

# Navigating the Thai funds landscape with ease

*The launch of Fund Navigator, a tool for fund selection, will be a first among fund houses in Thailand, according to Kasikorn Asset Management's (KAsset's) Vasin Vanichvoranun.*

KAsset is already widely viewed as the fund house to catch in Thailand, with the largest distribution network in the country. And in 2017 it intends to build on its advantage with a slew of initiatives aimed at simplifying the investment process for its clients.

This will build on work that Vasin Vanichvoranun, executive chairman, says has been underway throughout 2016 to help investors do this in practise, via a range of services and tools.

The starting point is to re-inforce the idea that investing can be convenient and financial planning need not be complicated.

“The main focus will be harnessing the power of digital technology to investment planning,” explains Vanichvoranun.

In line with this, the obvious next step for KAsset is to become a robo-advisor. And to move in this direction, the fund

house plans to launch its ‘Fund Navigator’, a tool for fund selection.

## **TAKING THE LEAD IN THAILAND**

The Fund Navigator, which is an individually customised portfolio analysis tool, will be a first among fund houses in this South-east Asian country.

Rather than lead with a conversation about asset classes, the firm chose to build a tool that classifies mutual funds into five categories by investment goals – with KAsset then able to tap into its product pipeline with something suitable to meet each client’s traits and goals.

For example, the first objective is liquidity – having money for short-term spending – with KAsset able to then offer appropriate products such as money market mutual funds.

Another objective is to build returns that beat inflation, while maintaining



**VASIN VANICHVORANUN**  
Kasikorn Asset Management

the principal. Investors in this group require highly-secure investments and therefore, tend to avoid volatile assets such as stocks.

Some investors may also prefer regular income, which also serves the needs of those heading into retirement.

Funds that offer this could be invested in assets that have a cash flow, such as stocks with high dividend yields, or non-investment grade debentures.

To cater to a growth objective, meanwhile, investors might be recommended to invest in equity funds that have varying proportions of equity investments. Investment styles could be varied.

Finally, the fifth objective of making opportunistic returns would lead investors down the path of alternative assets or specific industries, exposing them to concentrated risk.

This requires them to have sufficient skills to seize market opportunities to

generate desired returns over the short term, while possessing the ability to tolerate potentially high losses.

the firm plans to introduce new mobile applications to investors who are seeking to conduct transactions via

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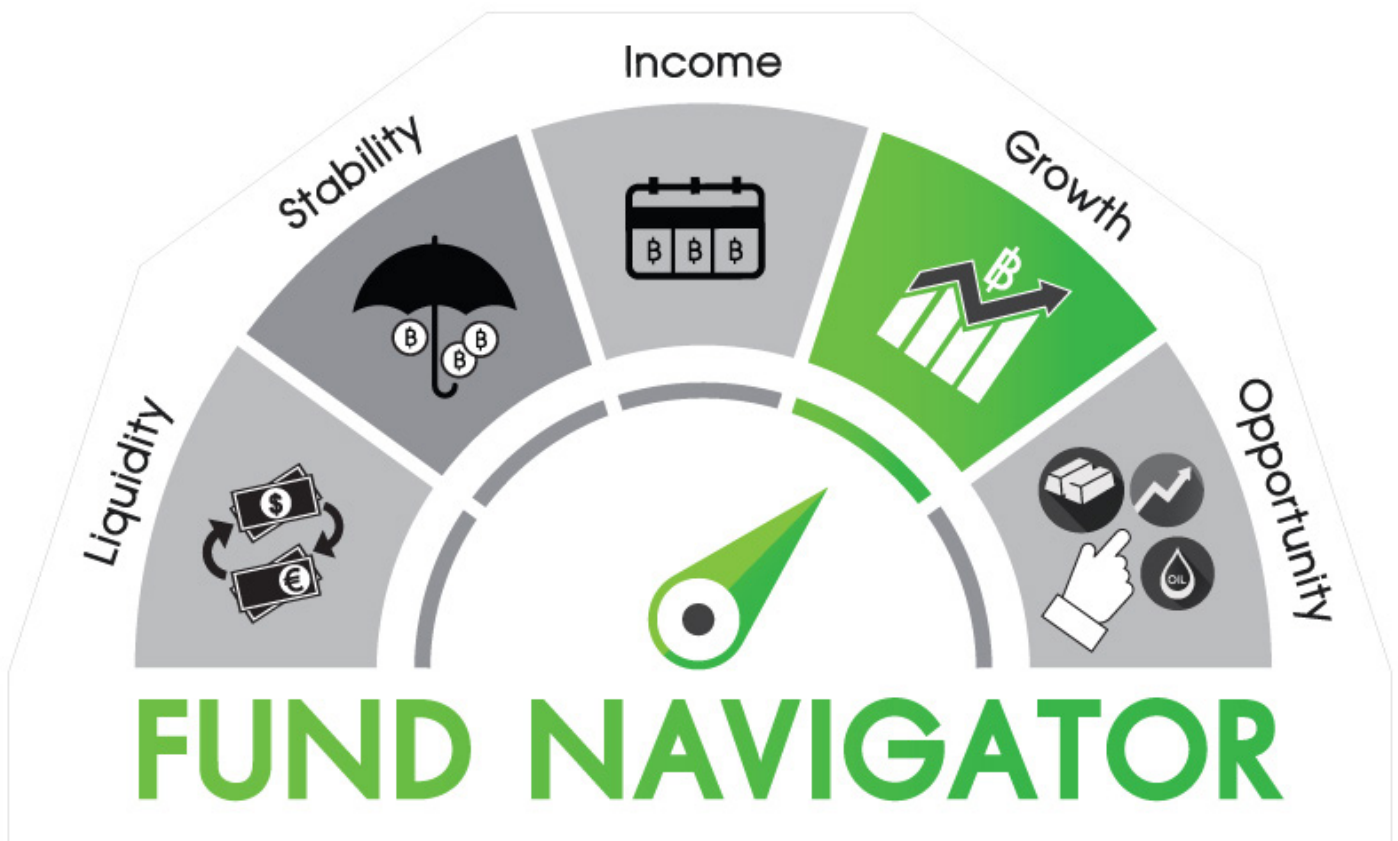
“We want to align our customer’s expectations towards products, which means substituting financial jargon with easy-to-understand investment goals,” explains Vanichvoranun.

