

KWAP eyes more alternative assets

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SEEKING BETTER RETURNS: Fund may revise allocation strategy by year-end

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RETIREMENT Fund Inc (KWAP) is looking at revising its asset allocation strategy by year-end to improve its return on investment (ROI).

Its current asset allocation ratio of 90:10 comprises 90 per cent for traditional asset classes like fixed income and equity, and 10 per cent for

alternative assets such as private equity (PE), real estate and infrastructure.

The fund may be looking at a ratio of 85:15, with a bigger allocation for alternative assets.

KWAP chief executive officer Datuk Wan Kamaruzaman Wan Ahmad said one of the plans was to double its exposure to PE assets by 2020 from two per cent currently.

"We prefer strategies that focus on expansion and those that have an established cash flow as they cor-



Retirement Fund Inc (KWAP) chief executive officer **Datuk Wan Kamaruzaman Wan Ahmad** and chief investment officer **Nik Amilzan Mohamed** at the Private Equity Forum 2016 in Kuala Lumpur yesterday. Pic by Ghazali Kori

respond with our risk appetite.

"Under the new allocation strategy, we will probably go for the 85:15 rule, where we have a bigger allocation for alternative assets, of which the returns are far better," he said at the Private Equity Forum 2016, here, yesterday.

Wan Kamaruzaman said the current PE allocation was diversified where 50 per cent was for Asian countries, 17 per cent (the United States), seven per cent (Europe), six per cent (Australia) and 20 per cent for other countries.

As of June last year, the commitment for PE was only RM1.58 billion, representing 1.26 per cent of the total asset allocation, he added.

Currently, the retirement fund's PE investments are in sectors such as consumer goods, logistics, education, healthcare and technology.

KWAP's ROI dropped to 5.4 per cent last year from the average 6.5 per cent in the previous years due to a weaker investment climate.

Wan Kamaruzaman said the fund would maintain its overall ROI target of five per cent this year.