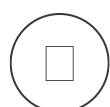
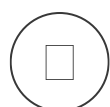
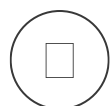
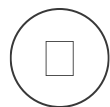


FUND MANAGERS, MAGAZINE CONTENT

by Jackie Horne | 9 hours ago

The 50 biggest managers of Islamic funds

Malaysian asset managers' share of global sharia-compliant funds could overtake that of firms based in Saudi Arabia, according to *AsianInvestor's* annual ranking this year.



Penang port mosque in Malaysia

Islamic assets under management (AUM) globally rose 2.5% last year*, driven above all by growth in Malaysia, according to *AsianInvestor's* latest annual list of the 50 biggest managers of sharia-compliant funds.

In fact, Malaysia will in 2017 overtake Saudi Arabia to account for the largest pool of Islamic funds, if last year's trend continues. Islamic assets managed in Malaysia grew 11.6% to \$22.23 billion in 2016, putting the country only \$1.87 billion behind Saudi Arabia, which recorded a 6.9% drop to \$24.1 billion in the same period.

Together, the two countries accounted for more than 70% of assets run by the 50 biggest Islamic fund managers (including pooled funds and segregated accounts), with 37.1% (Saudi Arabia) and 34.2% (Malaysia).

Meanwhile, Pakistan saw particularly impressive growth, with its sharia AUM doubling, albeit from a small base. It grew from \$770.3 million in 2015 to \$1.42 billion in 2016, giving the country a 2.2% share of our ranking's universe.

Public equity remains the largest sub-sector of Islamic funds, accounting for 34.5% of total AUM, up 2.2% compared to 2015. This marks a turnaround, given that these assets fell 16% year-on-year to 2015.

The AUM of funds invested in sukuk (so-called Islamic bonds) and money market instruments also rose during 2016. This sector ended the year at \$27.73 billion, up 2.3% on 2015, as compared to a 4% drop in 2015.

However, Islamic alternative investments, including private equity, recorded a 9.9% fall to \$5.89 billion in AUM. This equated to a 6.8% share of sharia AUM at the end of 2016 compared to 10.1% in 2015. Fund managers attributed the poor performance to volatile markets, with investors going long cash until fundamentals improve.

Saudi concerns

Saudi Arabia performed particularly poorly because of outflows from money market funds (MMFs). Combined, the country's sukuk and money market funds posted a \$1.65 billion (11.24%) AUM drop in 2016.

Fund managers said this was thanks to retail investors being especially sensitive to falling oil prices, which bottomed out at the start of 2016, and the Kingdom's national transformation programme: Saudi Vision 2030.

"There's no doubt that 2015 and 2016 were tough years for the industry as a whole," commented Zaheeruddin Khalid, chief investment officer at Jadwa Investment in Riyadh. "However, there was a turnaround in the fourth quarter of 2016, and there've recently been good inflows into public equities, in part because investors expect Saudi Arabia to be included in the global emerging market indices over the next couple of years."

Malaysian moves

But for now industry innovations in Malaysia are having the biggest impact. Franklin Templeton's

former Malaysia head, Sandeep Singh, pointed to the impact of the Employee Provident Fund's (EPF) **move to establish a separate Islamic 'sleeve'** in its portfolio, making it the first global pension fund to do so.

Moreover, Kwap, Malaysia's civil servants' retirement fund, is looking ultimately **to make its entire portfolio sharia-compliant**, as it emerged in July last year.

At the start of January, EPF said its members had taken up M\$59.03 billion (\$13.3 billion) of the initial M\$100 billion fund allocated for *Simpanan Shariah*, the sharia-compliant portfolio run on segregated basis within the main pension fund. This is likely to have a progressively greater impact on *AsianInvestor's* annual rankings since EPF hopes to increase the fund's assets by about M\$25 billion each year.

"Willis Towers Watson ranks [EPF] the world's 14th largest pension fund," said Singh, who became head of central/eastern Europe, the Middle East and Africa at Franklin Templeton in January. "So when they make a move like this, it has the potential to significantly alter the dynamics of the sharia-compliant industry."

