EPF expects local mart to do well

**TARGETS:** Fund getting right assets for investments in Malaysia, says CEO

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THE Employees Provident Fund (EPF), which posted a
3.2 per cent growth in investment income last year, expects the
domestic market to perform better this year amid a volatile external en-
vironment.

Last year, foreign investments contributed 48 per cent of the total
RM44.23 billion gross investment income, although they only made up
25 per cent of total assets.

EPF chief executive officer Datuk Shahrl Ridza Ridzuan foresees do-
mestic investments making a higher contribution this year.

Speaking at the release of EPF’s
2015 annual report, here, yesterday, he said the first two months of the
year were very tough for global eq-
uity markets.

“We foresee things are going to be
difficult this year. Hopefully, for the
rest of this year, we can achieve our
targets,” said Shahrl, adding that the
fund’s focus had shifted to the
home market.

“This year, we are hoping for a
pick-up in the domestic market per-
formance, which will make up for the
global shortfalls.”

Shahrl said the fund had been
diligently exploring and getting the
right assets for investments, mostly
for long-term and in infrastructure-linked ventures in Malaysia.

EPF has been a big investor in
power plants, toll highways, utili-
ties, waste management and infra-
structure projects in Malaysia.

“We have been very big sub-
scribers of the Tenaga Nasional Bhd
new issuances, in supporting the de-
velopment of new power plants.”

He said EPF would strive to main-
tain its dividend target of inflation
rate plus two per cent.

When asked about the impact of
IMalaysia Development Bhd’s (IMDB) interest payment default on the fund, Shahril said EPF’s exposure was minimal, and that the small amount of investment EPF made was fully guaranteed by the government.

“We have always reiterated that EPF’s exposure to IMDB is very limited. We have RM200 million of the first RM5 billion issuance when it was still called TIA (Terengganu Investment Authority)

“That exposure is fully government-guaranteed and we have never had a problem with it.”

Shahril said the interest payment on the RM5 billion TIA-issued sukuk was semi-annual.

“We will wait for the trustees to see if they need to bring the matter to the bondholders,” he said.