

# Prudential Indonesia's CIO on the Need to Access Diversified Investments

Hubbis held its live 2022 Indonesia Wealth Management Forum in Jakarta on July 6, during which a panel of local industry leaders offered their insights into investment products and strategies for the private wealth market. One of the experts was Novi Imelda, the well-known Chief Investment Officer of Prudential Indonesia. Armed with approaching three decades of experience, she has been through many ups and downs in the local, regional and global markets. We have summarised some of her perspectives in this short report.



## GET IN TOUCH

[View this Panel Discussion On Demand](#)

[View Novi Imelda's LinkedIn Profile](#)

[Find out more about Prudential Indonesia](#)



**Novi Imelda**  
Prudential Indonesia

**Imelda opened her** Imelda opened her observations by noting that as CIO of a significant insurance company, their mission is to manage the funds of their end customers. “Despite the arrival of the pandemic, we have managed to regularly launch new funds since early 2020, working with both onshore and offshore fund managers,” she reported.

She said one such fund was an income fund introduced by Standard Chartered Bank, which had attracted a lot of interest from those seeking reliable income streams. Other funds include different areas of focus, such as global technology. “The challenge for all of us here in Indonesia is how we can diversify investments in overseas assets,” she reported.

Imelda also explained that despite the pandemic and other volatility, Prudential had enjoyed solid inflows from both single premium and regular premium business. “Customers want to keep their protection on, so they like to keep their regular premium payments up,” she explained. “Channels of communication have been especially vital in recent years and times, we make great efforts to keep them informed of market events, and of the impact on their investments and the opportunities that are available.”

As to the current market situation, Imelda said it was important to keep customers educated and to alert them that the downturn is temporary and that, if their risk profiles and cashflows are right, then then it’s okay for them to add to their investment.

Imelda also offered more insight on regulation, noting that there had been some unexpected changes to investment limits into mutual funds for the insurers. She said that the regulator has concern on clarity on what investments are in the mutual funds, both onshore and offshore. “We actually only see the top 10 holdings and due to equal treatment required for all mutual fund customers, the mutual fund providers cannot specifically provide us with more data, so for better risk management control, the regulators only

**“Channels of communication have been especially vital in recent years and times, we make great efforts to keep them informed of market events, and of the impact on their investments and the opportunities that are available.”**

allow mutual fund with underlying instrument Indonesia Government bond or SBI” she reported

She said “But the big picture is that we would like in the future to diversify our equity investments, both onshore and offshore, especially offshore. With this new regulation, means a major challenge for us, especially if we want to offer more products to HNWI clients.”

The insurance companies have to find a way to invest in equities directly, such as through discretionary mandates with local fund managers. “It is challenging if you have small AUM to start. Fund managers can explore the possibility of combining several insurance companies into one joint discretionary contract,” Imelda explained. “Of course, each

of the companies would need their own sub account, but the mandate actually would be one umbrella.”

The panel also focused on private market assets, with Imelda explaining that for insurers there were strict limits also on exposure to such alternative investments, both onshore and offshore.

“A positive,” she explained, “is that more and more insurance companies now are developing the non-unit linked product, helping supply for the rising demand for alternative products. “We focus on liability matching, and we try to identify longer-term instruments, but these are really lacking in Indonesia today,” she explained. “It is actually tough to find the right instruments of more than a roughly 12-year duration.”

She also highlighted the importance of Shariah insurance products and anticipates sharply rising demand. But she said a challenge is the limited number of Shariah instruments in which to invest. “In Shariah and other areas, we would really like to see more innovative and alternative funds being offered so that we can better match our liability, duration and also our yield targets,” she reported.

She closed her observations by noting that the insurance industry also wants to see more involvement in sustainable and ESG-driven investments “We are looking closely at this area of Principal for Responsible Investment as an important evolution for the future.” she reported. ■