He points out that the FBM KLCI has breached the 1,600-point threshold — indicating a V-shaped economic recovery.

"The pandemic should be over soon, especially after the rollout of the vaccination programmes. Governments around the world are vaccinating their people in stages, which is a key factor in reopening business activities, especially in the tourism and aviation sectors," he says.

"Understanding this gives us an advantage in positioning ourselves in promising shariah-compliant stock selections with great potential at an early stage, in order to garner the maximum potential returns. We are optimistic and look forward to more positive developments in the market." E

FUND	InterPac Dynamic Equity	
AWARD	Mixed Asset MYR Flexible – Malaysia (10 years)	
FUND SIZE	RM3.99 million	
FUND MANAGER	Inter-Pacific Asset Management Sdn Bhd	
RETURNS FOR THE PERIODS ENDED DEC 31, 2020 (%)	3 years	-1.89
	5 years	41.62
	10 years	55.15

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