

Foreign Firms Optimistic

MALAYSIA: The three Islamic asset management firms that recently received licensing from **Securities Commission Malaysia (SC)** — **BNP Paribas Islamic Asset Management**, **Nomura Islamic Asset Management** and **Aberdeen Islamic Asset Management** — intend to make the most of the high growth rate of the Islamic finance sector.

BNP Paribas Islamic plans to manage up to US\$500 million worth of assets within its first year of operations, and is keen to provide solutions for Takaful companies in Malaysia. The company is also working on an exchange-traded fund.

Meanwhile, managing director Toru Nakano said Nomura Islamic plans to launch its first product in Malaysia within the second half of the year, before venturing into other Asian countries and the Middle East.

Nomura Islamic aims to manage up to US\$1 billion of assets within five years and will initially focus on government-linked institutions.

In related news, **BNP Paribas Investment Partners (BNPP IP)** has launched its Islamic asset management company, following approval from **Securities Commission Malaysia** in January.

BNP Paribas Islamic Asset Management Malaysia will help strengthen the company's Islamic offerings and serve as the regional hub in Asia for its Islamic finance activities.

The new company aims to boost the development of its Shariah compliant products, especially in the Middle East and Asia, through partnerships like **SAIB BNP Paribas Asset Management** in Saudi Arabia. ☺

MALAYSIA: i-VCAP Management hopes to launch as many as four Shariah compliant funds this year, said CEO Zainal Izlan

Zainal Abidin. He added

that the size and structure of the funds have yet to be determined, and that the timing must reflect what is happening around the world.

The funds will target foreign investors, and may take the form of exchange-traded funds (ETFs), said Zainal Izlan. i-VCAP manages the world's largest Islamic ETF. The US\$150 million portfolio tracks 25 stocks traded on the Malaysian stock exchange. ☺

MALAYSIA: Asian Finance Bank (AFB) may reduce the size of its proposed aviation fund by half to RM500 million (US\$138 million), as the demand for alternative assets weakens amid the global financial crisis, said its CEO Mohamed Azahari Kamil.

However, he affirmed that preparations for the fund are still on track, and that AFB is working on the structure.

According to Azahari, as valuations on aircraft have come down, investor expectations have also been

revised. "We need to restructure the whole arrangement to ensure that when we do a fund, it will be something acceptable to the public," he said.

The plan for the fund, to be denominated in either euro or dirham, was first announced in October last year with the aim of taking advantage of the growing demand for alternative assets. ☺

INDIA: Taurus Asset Management has launched Taurus Ethical Fund, the country's first Islamic equity fund. It opened for subscription on the 19th February and closed on the 30th March. According to Waqar Naqvi, CEO of Taurus Mutual Funds, Taurus Ethical will be invested in Shariah compliant Indian companies.

Taqwaa Advisory and Shariah Investment Solutions has been appointed to monitor the investments. The fund is benchmarked against the BSE 100 and the S&P CNX 500 Shariah index. ☺

MALAYSIA: AmanahRaya-JMF Asset Management may enter the Islamic real estate investment trust (REIT) market in the next three years in a bid to dilute its non-Shariah components in this sector. Managing director and CEO Sharizad Jumaat estimated that a quarter of AmanahRaya's revenue from REITs emanated from non-Shariah components for now.

"If the market stabilizes by end-2009 and we continue with acquisitions in 2010, we should be able to dilute the non-Shariah components by 2011," she added. ☺