

CIMB-Principal aims to increase fund size

KUALA LUMPUR: CIMB-Principal Islamic Asset Management Sdn Bhd, which has US\$1.3bil worth of assets under management as at June 30, is targeting to increase its fund size to US\$1.7bil by year-end.

Chief executive Datuk Noripah Kamso said syariah-compliant investment products were now more popular as investors globally look for investments that had quality, simplicity and safety.

"Since the global economic downturn, investors are more risk averse. There is a flight to quality, simplicity and safety in terms of investment strategy," Noripah told a press briefing, which was also to share the findings of a research study conducted by Principal Global Investors (S) Ltd entitled "Future of Investments: The next move?" yesterday.

She said syariah-compliant products embraced and adhered to these principles and guidelines and, as such, were likely to gain investor interest, but conceded that it was important to market these Islamic products globally.

Noripah said the asset management company would be looking to expand its range of Islamic products over time and build a solid track record, especially focusing on global sukuk (Islamic



From left: Principal Global Investors COO Barbara McKenzie, Kirk West and Datuk Noripah Kamso with the research study in their hands.

bond) as a core differentiating factor.

On yield, she said Islamic products over a 10-year period gave as good a yield as conventional products' and were more resilient.

Meanwhile, Principal Global Investors (Asia ex-Japan) managing director Kirk West said the research study, conducted on 225 asset managers and pension funds in 30 countries that collected US\$18.2 trillion worth of assets as at end-April, explored how the market dynamics of the asset management industry would change and how its business models would reshape.

"We're looking at client behavioural change to investment, when the asset classes or genetic products will be in

demand ... what key features of the winning model in the new competitive landscape will be," West said.

He said while the worst of the current financial crisis might be over in 2010, further upheavals were not ruled out.

"The study showed about 45% of the respondents do not expect the worst to be over. Nearly 25% expect recovery to be even later. At the same time, respondents do not rule out a more systemic crisis."

Principal Global Investors chief operations officer Barbara McKenzie said going forward the survey showed that the business model associated with segmentation was gaining traction.