

Presentation on

***INVESTMENT &
GLOBAL FINANCIAL CRISIS***

By Tabung Amanah Pekerja

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AGENDA

Contents:

- ❖ Introduction
- ❖ Global Financial Crisis 2008
- ❖ Impacts
- ❖ Current & Future Strategy
- ❖ Q&A



TABUNG AMANAH PEKERJA

INTRODUCTION: Investment Department

- Established in 2003 to undertake the expanding scope of investment activities.
- Previously a function within Account & Finance (as investment activities was limited to local fixed deposits placement only.)
- Reporting directly to Managing Director and to the Investment Panel/Committee.



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Scope of responsibilities include:

- Managing cash.
- Analyzing and monitoring investment activities carried out by external fund managers.
- Performance measurement.
- Conducting research and analysis on investment strategies, benchmarks, policies & guidelines.
- Analyzing new Investment proposals.
- Monitor market developments and trends.

TABUNG AMANAH PEKERJA

Investment Panel

- The Investment Panel comprises of representatives from both private and public organizations.
- The roles and responsibilities of Investment Panel includes:
 - ✓ setting benchmarks, policies & guidelines
 - ✓ determine asset allocation & strategy
 - ✓ monitoring fund performance
 - ✓ risk management
 - ✓ making recommendations to the Board



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Investment Fund

- The fund is mainly invested outside Brunei managed by **six** External Fund Managers.

- Investment assets are :
 - Cash
 - Equities
 - Bonds
 - REIT

Investment Restrictions

- Allocation to equities must not be more than 40% while for fixed income can be up to 100%.
- Fixed Deposits maturity no longer than 12 months.
- Bonds must meet minimum credit rating of A / A2.
- Prohibition to invest in companies involved gambling, alcohol & pork-related companies.

Global Financial Crisis 2008



Global Financial Crisis 2008: Overview

GROWTH

Investment in high risk sectors



Sub prime mortgages



[Source: <http://news.bbc.co.uk/2/hi/7521250.stm>]

- ✓ Stems from sub-mortgage business (i.e. giving out easy loans)
- ✓ Creation of CDOs (Collateralized Debt Obligation) and sold globally

Global Financial Crisis 2008: Cont.

SUB PRIME PROBLEMS

Mortgage defaults increase
Flow of money stops



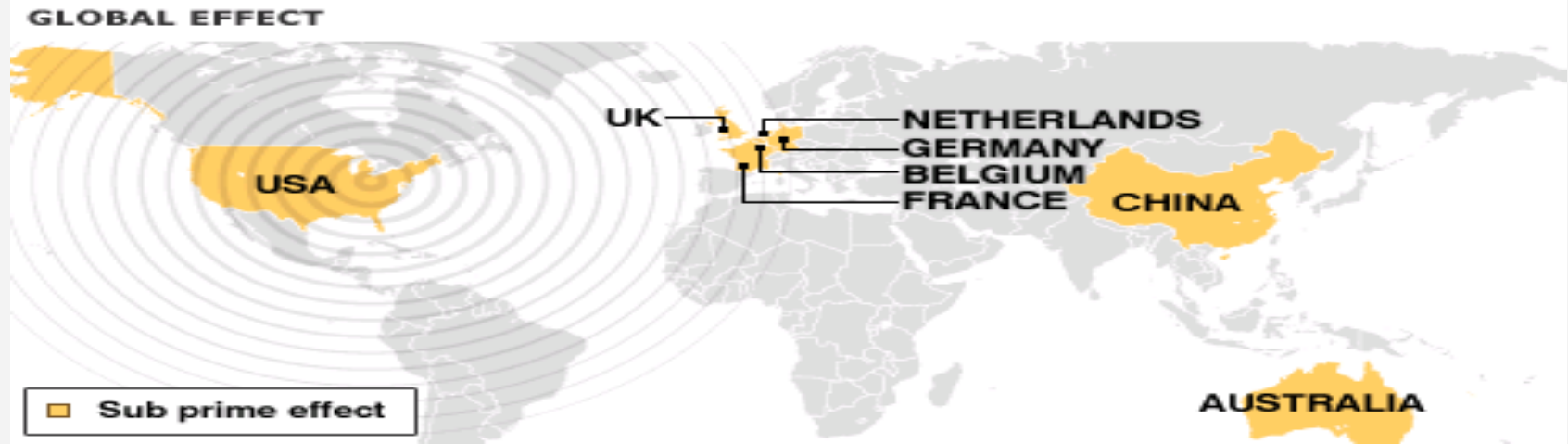
Concern over asset-backed securities
Interbank lending stops



