

## UOB AM broadens distribution as China JV wins institutional licence

*Singapore's UOB Asset Management plans to attract more international clients into Sicav products and segregated accounts, reflecting a rising trend among Asian fund houses.*

By **Joe Marsh** | 11 January 2012

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Thio Boon-Kiat: Broadening range of distribution channels

Singapore's UOB Asset Management is looking to boost its non-domestic business through its joint ventures in China and Malaysia and by broadening its range of distribution partners outside its home market.

Reflecting a rising trend among Asian fund houses to tap international clients, the firm's joint ventures in China and India are seeing some success, says Thio Boon-Kiat, recently appointed chief executive at UOB AM.

The firm's China JV with Ping An Trust Company -- Ping An UOB Fund Management -- obtained a licence last month that allows it to do institutional business onshore. The JV's first product, launched in August, was the Ping An UOB Industry Leaders Equity Fund and it raised Rmb3.2 billion (\$506 million). It launched a second product on November 14, the Ping An UOB Shenzhen 300 Enhanced Index Fund, which raised Rmb420 million as of November 16.

Meanwhile, OSK-UOB Islamic Fund Management in Malaysia launched an Islamic cash management fund in August with its focus on attracting institutional money. Its AUM as of December 31 was 21.1 million ringgit (\$6.7 million).

Moreover, Thio notes that demand for UOB's renminbi bond fund, launched in May, has come largely from investors outside Singapore whose currencies have been weaker than the Singapore dollar. It had

S\$20.81 million (\$16 million) in AUM as of November 30 and is one of only two retail RMB funds available to Singaporeans, the other being a Ucits product by Barclays Capital Fund Solutions.

Given interest in the UOB renminbi product from euro- and dollar-denominated clients, among others, the fund manager is working on a Sicav structure for the fund that will make it easier to sell internationally. Thio says he expects to launch the product in Japan and other countries "when opportunities arise".

Other examples of companies ramping up their efforts to lure investment flows from outside their home markets are Chinese fund managers such as Harvest, Singapore's Lion Global Investors and MandiriInvestasi in Indonesia.

UOB AM has also been working on broadening its range of distribution channels across Asia, Thio tells *AsianInvestor*. For example, it recently signed Credit Suisse as a distribution partner and is working closely with firms such as the Government Savings Bank of Thailand and Malaysia's RHB Investment Management to come up with new products.

In Singapore, the asset manager is continuing its substantial use of independent financial advisers (IFAs), but also working more closely with insurance companies on the distribution side, says Thio. "We are sensing that the line between IFAs and insurers is blurring," he adds.

UOB AM's fixed-income products were the most successful of those in its range last year, given the European debt crisis and other turmoil, says Thio. He cites net inflows into both UOB AM's emerging-market bond strategy and its Asian high-yield bond fund, which invests in both local-currency and dollar-denominated corporate issues.

Thio also points to "substantial" allocations to UOB AM's short-duration bond strategy, largely from domestic investors, although there has been a big rise in interest from clients around the region such as private banks. He declined to give specific figures.

Moreover, new institutional mandates last year tended to be fixed-income-focused, adds Thio.

On the equity side, there haven't been overall outflows, he adds, but rather reallocations between equity funds. For example, Thio says there have been flows out of the firm's Greater China strategies, but into resources equity funds. He adds that he views market depreciation as a greater concern than fund redemptions.

The institutional-to-retail mix of UOB AM's S\$17 billion in AUM is around 50/50, says Thio, who suggests that is a good ratio.

Thio was CIO before his promotion in September, when he took the CEO role from Terence Ong, who retains the post of chairman. There are now two CIOs, with John Doyle looking after equities and asset allocation, and Chong Jiun-Yeh covering fixed income and structured investments.

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