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COURAGE & CONVICTION AIIMAN ASSET MANAGEMENT GOES FROM STRENGTH-TO-STRENGTH

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From RM0.7 billion in assets under administration in 2009 to RM25.0 billion at the end of 2022, AIIMAN is all set to grow further.

By Eza Ezamie

The Shariah-compliant investment market is expanding rapidly, and we can be proud that Malaysia is one of the biggest markets for all things Islamic. We have people from all over the world coming over here to learn more from our scholars and how we run our investment business in a Shariah manner.

Smart Investor had the opportunity to talk with Akmal Hassan, Managing Director of AIIMAN Asset Management Sdn Bhd (AIIMAN), to find out more about the company's journey, its recipe for success, future plans, and much more.

AIIMAN is the wholly-owned Shariah investment arm of AHAM Asset Management Berhad (AHAM Capital), which was formerly known as Affin Hwang Asset Management Berhad.

Incorporated in 2008, AIIMAN manages assets for pension funds, institutions, corporates, high net worth, and mass affluent individuals.

Through an end-to-end Shariah platform, AIIMAN focuses on delivering exceptional and innovative Shariah investment solutions spanning equities and sukuk.

NAVIGATING CRISES IS PART OF ITS DNA

"AIIMAN got its operating license in November 2008, right after the Global Financial Crisis (GFC), and started doing business immediately. It was

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Without our clients' support and trust, we would not have been able to manage their money, and we would not have been able to grow the company.”

quite difficult for me back then because, in the second year of operations, I was asked to take over the CEO role," Akmal stated emphatically during the interview.

A tall order was indeed at hand as market volatility surged and investor appetite dampened in the wake of the 2008-GFC.

It was also made clear to Akmal that AIIMAN needed to breakeven by its third year of operations, if not the company had to be shut down.

But through pure grit and perseverance, Akmal and his team was able to weather the storm and achieved what it needed to.

"Being trained as fund managers, I guess we saw every crisis as an opportunity. Through the collective efforts of the team and various cost-optimisation as well as internal restructuring measures, we managed to do the impossible. By the end of 2011, the company eventually broke even."

A more recent challenge that



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Akmal and his team faced was of course the Covid-19 pandemic in 2020 when markets went into freefall.

"At that time, markets witnessed one of its most vicious declines as the economy was completely shuttered due to lockdowns. However, if you recall, the market rebounded equally strong in 2020 as the markets were flooded with massive liquidity.

"Subsequently, interest rates were compressed significantly and the markets recovered further in 2021, once there was greater clarity on vaccines

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Our success revolves around the 3Ps – People, Performance and Product.”

and stimulus support from governments and central banks. This also underscores the importance of staying invested and not attempting to time the market," quips Akmal.

For AIIMAN, it was also important that the company stayed agile and kept the entire team motivated during those turbulent times especially in dealing with lockdowns and various standard operating procedures (SOPs).

"At the end of the day, we placed our clients' interests first. So, together with our parent company, AHAM Capital – we accelerated our innovation efforts to create more digital touchpoints for our investors to engage with us and perform their transactions online.

"Meetings had to be done virtually and business had to go on as usual. This is where the Crisis Management Team also came in to devise solutions.

With extended periods of

instability only here to stay with geopolitical fractures and black-swan events becoming all too frequent, Akmal believes that the company's built-in resilience will help it weather through future storms.

"In a way, navigating a crisis has always been a part of our corporate DNA - as sometimes we need to challenge the norms in order to stay afloat. What's most important is that we put our clients' interests first and uphold their trust," Akmal adds.

INGREDIENTS FOR SUCCESS

A key milestone that AIIMAN achieved was growing from just RM0.7 billion in assets under administration (AUA) in 2009 to RM25.0 billion at the end of 2022. We asked him about the key ingredients contributing to the company's success.

"Our success revolves around the 3Ps – People, Performance and Product," shares Akmal.

The investment industry is a 'People'-centric business, where managing different stakeholders like employees, clients and shareholders is very important.

Akmal said, "Without our clients' support and trust, we won't be able to manage their money, and we won't be able to grow the company. Employees also play a vital role, and we look for passionate people who embrace our core values – Integrity, Teamwork and Excellence. Of course, we've been also very fortunate to have supportive shareholders over the years who believed in us."

Akmal recalls when AIIMAN first started, the company didn't have any of its own clients. However, it slowly built its track record in the industry after being appointed to manage the Shariah-compliant assets of its parent company, AHAM Capital.





