

Continuous focus on innovation and sustainability.

Asia Asset Management (April 2020)

By Goh Thean Eu

Kuala Lumpur-based Kenanga Investors Group emerged as winner in four categories of this year's *Asia Asset Management (AAM)* Best of the Best Awards: Best House for Alternatives, Best Equity Manager, CIO of the Year and Fund Launch of the Year.



Ismitz Matthew De Alwis Lee Sook Yee

While Kenanga Investors is no stranger to winning awards, those received this year may have carried more weight, as they were won during one of the most politically uncertain period in decades, with trade relations between economic powerhouse US, China and Europe appear constantly on the rocks.

According to Kenanga Investors Chief Executive Officer and Executive Director Ismitz Matthew De Alwis, the victories were mainly driven by the company's innovation in developing new products and solutions, as well as its focus on sustainability. "The key is to really understand our clients' evolving needs, and develop the right products for them," he tells *AAM*.

Leading the alternative space

In 2017, Kenanga Investors set up its alternative investment team, after Mr. De Alwis noticed the trend of growing investor appetite for alternative assets. Since then, it has launched multiple new products, including the Kenanga AUD Alternative Income Fund 1 and 2 (KAAIF1 and KAAIF2), the Kenanga Global Unicorn (KGU) and the Kenanga Global Multi Asset Fund (KGMAF).



These investment products were well received by investors. For example, the KGU, the company's first venture capital/ private equity fund launched in July 2019, was 1.5 times oversubscribed.

"We are excited to have achieved all that we have in such a short span of time. As we speak, global investors are already moving towards alternative investments to seek profits due to unpredictable equity market conditions," he says. According to a report by Capgemini, allocation towards alternatives has increased from 4% in 2018 to 13% in 2019, and Mr. De Alwis believes the company is in a good position to capture the growth opportunities.

Mr. De Alwis says that the products it has introduced to the market so far "is merely the tip of the iceberg", and investors can expect its alternative division to continue to seek alternative themes for its clients. "As markets continue to evolve, we aim to originate deals and offer our clients the opportunity to participate in the upside of such investments," he says. "We strive to continue to be the market leader in the alternatives investment space in Malaysia."

Best Equity Manager

In 2019, many of Kenanga Investors' equity funds recorded strong performance. Its flagship Kenanga Growth Fund, which mainly invests in Malaysian equities, gained 9.3% between January 2019 and November 2019, versus a -7.6% performance by its benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index.

During the same period, the Kenanga Shariah Growth Opportunities Fund, Kenanga Syariah Growth Fund, Kenanga Malaysian Inc Fund, and Kenanga Growth Opportunities Fund, have also outperformed their benchmark, and gained 26.3%, 14.3%, 13.1%, and 32.6%, respectively. For Lee Sook Yee, chief investment officer of Kenanga Investors, the key to success is to be disciplined, and to focus on fundamentals. "Our process comprises fundamental research driven by bottom up stock picking, where we focus on understanding a company's business fundamentals alongside the industry it operates in," Ms. Lee says.

"Our motto when investing is to deliver a sustainable, market-beating portfolio return." She adds that the strong performances were also helped by its investments into companies in the technology, semiconductor and export sectors.

“We chose these companies for their strong earnings growth driven by positive secular growth and structural stories. Additionally, we maintained our strong conviction in some small-cap stocks despite the sell-down in 2018, guided by the sector’s attractive valuations and superior earnings prospects,” she says.

CIO of the Year

Ms. Lee was also named as the CIO of the Year for Malaysia. It was her fourth time winning this prestigious award. “I am honoured to receive this award again this year and to stand alongside many other talents whose calibres and achievements are equally inspiring,” she says.

With almost two decades in the fund management industry, Ms. Lee says she remains excited and motivated to be part of the industry. She started her career in the investment world as an analyst “who diligently went through the tedious yet highly useful learning curve of financial modelling”, she recalls.

“With this backing me up as a fund manager later on, I have found that a solid fundamental background is often an advantage in the process of identifying quality companies. Through discipline, curiosity, and a continued penchant for learning, I have developed an immense liking for investing,” she says.

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