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FEEDBACK

## PODCAST: AIIMAN exploring “exotic” Islamic ETF vehicles as it looks to bolster passive investment portfolio

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(<https://www.islamicfinancenews.com/daily-cover-story-podcast-aiiman-exploring-exotic-islamic-etf-vehicles-as-it-looks-to-bolster-passive-investment-portfolio.html/print/>)

**Exchange-traded funds (ETFs) are still on the table for Malaysia’s first and sole Islamic gold ETF issuer as the asset manager sees massive potential in passive investment management strategies; however, VINEETA TAN finds out that it is not jumping the gun with a second offering any time soon until more “exotic” ETF vehicles hit the market, and that is likely incumbent upon the conventional players.**



**AIIMAN** (<https://www.islamicfinancenews.com/company/asian-islamic-investment-management>) Asset Management, the external manager of the TradePlus Shariah

(<https://www.islamicfinancenews.com/glossary/shariah-2>) Gold Tracker which was launched by its parent in late 2017, is exploring the options for non-vanilla Shariah (<https://www.islamicfinancenews.com/glossary/shariah-2>) ETFs such as inversed and leveraged ETFs as it looks to expand its menu of available passive Shariah (<https://www.islamicfinancenews.com/glossary/shariah-2>) investment. These planned vehicles, however, won't hit the market this year as the Islamic manager is adopting a wait-and-see approach to ascertain how non-traditional conventional ETFs would first be received in Malaysia.

Although Malaysia is one of the largest manufacturers of Islamic ETFs, the ETF segment — both Islamic and conventional — remains relatively nascent. **Securities Commission Malaysia** (<https://www.islamicfinancenews.com/company/securities-commission-malaysia>) figures put the market capitalization of all 10 of the country's ETFs (excluding the latest China ETF listed in January 2019) at RM1.98 billion (US\$486.43 million) in December 2018.

At the moment, Islamic ETFs outnumber the conventional, accounting for more than half of the total number of funds at six, but the tables could soon be turned as **AiIMAN** (<https://www.islamicfinancenews.com/company/asian-islamic-investment-management>) Asset Management's parent, **Affin Hwang Asset Management** (<https://www.islamicfinancenews.com/company/affin-hwang-asset-management>), is working on rolling out three new conventional ETFs, including inversed and leveraged ETFs, over the next 10 months. Depending on how these funds are received, **AiIMAN** (<https://www.islamicfinancenews.com/company/asian-islamic-investment-management>) may follow in the footsteps of its parent company — although it will face additional challenges of Shariah (<https://www.islamicfinancenews.com/glossary/shariah-2>) complexity considering that the industry has yet to see inversed and leveraged ETFs.

“Going forward, we hope that once the ETF space for the conventional side starts to see more innovative products, then the Shariah (<https://www.islamicfinancenews.com/glossary/shariah-2>) space should perhaps replicate similar products,” **AiIMAN** (<https://www.islamicfinancenews.com/company/asian-islamic-investment-management>) Managing Director Akmal Hassan told **IFN** (<https://www.islamicfinancenews.com/company/redmoney-group>).

**AiIMAN** (<https://www.islamicfinancenews.com/company/asian-islamic-investment-management>), which received a unit trust management company license two months ago, nonetheless is planning to bring to market up to three new Islamic funds in 2019. It recently debuted its first fund — the **AiIMAN** (<https://www.islamicfinancenews.com/company/asian-islamic-investment-management>) Asia Pacific (ex-Japan) Dividend Fund targeting the retail market. It was a calculated move to have its first fund carry a retail flavor.

“This is a space we believe would continue to grow moving forward,” Akmal shared. “It would benefit **AiIMAN** (<https://www.islamicfinancenews.com/company/asian-islamic-investment-management>) if we focused on this space, without neglecting the institutional space.”

Anticipating to attract RM100 million (US\$24.57 million) to its Asia Pacific (ex-Japan) fund this year, it is hoped that the other three planned funds — which will include retail and wholesale products — would translate into RM1 billion (US\$245.67 million) in assets.

“We ended the year 2018 with assets under management (AuM) of slightly above RM14 billion (US\$3.44 billion); if we surpass the RM15 billion (US\$3.69 billion) mark this year, we would be very happy,” said Akmal.

*This is an excerpt of an interview with Akmal Hassan, the managing director of **AiIMAN** (<https://www.islamicfinancenews.com/company/asian-islamic-investment-management>) Asset Management. To hear the full conversation where Akmal shares his outlook for the Malaysian Islamic asset management space this year, log on to **IFN Podcasts** (<https://www.islamicfinancenews.com/podcasts/eyes-on-the-islamic-retail-market>).*

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