

# Trimegah Asset Management's CEO on the Importance of Being Both Professional and Agile



Antony Dirga is CEO of Trimegah Asset Management which is the country's 14th largest fund house, with around USD1.2 billion in AUM at the end of 2020. Hubbis was fortunate to 'meet' with Dirga in late 2020 to assess the year that was and to offer his views on the year ahead. He explained that Trimegah Asset Management, now three decades old, had carved out a specialisation in both conventional products and conventional Sharia-compliant funds, and has in recent years been launching some tailored, more unique and specialised products that are successfully tapping into investor trends and gaps in the market, with strong traction from an in-house created absolute return fund that rose an impressive 22.87% in 2020, and a fascinating fund that offers both a yield and life insurance for investors. He reported that Trimegah would focus on creativity and agility and would roll out some new products in 2021, including shifting more towards passive strategies, including a new ETF. And all this is set against a backdrop of a nation whose demographics and economy are both remarkably dynamic, held back only by the vicissitudes of the pandemic, but hopefully only temporarily.

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## Dirga very understandably

reports that 2020 was a difficult year for the mutual fund and asset management industry, with stagnant growth in AUM. However, a rather more positive take he explains comes from strong continuing growth in the number of mutual fund investors, which he explains continues the very encouraging trend of recent years.

“The penetration of investments beyond deposits in Indonesia is rather low at about 4% of the GDP per capita,” Dirga reports, “which itself stands at about USD4,000 only, although growing very rapidly, pandemics notwithstanding. Accordingly, any growth towards mutual funds is really positive and encouraging.”

## Institutions pull back

He explains that 2020 had been characterised by reduced activity amongst institutions, and increased activity amongst retail investors in 2020. “But while the numbers of investors might still be rising,” he explains, “the actual volume of money the retail market will put into these funds is small, and the institutional money is far larger. However, the trend of participation is positive and there is of course the expectation that as wealth increases so will the retail allocation to funds.”

In 2020, according to the financial services regulator Otoritas Jasa Keuangan (OJK) the Indonesian Mutual fund industry figures for Assets Under Management were rather stagnant in 2020, growing only about 5.8% compared to the 6.9% growth achieved in 2019. Nevertheless, the number of mutual fund investors has grown more than 350% since 2017, during which time period AUM rose by roughly 20%.

## Key priorities

Elaborating on his priorities for 2021, Dirga explains that his first mission is to protect market share in key product areas such as fixed-income funds and CPF, or capital protected funds.

“The government offers us a tax break whereby the tax for bonds for regular investors is 15% but for mutual funds it has been 5%, and starting in 2021, it is going to be 10%. So the tax break is less compelling from January 2021, and that means we need to defend our market share here rather more vigorously.”

The second key mission is to keep pushing the two key new products that Dirga had outlined, the absolute return product and the life insurance wrap. He explains that live webinars, client and distributor education and a host of other initiatives will help Trimegah in this regard. “The whole digital dissemination of information is rather efficient to get through to investors and distributors across the length and breadth of the nation,” he reports.

And his third priority is to hone the strategic planning, to make sure interaction with clients done optimally and to launch new products wherever logical. “We will in 2021 be launching an ETF and some index funds. We have been lacking there because so far, we’ve been focusing on active money management and we realise that there’s a lot of demand also in the arena of passive funds. This will be our next push.”

## While retail buyers crown in

In 2015, according to OJK data there were only 250,000 mutual fund investors, but by 2018 that figure was 1 million, then by the end of November 2020, the figure has rocketed to 2.83 million, rising some 60% from 1.77 million at the end of 2019.

OJK’s data for Indonesia Mutual Funds Asset Under Management (AUM) shows a total of 272 trillion Rupiah or USD19.7 billion as of December 2015 and 575.5 trillion Rupiah or USD40.9 billion as of December 2020, up roughly 107.6%.

“The massive growth in the number of investors in mutual funds here has been supported by FinTech selling agents,” Dirga reports. “According to a report in the local papers, more than half of the investors in the local capital markets have accounts with such FinTech distributors.”

The lacklustre growth in AUM in 2020 has meant firms such as Trimegah need to leverage on good returns and focus even more intently on their service and the needs of their clients.

