



- Mr Darren Thomson, Manulife (Singapore) Pte Ltd's President and Chief Executive Officer and the Chairman of MAMS

Manulife Brings Global Asset Management *Expertise* To Clients

By Harold Toh

Manulife Asset Management Singapore (MAMS) opens its doors in Singapore. It will be ready to roll out its new and exciting funds in the next month or so. MAMS' new Managing Director Jill Smith and the Chairman Mr. Darren Thomson discuss their goals and objectives.

Later this month, Manulife Asset Management Singapore (MAMS) will be joining the "Big Boys" like Franklin Templeton, Aberdeen Asset Management, or Schroders Investment Management in the Fund Management Industry, bringing a unique business proposition to the table. Established in 2007, MAMS received a Capital Markets Services (CMS) license from the MAS in June 2008. MAMS now has 11 people in their Singapore office, and as at 30 June 2009 manages S\$2.36 billion worth of assets, exclusively for Manulife Singapore, with a dominance of fixed income business. With the launch of brand new funds later this month, MAMS will be expanding into the third party market.

Manulife Asset Management Singapore is part of MFC

Global Investment Management (MFC GIM) which is also the asset management division of Manulife Financial. MFC GIM's diversified group of companies provides comprehensive asset management solutions for institutional investors, pension plans, retirement funds, foundations, endowment funds, third party and retail funds in key markets around the world. As at the end of March 2009 MFC GIM's assets under management totaled S\$300 billion.

According to Manulife (Singapore) Pte Ltd's President and Chief Executive Officer and the Chairman of MAMS, Mr Darren Thomson, "Our key strength here is our large captive distribution network consisting of over 1,200 Financial Planners capable of possessing a Unit Trust license."

MAMS' Vice President and Managing Director Ms Jill Smith said, "Over the last five years, we have been setting up new asset management companies in ASEAN where our life insurance businesses are operating. We are committed to providing quality



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Amid all the doom and gloom, Fundsupermart.com reported that the first half of 2009 showed great promise as 94.7 per cent of the funds on the FSM platform turned in positive returns. Moreover, the FSM All-Equity Fund Index (FEFI) also rose from 1,000 points to 1,245.25 points, gaining 25 per cent for the average equity fund. In addition, the top 10 funds gained over 55 per cent in a short span of six months.

It is a sign of promising opportunities ahead. Manulife now has investment professionals in 10 locations in Asia including China, Indonesia, Japan, Malaysia, Singapore, Thailand, Taiwan, Philippines, Vietnam and Hong Kong. Manulife investment entities manage some S\$30 billion of assets from these 10 locations and employ over 80 Fixed Income Managers, Credit Analysts, Equity Managers and other Investment Professionals. Being in the business for 30 years, Ms Smith understands that connectivity between various investment offices is important. She realises that Singapore has a sophisticated investing public, and wants to accept the challenge to create something special.

HOW IS THE STRUCTURE ORGANISED?

While most fund managers and researchers are centrally located and meet once or twice a week through a regional centre, Ms Smith explains that MFC GIM is different. Although Hong Kong is the regional hub, the research facilities are not just centralised in Hong Kong. MFC GIM considers each country to be an individual key resource. Ms Smith said, "We leverage the individual expertise of the fund managers and credit analysts in each country. They have the discretion to make choices for their portfolio, and disseminate the information upwards."

With existing footprints in Asia, they

want to replicate their business model in different countries, firstly, by developing the talents of like-minded investment teams locally. MFC GIM (Asia) works hard to produce a consistent investment style and performance, managing an ever-wider range of investment products. She added that MAMS has two of the most experienced fund managers in equities and fixed income in Singapore and they expect to attract more of these high calibre individuals to the team.

There are also global resources that are available to MAMS and Manulife Singapore. Mr Thomson said, "The Investment Management Services (IMS) is the division of Manulife Financial responsible for overseeing i-Watch. The selection and review process is key to the Manulife Mutual Funds Investment Platform." It provides Manulife with the process of due diligence for selecting and monitoring funds, advantage of economies of scale, and corporate governance.

He said that the new Manulife Wealth Management Platform will be launched in August with new funds available in early September. With over 400 funds available in Singapore, most investors might have a multitude of options to choose from, but sometimes researching hundreds of investment options might be complicated, bewildering and somewhat time consuming. To help investors choose their investments, IMS will look at the different funds and fund managers, then pre-select funds covering different geographical sectors, best in class, local and international companies, asset classes etc. This will take the guesswork out of choosing funds. Up to 20 funds will be introduced in phase 1 and target of 40 funds will be available in the near future for both cash and CPF monies.

Perhaps more importantly, Mr Thomson strongly believes that he has a duty to

investment products to retail investors via Manulife's agency force and to institutional investors."