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“From there, we went on to market our services and raised our profile in the industry.

Akmal then shares that the second key ingredient is ‘Performance’ which is of course imperative in the industry. If AIIMAN consistently does well, more investors would put their hard-earned money into the company. However, Akmal adds that performance also relates to delivering superior client experience and servicing.

The third P is ‘Product’, where AIIMAN aims to be a one-stop solution provider for Shariah-compliant investments.

“We would like to broaden our suite of Shariah solutions. This is to cater to an increasingly sophisticated investor group spanning different asset classes and strategies. We don’t want to just offer plain-vanilla offerings that don’t provide any differentiation.

“Product innovation will also be important especially with regards to allowing Muslims to fulfil the key spiritual pillars in the Islamic faith. In this case, we have already been working with State Religious Councils towards establishing funds embedded with zakat features,” said Akmal.

CARVING ITS OWN JOURNEY

While AHAM Capital is embarking on a new journey following its rebranding on 22 November 2022, Akmal says that AIIMAN would be right by its parent company side as it positions itself as its Shariah-compliant investment partner.

He answered, “AIIMAN’s future direction and growth plans will always align with that of our parent company AHAM Capital. That is how we have always strategically positioned ourselves when we go into the market. Whenever

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We have great products for investors to choose from so that we can meet their investment preferences and risk tolerance.”

there’s a preference for Shariah-compliant investments by clients, AIIMAN will take the lead.”

Among the key growth pillars that AIIMAN is keen to tap on alongside AHAM Capital is wealth management especially with increasing demand for Shariah solutions amongst the mass affluent.

“When AIIMAN first started, we were only involved in managing private mandates for institutional clients. We were indirectly involved in the retail side by managing AHAM’s Shariah-compliant unit trust funds. But after a few years, we realised that margins from the institutional side were getting thinner. That was then we decided to enter the retail market and widen our client base.

In December 2018, AIIMAN applied for and was granted the Unit Trust Management Company (UTMC) license by the Securities Commission Malaysia (SC) which would allow the company to produce, market and distribute its own unit trust funds.

“After that, we launched our first retail fund called the ‘Aiiman Asia Pacific (ex Japan) Dividend Fund’ in February 2019. The launch of the fund marked AIIMAN’s foray into

the retail market and moved us one step closer to our aim in becoming a one-stop solution provider for Shariah investments.

With the emergence of CVC Capital Partners as a new shareholder for the AHAM Capital group, there are also aspirations for the firm to go regional. With its deep-rooted expertise in Shariah-compliant investments, Akmal believes AIIMAN is strategically placed to penetrate markets like Indonesia which has a large Muslim population.

“Indonesia is possibly one of the most exciting markets with positive demographic trends as well as rising income levels. With its large Muslim population, Shariah-compliant investments would be a natural proposition for investors there. So, there could be a role for AIIMAN to play in our regionalisation plans. Let’s wait and see,” added Akmal.

ALIGNMENT OF SHARIAH AND ESG INVESTING

Environmental, social, and governance (ESG) issues are gaining traction in the industry and there is greater demand for accountability by stakeholders. We then asked Akmal how AIIMAN plans to navigate this rampant shift for sustainability and how asset managers can play a greater role.

“To us, ESG is a journey and not a destination. It is a continuous process to improve ourselves and play a greater role by championing sustainability through stewardship and active ownership.

AIIMAN alongside AHAM Capital are both signatories of the Malaysian Code for Institutional Investors as well as the Institutional Investors



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Council of Malaysia.

“We are also working towards becoming signatories of the United Nations Principles for Responsible Investment (PRI) that will further fortify our commitment to sustainability in our investment process,” shares Akmal.

By embedding ESG factors into its investment decision-making, Akmal believes that AIIMAN is able to reap the benefits of enhanced risk management and better risk-adjusted portfolio returns.

As an Islamic fund house, Akmal believes that ESG and Shariah investing both share very similar principles and strategies.

“I believe that Shariah-compliant investments can be considered a subset of the ESG universe. One of the strategies for ESG is called negative screening, where it excludes businesses or sectors that are not ESG-rated.

“This is similar to the Shariah screening process that excludes industries that are not Shariah-compliant, such as weaponry, gambling, or alcohol,” explains Akmal.

With increasing discussions on the commonality between Shariah and ESG principles, Akmal is optimistic that this convergence will lead to a wider offering of values-based funds that will benefit both the Shariah and ESG space.