“Faced with this situation, we are focusing on performance and on



**ANTONY DIRGA**

Trimegah Asset Management

our client service,” Dirga reports. “For example, when clients need liquidity, we provide them with that; we appreciate that clients might actually need access to funds from time to time, so we always focus on matching their liquidity requirement. Asset management companies are essentially, also, in the business of matching assets and liabilities, just like banks or insurance companies, whether we like it or not. By careful screening of the investment universe in stocks or bonds, we can maintain access to the liquidity we require. By doing that, we make sure that we can actually liquidate clients portfolio if they ever need to make redemptions.”

He comments that in Indonesia, the players must be careful with liquidity, which can dry up rapidly if markets and sentiment turn. “You do not want to be in a position of needing to liquidate a portfolio at distressed prices,” he says, “so we really focus heavily on research, analysis, risk management and liquidity management. In fact, one of our key tools is to monitor the number of days it takes to liquidate any portfolio, as we need to be able

## Getting Personal with Antony Dirga

Antony Dirga has been President Director of PT Trimegah Asset Management since 2016, before which he was Commissioner from 2013 and a director from 2015. He is an Indonesian citizen, 45 years old, and grew up and lives in Jakarta.

His career spans 22 years in fund management, and he arrived at Trimegah armed with an impressive resume, having started his career as a Corporate Bond Quantitative Analyst at J.P. Morgan Investment Management in New York in 1998, then moving as an Asian Macro/Equity Analyst at J.P. Morgan Fleming Asset Management in Singapore, then worked in Hong Kong for a year at a hedge fund named PMA Investment Advisors, before joining Fullerton Fund Management/Temasek Holdings in Singapore in 2003, where he stayed until he joined Trimegah ten years later.

He originally studied in the US at the prestigious Cornell University, graduating with a BSc (Summa cum Laude) in Electrical Engineering, and also achieving a M.Eng in Engineering Management, also at Cornell. He also holds the Chartered Financial Analyst (CFA) certificate and the WMI Fund Manager License as issued by the Indonesian regulator, OJK.

Dirga is married with three children spanning 10 to 16 years of age. Leisure time is spent playing with the children and occasionally playing piano or guitar. “The lockdown has been oddly good for my family life,” he reports, “as I actually treasure the time here with the family. Unlike some people who can’t stand staying at home and are dying to work from the office again, I am not in a hurry to get back to the office when the pandemic is still ongoing. Every situation has some positives, and this period has actually offered me the possibility of being highly focused on work, albeit from home, and having the time to spend with the family as well.”

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### Time to focus

He also comments that working from home means that people often have more time to pay attention to the financial markets themselves.

“I am on calls until 7pm or 8pm almost every evening,” he explains, “but, like my clients, I am not travelling or racing between meetings in traffic, so I have time to keep my eyes on the markets at the same time. I think, all in, we are able to be more efficient, even if we miss engaging directly with clients and colleagues.”

Secondly, he notes that as people's activities are limited – less retail trips to the malls, less or no eating out, little or no travel, and so forth, people have more money to save and therefore invest, and more time to learn about financial products. "In some way, therefore, the pandemic has become a catalyst for this new behaviour, as retail investors are encouraged to educate themselves and actually take a little more risk by participating in the capital markets than they might have done in the pre-pandemic era," he explains.

our investment team as well as my expertise gained when managing money for Temasek, when I used to invest in absolute return funds around the world. Basically, it's a long-only fund, but we don't track ourselves to an index. What we do focus on is making money on an absolute return basis, managing the exposures between largely equities when the opportunity present itself and cash when alpha generation is not realistic. And cash here in Indonesia offers some quite appealing yields in short-term instruments."

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### **Toughing it out**

Dirga reports that competition is increasingly tough in asset management circles. "Accordingly, our strategic planning for Trimegah has to be very precise," he says, "so that we position ourselves correctly in the coming years. That is also why we are working hard to bring some new ideas and products to the market here."