#### A DIGITAL MISSION

To build on this flexible, user-friendly mind-set that KAsset wants to foster,

smartphones. In particular, the apps to watch out will be K-My PVD for provident fund customers and K-Mutual Fund for mutual fund investors.

These follow the benchmark the firm has set in the market already, in unveiling digital innovations aimed at helping clients make sensible investment decisions.



For instance, it created an app called My Port Simulator. This is a tool for portfolio analysis and management based on customers' risk appetite. Another was a redesigned K-Cyber Invest, which assists customers in making an effective investment plan.

It is little surprise, therefore, that Vanichvoranun expects advisory capabilities to be eventually embedded into this channel.

"The advice will help our clients create objectives and assess performance, and whether it matches expectations and helps to achieve their long-term goals," he says.

don't know much about investing," says Vanichvoranun.

That is also why he believes it is important for both the regulator and the asset management industry to play a role in promoting investor education.

When it comes to product knowledge and adoption, clients can be separated into two broad categories. At one end, he explains, is the mass market investor who doesn't know much about investments; at the other end are private clients with access to more complex products and also advisers to explain product features or risk profiles. Underlying its philosophy of simplification,

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### **RAISING INVESTMENT COMPETENCY**

For the time being, however, he also acknowledges that the relatively low levels of financial literacy among Thai investors mean that the benefits of long-term financial planning and the appropriate use of mutual funds are unfamiliar concepts to many people.

Indeed, tax incentives attached to mutual fund investing tend to drive assets under management.

"It starts with investors who have parked money in bank deposits gradually venturing to look at other options in search of better returns. But they

KAsset is trying to encourage a more holistic approach to investing.

"Rather than sell, product by product, we try to find out what our customers' needs are and then provide advice on the best asset(s) to fulfil those needs," says Vanichvoranun.

The current arsenal of investment options at his disposal at KAsset is relatively limited, mainly consisting of long-only products at this stage.

"We need to embrace new strategies and financial instruments," he adds. "What we do have in our favour is our investment capability." ■

### **Unprecedented change in Thai product offerings**

*The last couple of years have accounted for sweeping changes in the Thai investment landscape – especially more frequent and active discussions about the benefits of open architecture product platforms.*

*This certainly now seems to be the next logical step in the evolution of the country's mutual funds industry.*

*"The recent stock exchange initiative will encourage open architecture product platforms, a move that will usher in unprecedented change in Thailand's asset management industry," says Vanichvoranun.*

*He is referring to the collaboration in late 2016 between the Stock Exchange of Thailand and the mutual fund industry to jointly develop FundConnex, a technology-enabled fund service platform to process the buying and selling of mutual fund orders, in turn enabling investors to access mutual funds efficiently.*

*The open architecture platform is designed to standardise mutual fund operations and reduce operational burden among fund houses and selling agents, can be extended to support other services in the future.*

*Over 43 participants have signed up so far to use the platform, which is set to be launched soon.*

*Measures like these are expected to increase the adoption of mutual funds by investors in Thailand.*