

## KENANGA INVESTORS BERHAD

# Embattled but unbowed

By Nazneen Halim

2016 was indeed a challenging year for the Asian stock market, as volatility surged amid unexpected events such as Brexit and the election of Donald Trump as president of the United States. Even more unexpectedly, the US equity market experienced a rally – rising by 13% y-o-y – compared to Asian markets which was only up by 3% on average (MSCI Asia ex-Japan and ASEAN). For fund managers Kenanga Investors, with its strong focus on Malaysia and Asia, 2016 was nothing short of a tumultuous ride.

However, the company triumphed despite all odds – including overcoming a renewed weakness in the Malaysian ringgit and keeping afloat in one of Asia's worst performing markets for the year – to gain three accolades from *Asia Asset Management* in the categories of Best Institutional House, CEO of the Year and CIO of the Year (Malaysia).

Ismitz Matthew De Alwis, CEO and Lee Sook Yee, chief investment officer at Kenanga Investors both believe that the most important aspect of creating a robust investment portfolio which is able to withstand systemic shocks is through a strong focus on research and risk management. “I think what matters sometimes is not just outperformance in the up market, but also the ability to protect your downside in a down market. Our strong focus on research has actually helped us to identify companies with resilient earnings that outperformed the general market, and from a risk management perspective, has provided us with a diversified point of view and fairly liquid position to weather the downturn,” reveals Ms. Lee. She also adds that Kenanga Investors sees itself as a value-oriented, focussed portfolio manager with a disciplined approach to research and bottom-up stock picking, regardless of market conditions.

### Best Institutional House

Kenanga's Best Institutional House award reflects its consistent performance in the market, which Ms. Lee attributes to the company's good governance policies and dedicated investment risk analytics modules. She adds: “The risk-return metrics are according to our investment philosophy and processes. We manage our stock, sector, country and any identifiable cluster exposures to avoid taking on excessive risk to any one risk factor, while maximising potential upside.”

Mr. De Alwis adds that the win would not have been possible without the dedication and hard work from his investment team, led by Ms. Lee. “We are very happy with the win, which encompasses the consistency of our performance, quality of client servicing, reporting, processing systems and operational efficiency.”



Ismitz Matthew De Alwis

Lee Sook Yee

With regards to their investment outlook for 2017 in the region, Ms. Lee believes that the Malaysian equity market will finally see a rebound after a three-year slump, while regionally, her top picks are North Asia vis-à-vis ASEAN as these countries are less vulnerable to capital flight in the short-term. “Our focus for 2017 is more on sectors rather than countries. We are positive on the tech and internet sector across China, South Korea and Taiwan, as new trends like flexible OLED, automated driving and virtual reality continue to drive demand. For the internet sector, e-commerce is still forecasted to grow at double-digit CAGRs, and Asia's growing population provides tremendous opportunities in this space.”

### Leadership in tough times

Mr. De Alwis is gracious in sharing his top tips on what it means to be a leader in today's diverse workplace environment, and how to navigate tough times with his team's unwavering support. “At Kenanga Investors we believe that diversity is strength. Our different experiences and cultures add value to the collaborative environment in which we work.”

“As a leader, I always try to inculcate several habits into my working style. Chief amongst these is the ability to listen. Another important trait is accountability. During difficult periods, they can count on me to be there when they need guidance or to bounce ideas off when solving issues. Without a strong foundation for employees to rely on, they will not be convinced to remain with a company through thick and thin.”

Reflecting on 2016, Ms. Lee shares that one of her toughest tasks was to be able to stay firm in their stock-picking approach. “Providing long-term sustainable investment solutions to investors is more important than anything else,” she concludes. ■