EPF warns of challenging year ahead of 3Q results

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by ALEXANDER WINIFRED

THE Employees Provident Fund (EPF) CEO Datuk Shahril Ridza Ridzuan yesterday warned that the rest of 2016 would remain "challenging" but the pension fund believes it is on track to achieve its target.

The country's largest private pension is facing a topsy-turvy year as interest rates remained low while returns on fixed income investments continued to be volatile.

Shahril Ridza said despite the uncertain outlook, EPF will continue to seek new assets especially those that offer 10% to 13% internal rate of return (IRR).

"This year I think we are still on track to meet our stated goal (the minimum target of inflation plus 2% for returns in 2016)," Shahril Ridza said in Kuala Lumpur yesterday.

The EPF is expected to announce its third-quarter (3Q) performance soon, said Shahril Ridza but declined to give further details.

The fund reported a quarterly investment income of RM8.44 billion for the second-quarter ending June 30, 2016, a 26.04% decline compared to RM11.41 billion recorded during the same period last year.

Bernama

(From left) **Shahril Ridza, EPF operations division deputy CEO Datuk Mohd Naim Daruwish, contribution head of department Azmi Awang, Malaysian Electronic Clearing Corp Sdn Bhd MD Peter Schiesser and Malaysian Communications and Multimedia Commission chairman Datuk Seri Dr Halim Shafie launching the Contribution Payment Transformation Programme at Sasana Kijang Bank Negara Malaysia yesterday**

Meanwhile, about 50% from the initial RM100 billion allocation for its EPF Shariah fund has been subscribed by members, Shahril Ridza said.

In August, EPF opened the fund, the biggest of its kind in the world, to members of the public.

The EPF Shariah Savings invest in assets that abide to Islamic principles, shielding the fund from investments like conventional banks and non-Islamic financial instruments.

The pension fund wants to grow Shariah Savings by RM20 billion to RM30 billion every year, subject to demand and the availability of assets.

Shahril Ridza urged EPF members who wanted to switch their savings, to do so as soon as possible before the deadline at the end of December.

"We deliberately sized the Shariah fund higher so that there is a buffer. We still have room for members who want to switch to Shariah Savings," Shahril Ridza said.

EPF yesterday launched the *e-Caruman* Contribution Payment Transformation Programme, which aims to encourage more employers to use the fund's online facility for monthly EPF contributions.

Starting from next year, employers must use the *e-Caruman* online facility to submit contribution details as the fund is scrapping its manual filing system, Shahril Ridza said.