[Source: <http://news.bbc.co.uk/2/hi/7521250.stm>]

- ✓ Eventually as housing prices fell and interest rates raise, people were unable to repay their mortgage
- ✓ Credit market went into freeze mode as banks reluctant to lend each others

2008 Financial Crisis: Con't



[Source: <http://news.bbc.co.uk/2/hi/7521250.stm>]

- ✓ The implication swiftly reached beyond U.S. border

2008 Financial Crisis: Con't

CENTRAL BANK INTERVENTION

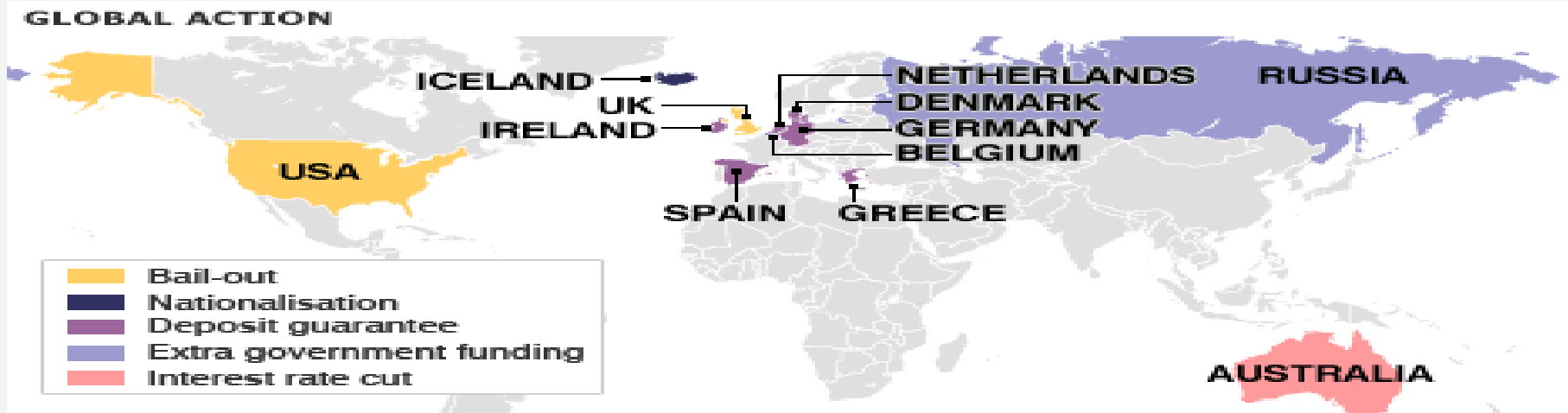
US Federal Bank and EU Central Bank make cash available for banks to borrow



[Source: <http://news.bbc.co.uk/2/hi/7521250.stm>]

- ✓ Major Central banks, predominantly the U.S. Federal Reserve & ECB continued to provide ample liquidity to the market, encouraged banks to resume lending

Global Financial Crisis 2008: Cont.



[Source: <http://news.bbc.co.uk/2/hi/7521250.stm>]

- ✓ Although the crisis finally subsided in mid-2009, Governments across the globe persistently continued with various efforts and measures to stabilize the market

Global Financial Crisis 2008: Cont.

Impacts of the Global Financial Crisis;

- ✓ **No CDO** in portfolio. But badly affected by equities valuation.
- ✓ A few bonds in the portfolio got downgraded.
- ✓ Investment return was badly affected.
- ✓ Diversification plan was delayed as outlook remain uncertain.
- ✓ Nevertheless, TAP's investment made steady returns in subsequent years as market made a sharp recovery.



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Global Financial Crisis 2008: Cont.

Actions:

- ✓ Regular communication with Fund Managers regarding their strategies and market views.
- ✓ Close monitoring of portfolio holdings activities.
- ✓ Seek detailed action plans for securities holding that have exposure to troubled banks.
- ✓ Surplus cash from contribution was kept in local deposits.
- ✓ Review investment and fund managers performance.



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CURRENT & FUTURE STRATEGY

- ✓ Continue to pursue Diversification plan but wary of US and European problems.
- ✓ To review existing strategy & asset allocation.
- ✓ Explore different type of investments such as return/ principal guaranteed products.

THANK YOU

Question & Answer



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