** The overall 2016 AUM figure was affected by an editorial decision concerning BlackRock. In 2015, the US asset manager said it had \$21.1 billion in Islamic AUM, making it the world's largest manager of such assets. However, this year it declined to provide a figure, so AsianInvestor took its publicly stated \$429 million figure for its exchange-traded funds. On this basis, overall global Islamic AUM fell 22.8% to \$64.83 billion last year. However, excluding BlackRock's assets from the equation results in a 2.5% increase in sharia AUM during 2016.*

The 50 biggest managers of Islamic assets					
Rank	Company	Country	Total AUM (US\$ million)	YoY growth	2015 rank
1	NCB Capital	Saudi Arabia	7,445.9	-10.2%	2
2	Public Mutual	Malaysia	7,232.1	1.8%	3
3	Jadwa Asset Management	Saudi Arabia	6,599.3	24.9%	4
4	CIMB Islamic	Malaysia	4,890	3%	5
5	Samba Capital	Saudi Arabia	3,137	-5.4%	6
6	Saturna Capital	US	2,972	-8.6%	7
7	Maybank Asset Management	Malaysia	2,953.6	44.7%	11
8	Asian Islamic Investment Management	Malaysia	2,470	-16.6%	10

9	Absa Capital	South Africa	2,086.3	3.8%	12
10	Al Rajhi Capital	Saudi Arabia	2,023.5	-33.3%	8
11	AmlInvest	Malaysia	2,002	16.6%	14
12	Franklin Templeton Investments	US	1,784.8	12%	15
13	HSBC Saudi Arabia	Saudi Arabia	1,635	-30.9%	9
14	RHB Asset Management	Malaysia	1,455	-37.2%	19
15	Eastspring Investments	Singapore	1,367	16%	17
16	Oasis Crescent Management	South Africa	1,351.7	18.8%	18
17	BNP Paribas Investment Partners	France	1,321.2	-13.3	16
18	Riyad Capital	Saudi Arabia	1,315.9	-27.7%	13
19	ANB Invest	Saudi Arabia	1,208	20.6%	21
20	Amundi Asset Management	Singapore	1,083.9*	2.3%*	20
21	Al Meezan Investment Management	Pakistan	914.1	44.9%	24
22	Al Rayan Investment	Qatar	861.5	1%	22
23	Nomura Investment Management	Japan	854.6	16.9%	23
24	Aberdeen Asset Management	UK	657.2	8.1%	25
25	Rasmala Investment Bank	UAE	458.6	23.7%	28
26	BlackRock/iShares+	UK/US	429	-98%	1
27	NBAD Asset Management	UAE	418	95.8%	31
28	Alawwal Invest Company	Saudi Arabia	394.3	6%	27
29	Falcom Financial Services	Saudi Arabia	344.8	-17%	26
30	Manulife Asset Management	US	341	-5.2%	30
31	NBP Fullerton Asset Management	Pakistan	331.4	151.8%	39
32	Markaz	Kuwait	307.3	-16.6%	29
33	i-VCap Management	Malaysia	290.9	-1.7%	-
34	Kenanga Investors	Malaysia	236.5	174.4%	42
35	Alfalah GHP Investment	Pakistan	178.9	2,227%	-
36	Amana Mutual	Malaysia	176.2	-4.1%	33
37	Global Investment House	Kuwait	157.6	14.1%	37

38	National Investments Company	Kuwait	131.9	-37.4%	32
39	Mandiri Investasi	Indonesia	123.5	-24.4%	35
40	Hong Leong Asset Management	Malaysia	115.3	-31.8%	34
41	Tata Asset Management	India	78.2	6.7%	47
42	Allied Asset Advisors	US	75.0	0%	45
43	Kagiso Management	South Africa	73.1	-3%	44
44	Al Hilal Bank	UAE	72.8	-	-
45	Amanahraya Investment Management	Malaysia	70.2	107.1%	-
46	Trimegah Asset Management	Indonesia	67.4	-23.9%	46
47	PMB Investment	Malaysia	66.7	24.5%	48
48	Pacific Mutual Fund	Malaysia	64.7	-51.3%	38
49	TA Investment Management	Malaysia	57.9	18.6%	50
50	Libra Invest	Malaysia	57.1	49.1%	-

**Estimated figure*

+BlackRock declined to offer an estimate of its sharia-compliant AUM this year, so AsianInvestor used its last publicly announced figure of sharia-compliant exchange-traded funds, from August 2016.

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Tags

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