TAKING THE INDUSTRY TO GREATER HEIGHTS

Through his years of experience in the industry, Akmal has seen the Shariah fund management industry grow leaps and bounds over time.

“This was especially after the 2008-GFC where Shariah-compliant investments attracted



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AIIMAN's future direction and growth plans will always align with AHAM Capital's, just as we always position ourselves together when we go to market.”

great interest amongst investors. One of the reasons is that it was seen as a less risky investment, partly due to its screening process which filters out companies with high levels of debt.

However, he opined that the industry remains very much in its nascent stage compared to the conventional space.

“If we look at the global bond market, its size is worth over US\$100 trillion today. This surpasses the global sukuk market which is much smaller in size.

According to the S&P Global Rating, global sukuk issuance fell to about 9% in 2022 to US\$155 billion from US\$170 billion in 2021.

In Malaysia, the Islamic Assets Under Management (AUM) has remained largely flat over the past 2 years as investors' appetite were quelled due to high volatility. As of November 2022, the Islamic AUM stood around 22.7% reflecting lacklustre demand with fund houses also holding back from launching new products.

Nonetheless, Akmal is confident that the Shariah fund management space will catch-up with the conventional side as innovation propels the industry forward.



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“When it comes to innovation in terms of new product structure or features for Shariah funds, we do see this issue being addressed by stakeholders. These include the Shariah advisors and scholars on how to balance growth in the industry, while also broadening the Shariah universe of asset classes.

Different Shariah interpretations have also been a quagmire for the industry especially when it involves different jurisdictions. Akmal is of the opinion that a harmonisation of different Shariah interpretations can help catalyse growth with greater uniformity in standards.

Other positive factors include the increasing convergence between Shariah and ESG principles as demand commands a broader appeal. “The alignment of both principles can draw more attention to ESG or Shariah investments especially amongst a new generation of investors who are more conscious about sustainability. So, it would be good to see the Shariah and ESG space grow hand-in-hand.

Akmal adds that the support from regulators is also apparent with the SC laying out a framework for the industry through the issuance of the Islamic Fund Wealth Management Blueprint.

GROWING WITH THE COMPANY

Having been at the helm of AIIMAN since the beginning, Akmal reveals that there were plenty of ups and downs in his journey with the company.

However, the presence of many great mentors helped him forge ahead as well as shaped his perspective on leadership

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ESG is a journey and not a destination. AIIMAN is the signatory for the Malaysian Code for Institutional Investors, where we are seeded third, and for the Institutional Investors Council Malaysia.”

and managing talents.

“I’ve been fortunate to have had two great mentors in my career. The first was a mentor who trained me as a fund manager, where I learned a lot about managing investments and funds. Patience is key, not just in investing - but all areas.”

“My second mentor is Dato’ Teng Chee Wai, the Managing Director of AHAM Capital. I’ve learned a lot from his guidance all these years. But the most important lesson is about people and creating a positive company culture.”

“When you have a group of people that are aligned with one unified objective, you will be able to see tremendous results,” shares Akmal.

LESSONS FOR INVESTORS

Against a backdrop of recessionary headwinds, we end the interview with Akmal by asking him how investors can navigate the market volatility ahead.

He thinks it all comes back to the investors’ objective and risk

profile to create a portfolio with the right asset allocation suited to their needs.

“It is very important to have a clear investment objective before you even start. Otherwise, your portfolio will not work in tandem to help you achieve what it is you want. Is it to achieve capital growth or generate a stable income? These considerations are important to determine the composition of your portfolio.

He also advises investors to be mindful about their risk tolerance. He remarked that many investors who had an aggressive asset allocation in the past year had in fact a low tolerance towards volatility as they had many other financial commitments.

“If you can’t sleep at night without worrying about your portfolio, chances are that you are taking on too much risk. Always keep a long-term perspective and remember that time in the market always beats timing the market. Diversification is also important to spread your risks and smoothen returns.

In terms of investment opportunities, Akmal is positive on fixed income as valuations turn more attractive especially with higher yields which give long-term investors a great opportunity to rebuild exposure.

“If we believe that inflation has peaked and that global central banks will start to ease off its aggressive tightening stance, we should see fixed income perform well. So far, economic indicators also seem to suggest that a hard-landing can be avoided and the recession won’t be as deep,” said Akmal.

Let’s wish AIIMAN all the best in its future endeavours. 



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