

ALTERNATIVES BUSINESS FINANCIAL PLANNING INVESTMENT

Maybank AM launches gold fund for sophisticated investors

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Gold as an alternative investment is seen as a necessary component to any investment portfolio

By Lee Min Keong

Maybank Asset Management Sdn Bhd (MAM Malaysia) has launched a gold fund targeted at sophisticated investors with a long-term investment horizon, offering them the opportunity to invest indirectly in physical gold.

Launched yesterday, the MAMG Gold Fund is a wholesale feeder fund which aims to maximise investment returns by investing in the Pictet CH Precious Metals Fund – Physical Gold (target fund), a Switzerland-domiciled fund of [Pictet Asset Management SA](#).

The MAMG Gold Fund's investment objective is to offer investors' exposure to movement in physical gold prices as the target fund tracks the daily movement in gold prices. It was launched on 30 September 2009 and it primarily invests almost 100% of its assets in physical gold.

To meet its investment objective, the fund will invest a minimum of 90% of its net asset value (NAV) in the target fund and a maximum of 10% of its NAV will be invested in liquid assets.

MAM Malaysia says the fund provides the following key benefits to investors:

- It offers the potential returns from the investment into gold, with very low tracking error.
- It tracks closely to the daily movement in gold price based on the London Fixing, 3pm GMT. Gold is also a very liquid investment as it can be traded easily. It can also protect against depreciation in fiat currencies, which may be a risk going forward with the massive quantitative easing that many central banks are undertaking in the wake of the Covid-19 pandemic and a recessionary economy.
- It is 100% invested into physical gold, not paper gold or derivatives and does not have counterparty nor credit risks associated with paper or synthetic gold investments which may affect the performance of the fund.
- It is less correlated to key asset classes such as bonds and equities, thus enhancing the risk-return profile of investors. It is suitable for sophisticated investors and offers these high-net-worth investors an opportunity to invest indirectly in physical gold and have a long-term investment horizon.

MAM Malaysia chief executive officer Ahmad Najib Nazlan said, "Increasingly we see demand for gold as it is a good hedge against market uncertainties."

He noted that safe haven investment demand created by the pandemic conditions as well as low interest rates and rising money supply is still conducive for gold purchase.

"Geopolitical issues, a weaker dollar, renewed trade tensions and the upcoming US presidential election may support the demand for it too," he added.

"Central banks which proved major support to prices in recent years have slowed gold purchases with the reach of an optimal share of reserves (e.g. Russia).

"Hence, further diversification away from the largest developed currencies and with bond yields at a near record low may lend further support to gold.

"Thus, in a low and near zero interest environments, gold is becoming more and more attractive as an alternative investment because it has no yield, making it a necessary component to an investment portfolio," said Najib.

"Our MAMG Gold Fund will be able to offer investors diversification in their investment portfolios. In these uncertain times, it is important to understand and provide investors with more options and strategies to suit their evolving investment needs," he added.

Gold has been on a bullish trend over the past year. The spot price of gold was at US\$1,712 or RM7,322 per ounce on 4 June, up about 29% over the past one year. The precious metal is up about 47% over five years and 505% over 20 years, in US dollar term.



Ahmad Najib Nazlan

Distribution partnership with Citibank

MAM Malaysia and [Citibank Bhd](#) (Citi) entered into a strategic distribution partnership since January this year. The partnership allows MAM Malaysia Funds to be offered to Citi clients, and the new MAMG Gold Fund is available exclusively for Citi clients.

Commenting on the partnership, Najib said with Citi's wide distribution coverage combined with Maybank Asset Management Group's investment expertise and experience spanning over 30 years, "we are very excited to offer Citi's high-net-worth investors our investment solutions and services".

"We also have plans to introduce other new innovative investment solutions such as an Environmental, Social and Governance (ESG) fund to our current offerings," he revealed.

Citi Malaysia head of Wealth Management Product Jeremy Ho said, "We look forward to a synergistic partnership with MAM Malaysia, one that aligns well with Citi's wealth management priorities to support our customers in expanding their portfolios through fund diversification.

"The partnership is timely in the midst of market volatility and challenges of global growth, where long-term strategic and sustainable investing is pivotal to cushion against these challenges."

As part of the strategic distribution partnership, Citi is also distributing MAMG Dynamic High-Income Fund (a wholesale fund that is suitable for sophisticated investors), one of MAM Malaysia's leading funds.

The fund invests in the BlackRock Global Funds Dynamic High Income Fund and aims to deliver an income of 5% - 7% p.a. in US dollar term.

About Maybank Asset Management

Maybank Asset Management Sdn Bhd is a subsidiary of Maybank Asset Management Group Bhd (MAMG) and is owned by Malayan Banking Bhd (Maybank) and Permodalan Nasional Bhd as its asset management arm.

MAMG is a pioneer in the local asset management industry and has presence across three key Asean markets namely, Malaysia, Singapore and Indonesia offering Asian-based investment solutions encompassing both conventional and Islamic assets. MAMG's assets under management (AUM) stands at RM25.3 bil as at 30 April 2020.

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GOLD

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