

# China reopening, political stability major plus points



By KEITH HIEW

**BANKING**

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At the launch of Maybank Global Wealth Conservative-I Fund: (From left) Josephine Lip, head of business (Malaysia) Schrodgers Singapore; Eunice Chan, head of Maybank retail wealth management and segment of community financial services; Ahmed Muzni; and Maybank Asset Management Group chairman Dr Hasnita Hashim. CHIEF EXECUTIVE , CHAIRMAN MAYBANK ASSET

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He said the local economic situation, which has also been affected by global macroeconomic factors such as high global inflation, steep interest-rate hikes by central banks and geopolitical tensions, has improved following the formation of the unity government and China's abandonment of its zero-Covid policy.


"China's reopening has come at the right time, especially with Malaysia being one of its major trading partners.

"This could be the 'steroids' that the global economy needs and with developed markets such as the United States and the European Union facing economic slowdown, China could pick up the slack," said Riduan.

He said with tourism being one of the five pillars of the Malaysian economy – which include exports, government spending and domestic consumption – the return of Chinese tourists could provide Malaysia with a buffer from any potential economic slowdown due to the global environment.

Riduan was speaking at a briefing during the launch of Maybank Asset Management Sdn Bhd's (MAM) syariah-compliant multi-asset Maybank Global Wealth Conservative-I Fund (MGWC Fund).

The event was also attended by Schrodgers Investment Management Ltd head of multi-asset product Reginald Tan.



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Tan echoed Riduan's upbeat sentiment, noting that after the beating that both global equity and bond markets have suffered in 2022 – a consequence of the rate increases especially by the Federal Reserve (Fed) – there are plenty of investment opportunities in the worldwide multi-asset market this year.

"We can see that the situation looks better compared to 12 months ago, helped by the fact that global inflation has slowed down since the fourth quarter of 2022," Tan said.

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se rates by 425 basis points  
> and this could likely result in  
would bring down inflation.

Tan added that while he is neutral on global equities, he is optimistic about the Asian and European equity markets.

Schroders is the investment adviser for the MGWC Fund, the third in the suite of Maybank Flexible Retirement Solution offerings, after the Maybank Global Wealth Moderate-I Fund and Maybank Global Wealth Growth-I Fund, which were launched last year.

The suite of Maybank Flexible Retirement Solution funds is intended to provide investors across different life stages, distinct lifestyles and retirement needs the flexibility and access to syariah-compliant flexible retirement-focused solutions to supplement and diversify their retirement planning.

MAM chief executive Ahmed Muzni Mohamed said the company is targeting a portfolio of RM1bil for the entire suite.

For the MGWC Fund specifically, the asset management firm is targeting a portfolio of RM150mil to RM200mil for this year.

He pointed out that the MGWC Fund is not created to compete with the government's Employees Provident Fund (EPF) in any way, but rather its purpose is to help Malaysians supplement what they have put aside in the EPF.

With the EPF having stated last year that only 27% of contributors had the basic savings threshold of RM240,000 in their EPF accounts as at 2021, Ahmed Muzni said the addressable market for MAM's suite of retirement products is significant.

He added that the pressing need for retirement products among Malaysians has grown notably after the government allowed withdrawals from the EPF to counter the disastrous economic effects of the lockdowns in 2020 and 2021.

The MGWC Fund features a decumulation feature, aiming to deliver higher-income payouts while drawing down capital to convert assets to income systematically.

The fund targets to achieve an income distribution of 7% per annum, consisting of a target investment return of 5% annually and a drawdown of 2% from capital invested, which would be waived if returns exceed 7%.

The fund would also be distributing income quarterly and is allocating at least 70% of its assets into sukuk, with the remainder invested into equities and cash.

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