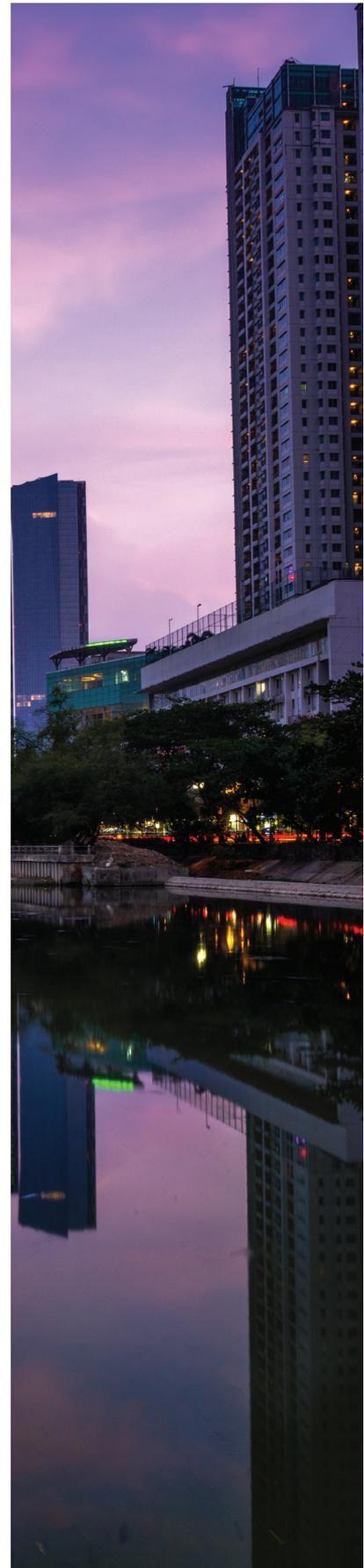
He reports that the firm launched two new products in 2019/2020, the first of which is an absolute return product called the Trimegah Balanced Absolute Strategy.

"This is not a hedge fund as we can't really hedge effectively, so this is a product that leverages the skill of

### **Absolutely impressive**

In short, he explains that the product allows Trimegah to produce absolute returns by managing the fund's exposures to equities, fixed income to a lesser extent and short-term money market instruments. "And as to equity exposures," he reports, "we narrow the field down to perhaps just 10 or so names that offer great liquidity and that will help us generate the necessary returns."

The fund was up a rather impressive 22.87% in 2020, a figure all the more remarkable as the Indonesia market at large, as measured by the Jakarta Composite Index, was returning -5.1% on the





year. Moreover, the fund also rose by 9.77% in 2019, having been first launched in April 2019.

“It is also important to note that this absolute return strategy is defined for the regulatory purposes as a balanced fund,” he explains, “thereby giving us the flexibility we require to swing the

the insurance agents and the rest is being managed internally or outsourced to investment managers. Whereas with this product, we are the investment manager, and we charge normal fund management fees; No other additional fees are being charged as we pay for the wrapped insurance ourselves.”

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equity exposures from 1% to 79% and also manage the exposure to fixed income and to expand in money market instruments when we do not see the right opportunities in other areas. It is a highly tactical fund.”

**Wrapping it up**

The second product Trimegah launched includes wrapped life insurance. “This is the opposite of what insurers sell, which is to sell insurance and invest the proceeds in the market,” he explains. “With this product, we sell the fund and then we buy life insurance to wrap around the product, resulting in a cheaper version of unit-linked products that the insurance industry has been selling. In a typical unit-linked product, a chunk of the premium is allocated for the insurance cover and fees for

He adds that the fund, the Trimegah Fixed Income Plan, invests in fixed income, pays a 1% coupon each quarter, and offers the investors free life insurance as part of their investment, while providing them with a daily liquidity.

“We see this as sort of a bridge for people who are used to investing in time deposits, encouraging them to venture into the capital markets, providing them with a coupon and the additional value-added of life insurance included,” he reports. “It is fairly compelling and has performed rather well.” This fund was launched in May 2019 with fund size USD6.5 million as of December 2020.

**Positive changes**

Dirga steps back from the detail to comment on trends in his

market, noting that there is considerable evolution taking place in wealth management and in distribution generally.

“The digital revolution is helping more retail investors participate, albeit at very low amounts, but it all adds up,” he reports. “I think the most exciting part of the wealth management is the emergence of the digital platforms, and they are really taking advantage of this pandemic situation, educating the market via webinars or live

instagrams, and then generally making it very easy for retail investors to participate. And the traditional wealth management banks are also following this path, creating more awareness and activity in general.”

### Reading the compass

Dirga closes the conversation by reiterating the competitive nature of the asset management market, which demands both a clear strategy and an imaginative

approach for the future. “While working within the limitation of the regulatory situation here, we try to create some unique and appealing products to appeal to the investor base,” he reports. “Indonesia is at a relatively young stage in the development of its financial markets, and it is vital to offer investors both safety and return. We hope and believe that we are doing exactly that, with our very professional, disciplined, but also creative approach.” ■

