

Affin Hwang aims to broaden its product capabilities

The leading Malaysian fund management company has plans to partner with foreign players that are entering the country to offer funds across a broad spectrum of areas, says Teng Chee Wai.

Foreign fund managers are increasingly looking to penetrate the fast-growing mutual fund market of Malaysia. This prospect might cause alarm among some of the country's local fund providers, but Affin Hwang Asset Management welcomes the competition.

Teng Chee Wai, the managing director of Affin Hwang, notes that the company he founded has long prepared for the eventual intrusion of big-ticket, inter-

national fund manufacturers into Malaysia. "We have anticipated the challenge of big fund manufacturers coming in, for many years. While we can't

compete in every space, we endeavour to focus on the few strategies that we can do well and do better," he says.

Under Teng's guidance, Affin Hwang has sought to become a leading player in a specialised set of fields ever since its inception, almost 15 years ago. The firm has utilised its association with DBS of Singapore to earn investor trust and expand its share of the asset management market.

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HISTORICAL PERFORMANCE

Affin Hwang started off solely managing equity assets, but has grown its expertise to incorporate fixed income capa-



TENG CHEE WAI
Affin Hwang Asset Management

bilities. The fund management firm has also grown from having a purely domestic market focus to offering several regional investment funds. Its clientele

includes banks, non-financial institutions, HNW individuals and corporates.

Affin Hwang's regional investment portfolios have also been strong performers since being introduced in 2005. The low-volatile portfolios, though not benchmarked, focus on income by investing in fixed interest and equity products in Asia.

"You get a long term return of 8% to 9% with volatility of 4% to 5%, which is an excellent Sharpe ratio," explains Teng.

The funds also boast good performance over their 10-year history, which supports claims to being good investments amid several equity market and economic cycles. Producing these results have not been easy, but the firm has persevered with its approach.

of time, a very different approach to the strategy pursued by many of its rivals of opening and marketing fashionable funds for shorter periods.

Affin Hwang's ability to demonstrate durable returns over time has helped it become the largest funds manufacturer in Malaysia's banking channels. That is a sign that the firm is doing something right.

The secret to its success with banks is simple, believes Teng. "We're successful because we're consistent," he says.

Affin Hwang has retained key members of staff and senior management, which adds to the confidence and comfort factor for banks. "They all understand what we are doing with the portfolios here and we are able to quickly

SUSTAINABILITY STRATEGY

Affin Hwang's status in bank channel distribution leaves it well set at a time when Malaysia's asset management industry is experiencing evolution.

The global heavy-weight asset managers entering the country could well be keen to partner with local players to wrap their products for local distribution.

Affin Hwang is a natural partner. Teng says the strength of its bank channels has already led several local banks to point international asset managers in its direction.

"I think we have proven to a lot of the foreign asset managers that we have a great reputation in the local market and possess a strong bank channel network," he says.

A partnership with Affin Hwang would make sense for many foreign players. Malaysia is a large country with many states. It would be a costly and time consuming business for foreign entrants to build a network of branches to service the different distribution channels.

The proposition of such alliances appeals to Affin Hwang too. Teng notes the company is interested in tying up with foreign asset managers that have core fund capabilities in areas in which it is not as strong.

"Over the last three years we have discussed partnerships with foreign asset managers to fill the product gaps in Malaysia," he says.

Given its strong track record and powerful bank delivery capabilities, Affin Hwang looks well-placed to appeal to some of the world's leading mutual fund manufacturers. ■

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"We stick to the [products] space we want to compete in rather than trying to be everything to everyone. That is how we want to keep up the business," says Teng.

LEADING BANK DISTRIBUTION

Affin Hwang's strategy has been to build a brand that is synonymous with quality and reliability.

It aims to provide its investors with good, reliable returns over long periods

respond whenever there is a request from the distributors."

The company also demonstrated its consistency in bank distribution channels during aftermath of the 2008 global financial crisis.

"We didn't pull support resources in 2008 or 2011. The level of service we have provided to the banks has been consistent over the last 15 years," explains Teng.