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# Pelaburan MARA CEO denies 'raid' by SC

BY JOSE BARROCK

Over the past month, there have been rumours in the corporate circles that the office of Pelaburan MARA Bhd (formerly known as Amanah Saham Mara Bhd) was "raided" by the Securities Commission Malaysia.

While the SC did not respond to questions from *The Edge*, PMB CEO Nazim Rahman agreed to talk openly about the rumours.

He clarifies that there was no "raid" per se because the SC had made an appointment to see him. And when they met about three weeks ago, they chatted about how some of PMB's share investments last year had generated considerable interest, Nazim tells *The Edge*. "I don't think a meeting fixed by an appointment constitutes a raid. It was a very friendly meeting. I think it was part of a process the SC and we had to go through because of the interest generated by the [our] investments that were widely covered by the media."

On the nature of the SC's questions, Nazim says they were not specific but general — "I assume on the interest generated in the stocks PMB had bought into".

Apparently, PMB's parent Majlis Amanah Rakyat (MARA), which wholly owns the strategic investment and asset management company, was aware of the meeting with the SC.

On whether anything untoward had happened that prompted the questioning, Nazim says he was not aware of any such thing.

It is noteworthy that PMB comes under the purview of the Ministry of Rural and Regional Development, under Minister Datuk Seri Mohd

Shafie Apdal.

On whether the SC had confiscated any computers, phones and the like, Nazim says all that its officials did was to view some documents.

Interestingly enough, Nazim was formerly with the SC, so he would have been familiar with the grilling. He sits up when asked if he thought there was any insider trading in the company. "Not at all," he stresses. "We have very stringent governance processes, our risk management framework is foolproof, so I can say with 100% certainty that there is no insider trading in the company."

In the small-cap rally on Bursa Malaysia between July and October last year, trading was extremely heavy in PDZ Holdings Bhd, Sanichi Technology Bhd, BHS Industries Bhd and Asia Bioenergy Technologies Bhd with sharp movements in the share prices.

PMB had surfaced as a substantial shareholder in shipping company PDZ in late April 2014 with a 26.8% stake.

In the run-up to this, PDZ's trading volume on certain days stood at almost 20% of its 869.3 million share base. Last September, when PMB was in talks to sell 14.7% of PDZ to Megalink Industries Sdn Bhd, trading volume surged to 455.5 million shares and the stock rose more than 100% from end-July to mid-August to hit a historical high of 42 sen. But as at last Thursday, it had tumbled to 12 sen.

Similarly, after PMB had emerged in Asia Bioenergy Technologies in end-September 2014 with a 6.9% stake, almost 19% of its 866.7 million share base changed hands on a particular day. The stock rose more than 120% from early August to end-September, hitting a high of 18 sen. It closed at eight sen last Thursday.

"I think it's common [for volume to pick up and the shares to run] when a fund goes in ... it's the same with KWAP (Kumpulan Wang Persaraan [Diperbadankan]), the EPF (Employees Provident Fund), [Lembaga] Tabung Haji, Felda ... it always generates a lot of trading volume. So, I think we were not unique in that sense," Nazim comments.

While some viewed PMB's acquisitions as odd — the notion is that funds generally shun penny stocks — Nazim qualifies the investments. "All funds, I think, have two core strategies. One as a value investor, the other as a tactical trader. So, we have in our portfolio stocks that we buy for value, which generate good dividends, for the long term. That is one approach. These are the big cap with good dividend policy and so forth.

"Then, there are those that we buy purely because they are alpha stocks. Any fund manager needs alpha stocks in his overall portfolio. So, I think we are not peculiar in that sense."

PMB has RM500 million of internal and shareholders' funds to invest while its unit PMB Investment — the entity licensed by the SC to manage third-party funds — has roughly RM1.1 billion under its belt.

PMB's funds have done well over the past two years. In 2013, its funds generated an average 13.6% return on investment while the benchmark FBM KLCI saw a 10.5% gain. Last year, although the market was down, PMB made a return on investment of 11.8%.

In an interview with *The Edge Financial Daily* early last week, Nazim said PMB had consistently registered a high return on equity of more than 13% and made profits for its business since its incorporation in 1967. ■

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