GROWING INDUSTRY EVEN IN DIFFICULT TIMES

Last year's survey by the Monetary Authority of Singapore (MAS) on the Singapore asset management industry reveals at the end-2007, total assets managed by Singapore-based asset managers reach \$1.173 trillion (representing a 32 per cent growth rate) compared to \$891 billion as at end-2006. This is the seventh consecutive year of double-digit year-on-year growth in total AUM registered by Singapore-based asset managers.

Manulife clients and will recommend funds that stack up against the best funds and pass our stringent due diligence. The funds will be primarily distributed through Manulife Financial Planners, banks and independent financial advisory firms.

STRONG RISK MANAGEMENT

Mr Thomson highlights Manulife's roots in understanding and managing risk. He said, "Manulife is a Canadian company. Among the developed countries in the world, Canada has emerged much better than most in the financial crisis. The Manulife brand and Canadian culture gives some differentiation in a risk framework environment."

In terms of a risk culture, Ms Smith agrees that MAMS and Manulife share a similar bond. She refers to their credit process as standing up against the best. Specifically, Manulife has a strong fixed income culture. The credit process involving the Bond side of the business is strong because of the priority to fulfill the needs of the life company. They are extremely cautious in choosing the right credits and avoided most of the earlier problems of the financial markets. In fact, last year, while some companies suffered substantial losses in their par funds, Manulife's was minimised. Their three-year average of 5.5 per cent par fund returns was above the industry average of 2.78 per cent per annum, demonstrating a significantly good performance in a turbulent market.

What type of funds do MAMS favour? Ms Smith said that they plan to start with their core capabilities – local funds, and offer more offshore products at a later stage. In international markets and offshore Asia, she also mentioned that China might be included in their equity funds.

IS MAMS THE FINAL PIECE OF THE PUZZLE TO BUILDING A FINANCIAL HUB?

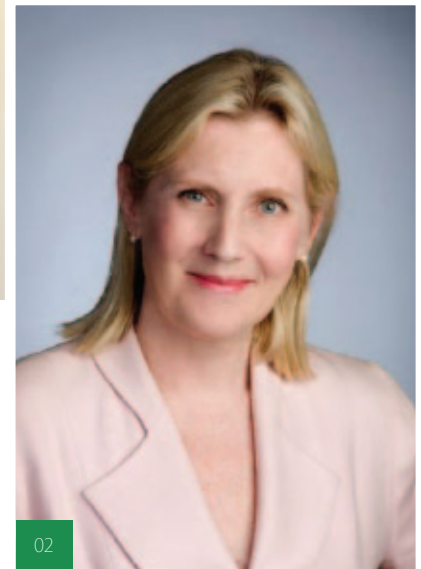
Globally, the financial markets are changing for both fund managers and retail investors. These days, most fund managers do not deal directly with clients, but sell their funds through third parties like banks, brokers, and independent financial advisers. Although this will save fund managers from high mar-



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keting expenditure, they now cannot rely on retail investors to stay with their products for the long-term because intermediaries tend to churn the highest possible returns and justify their fees. From this perspective, Manulife's overall global objective is for the manufacturer and distributors to work in tandem and bring expertise in-house, delivering better margins and increased customer loyalty.

From the asset management side, Mr Thomson said, "When I arrived, we were a mid order player. We wanted to differentiate ourselves. The Financial Advisory segment had gained a better foothold in the industry. We wanted to be in-between a tied agency and independent financial advisory company. We even white-labeled products from other insurers such as MSIG and Aviva, where we felt that it would not be a core competency of ours to do so. The objective was to give our Financial Planners a broader product range to sell and coupled with our bespoke financial planning process, "Plan Right" a real sense that they are looking after the majority of their customers financial needs. Now the next piece of the jigsaw is the unit trust business."

In today's uncertain times, most fund

managers have to make a series of choices. Do they stick to certain traditional asset classes? When should they launch their funds? Last year, hardly any fund manager launched a new fund. In this case, Ms Smith said that setting up the new MAMS office and launching new funds was not an issue of market timing but rather a factor of when MAMS was ready to bring its product to market. The indicators are that there is still a great deal of money sitting around that needs to be reinvested into solid fixed interest, and equity products that will provide consistent returns over the medium to long term.

Jill's view is that the investment business is for the long haul and MAMS' purpose is to serve clients over the long term in good and bad times. The days of complicated structures are gone. The Singapore government is now more protective of investment products with guidelines on fair dealing for the marketing and sales of financial products. The huge cash market is still evident. However, investors are still looking to invest in products that are more meaningful. In response, Manulife Singapore will be stepping forward with more solutions and choices for individuals who entrust their savings to them. ■