Fund Managers

Maybank AM chief eyes tie-ups in offshore drive

By Bernadette Tio | 18 May 2016 (1 day 4 hours ago)

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Following its deal with Japan's Diam last week, the Malaysian fund house is seeking more manufacturing and distribution partners, with Australia and Europe both on its radar.

Malaysia's Maybank Asset Management is eyeing more partnerships along the lines of the tie-up it signed with Japanese fund house Diam last week, and is keen to expand into Australia and Europe.

China, Hong Kong and Japan are the North Asian markets

Maybank AM is focusing on, and it does not have any plans for Korea or Taiwan at this point, chief executive Nor' Azamin Salleh told *AsianInvestor*.

> Azamin Salleh has no current plans to seek partners in Korea and Taiwan

He acknowledged it was not easy to find suitable partners, but is keen to discuss with firms that are interested in their Asean capabilities. "We started this journey of building our [international] capabilities in 2011," he said. "We first needed to build a credible track record and we are now onto expanding our distribution network."

There is a growing trend for asset managers to form tie-ups with a view to expanding into geographies and asset/product types where they lack coverage or expertise. Another recent example is Tokyo-based Nikko Asset Management's deal with the UK's Legal & General Investment Management, **unveiled last week**.

Maybank AM also signed the memorandum of understanding with Diam last week, with a view to facilitating the sale of each firm's funds in Asean and Japan. Salleh said the MoU would collaborate on fund manufacturing and distribution targeting both retail and institutional investors.

Maybank Group already had a long-standing collaboration with Mizuho Financial Group, Diam's parent. The two parent companies have been working closely in such areas as bond underwriting, M&A advisory and Islamic banking, in cooperation with their parent firms.

Maybank AM also has partnerships with Australian infrastructure specialist Hastings Management to provide sharia-compliant infrastructure investment opportunities in the Asean region, and with Bosera Asset Management in Hong Kong (signed in 2014) to jointly manufacture funds investing in sharia-compliant equities in Asean and Greater China. The Maybank Bosera Greater China Asean Equity-i Fund launched last year in Malaysia.

With regard to Asean, Maybank AM is not looking to add onshore operations to its existing offices in Indonesia, Singapore and Thailand. Salleh is optimistic about the growth potential in Indonesia in particular, noting that market there is opening up, the economy is improving and the sheer potential number of clients for mutual funds.

Maybank AM, with $5.5 billion in AUM, was one of the first Malaysian players to participate in the Asean CIS scheme, which allows fund firms in Singapore, Malaysia and Thailand to sell funds cross-border within the three markets.

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It has launched an Asian fixed income fund and an Asian equities fund in Singapore, as reported. And is working towards having them passported to Malaysia. Maybank has submitted the application to the Monetary Authority of Singapore and aims to passport the funds this year.

The firm is also planning to sell its Maybank Bosera Asean Greater China Islamic equities fund into Singapore, but is waiting until China market sentiment improves before it does so.

Asked what should be done to encourage more firms to participate in the Asean CIS scheme, Salleh said the three regulators – in Malaysia, Singapore and Thailand – needed to come together to look at the issues that are stopping people from participating, such as taxation.

Thailand, for example, has not resolved the tax issue, he noted. Funds passported to Thailand are subject to withholding tax, but there is no withholding tax on funds sold there through the feeder structure.

"All these issues need to be ironed out," he said. "But if you look at Ucits funds, it took years before Ucits became a success. We are in the early stages of Asean CIS, with teething issues, so we don't mind working with all regulators."

With regard to the ARFP scheme, Salleh said there were pros and cons around participating in this other passporting scheme, but noted there were alternative structures available, such as white labelling of funds.

Unequal tax treatment is also a key issue under ARFP, and has been cited by Singapore as the reason it is not participating so far. Salleh pointed to uneven tax treatments in certain participating countries, citing Australia's "complicated" system as an example.

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