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ARMED FORCES FUND BOARD

NEW INVESTMENT STRATEGY

LTAT may lower stakes in some listed firms, especially Boustead, starting next year

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THE Armed Forces Fund Board (LTAT) plans to reduce its stakes in key companies, such as Boustead Holdings Bhd, as it reviews its investment strategy early next year.

Chief executive Nik Amlizan Mohamed said LTAT recently appointed a chief investment officer to undertake a review of its strategic asset allocation (SAA).

"Perhaps next year, we can start implementing the SAA. It has been a laborious journey for LTAT as there are a lot of structures, policies and procedures that we need to put in place," she said after the announcement of LTAT's 2018 financial performance, here, yesterday.

Nik Amlizan said LTAT's board would implement comprehensive investment policy guidelines in accordance with its SAA.

"We have the necessary adjustments in place. Some need to be restructured to ensure the sustainability of dividends."

With assets under management at RM9.4 billion, she said LTAT's funds were fully invested in the domestic market.

Nik Amlizan said LTAT wanted to reduce its shareholdings in some listed companies, particularly Boustead Holdings.

"Our exposure in Boustead Holdings is very high. It is not reflective of the best investment practices. We cannot be reliant on just one or two investments to reap returns."

According to Bloomberg Intelligence, LTAT owns a stake of about 60 per cent in Boustead Holdings.



Armed Forces Fund Board (LTAT) chairman General Tan Sri Dr Mohd Zahidi Zainuddin (left) and chief executive Nik Amlizan Mohamed at a briefing on LTAT's financial performance in Kuala Lumpur yesterday. PIC BY SAIFULLIZAN TAMADI

Nik Amlizan said LTAT believed there was a deep value in Boustead Holdings, adding that the fund manager practised patient capital and would not rush into making decisions that did not benefit members.

On whether it would invest overseas, she said LTAT needed to put its house in order first.

Citing an example, she said LTAT had yet to have a fixed-income department.

"Overseas investments are unlikely for now because there are processes that we need to do before investing abroad.

"We need to build the talent pool first — those who can do investment abroad. We don't have anyone experienced who can do so and it will take some time to hire the right talent."

LTAT has allocated 60 per cent for listed equities, 17 per cent for private equity, 10 per cent for

property development, eight per cent for fixed income (primarily LTAT investee companies) and five per cent for property investment.

Nik Amlizan said LTAT's future investment platform should be in Malaysian Government Securities.

"The management will do the necessary to ensure the returns of our soldiers are intact and sustainable," she added.