

## A MATTER OF QUALITY



**VALERIE LAW**

[valerie@newstoday.com.sg](mailto:valerie@newstoday.com.sg)

*PRUDENTIAL Asset Management Singapore (PAMS) recently won the "Most Improved Retail Fund House in Singapore*

*for 2005" merit award by Asia Asset Management magazine (January 2006) and Gold award in the Reader's Digest Singapore Trusted Brand Awards 2006 for the "Most Trusted Investment Fund Company in Singapore" category (April 2006). PAMS' newly appointed chief executive Suraj Mishra tells why it has launched only 11 funds so far, compared to other players who boast of many more funds.*

**Given that there are plenty of unit trusts out there, how would PAMS' funds under your leadership be different?**

In 2002, Prudential Unit Trusts was a small, growing fund house with assets under management (AUM) of \$129.9 million.

I took over in growing the retail business in 2004. Today, PAMS has emerged as the fourth-largest fund house in Singapore, with AUM of over \$2.03 billion (as of July 31, 2006).

To us, quality matters more than quantity. Many funds boast of performance, but I think performance is just a by-product of well-managed funds. What is key to us is giving customers in each country what they need, instead of bringing in all our funds.

Although PAMS enjoys direct access to extensive global research and fund management capabilities of the Prudential Group, all our funds have to go through a rigorous selection process before they are launched in the market.

Prudential's funds adopt a distinctive value approach based on a long-term view and the reluctance to follow fashion.

**Some unit trusts have closed due to lack of economies of scale in the midst of calls for lower expense ratios? What is your view on this?**

Singapore's retail fund industry is indeed a very competitive one. Fund size is a key concern as small funds face relatively high fixed overhead costs. Performance and subscription of many funds in Singapore have also been affected by the bear market of the last few years.

On 1 February 2006, the CPF Board tightened its admission criteria of funds to be included in the CPFIS. Expense ratios of these new funds have to meet the median expense ratios of existing CPFIS funds as at end-2004. Although not required, PAMS capped the expense ratios of its funds included in the CPFIS at these medians, to

ensure maximum benefits for our investors. Our annual management fees and sales charges do not exceed 1.95 per cent and 5 per cent, respectively.

Ultimately, funds have to meet investors' financial goals and perform well over the medium to long term to keep them interested.

**What should savvy investors look out for when investing in unit trusts, especially with their CPF money?**

When investing in their retirement funds, investors should remember that they are investing in just that – their "retirement funds". All investments carry risks.

As a general rule of thumb, investors nearing retirement age, should not put the majority of their money in risky assets.

Investors with longer time horizon to their retirement age are more able to ride out market storms and enjoy the long-term risk-adjusted returns of funds with higher risks.

Before investing, investors should be clear about their financial goals, risk appetite, investment time horizon and current net worth. Always consult a qualified financial adviser.