

*Presentation on*

***INVESTMENT &  
GLOBAL FINANCIAL CRISIS***

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**T A P**  
Menjana Masyarakat Berhemat

# 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.



## ***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



## *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



Asset-backed securities sold globally (eg CDOs)

[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



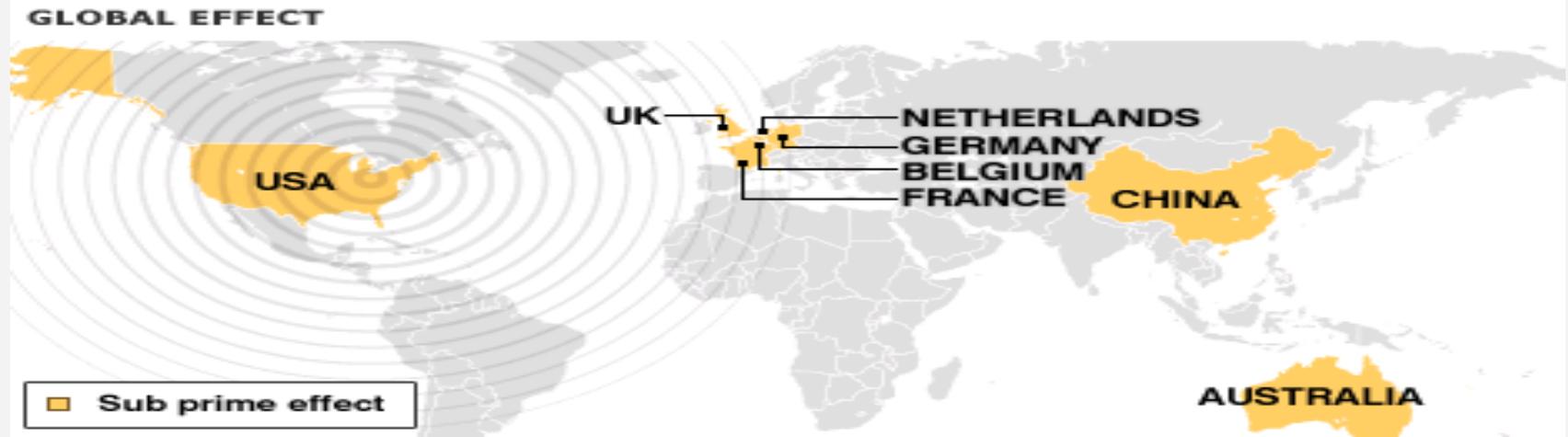
Concern over asset-backed securities  
Interbank lending stops



[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

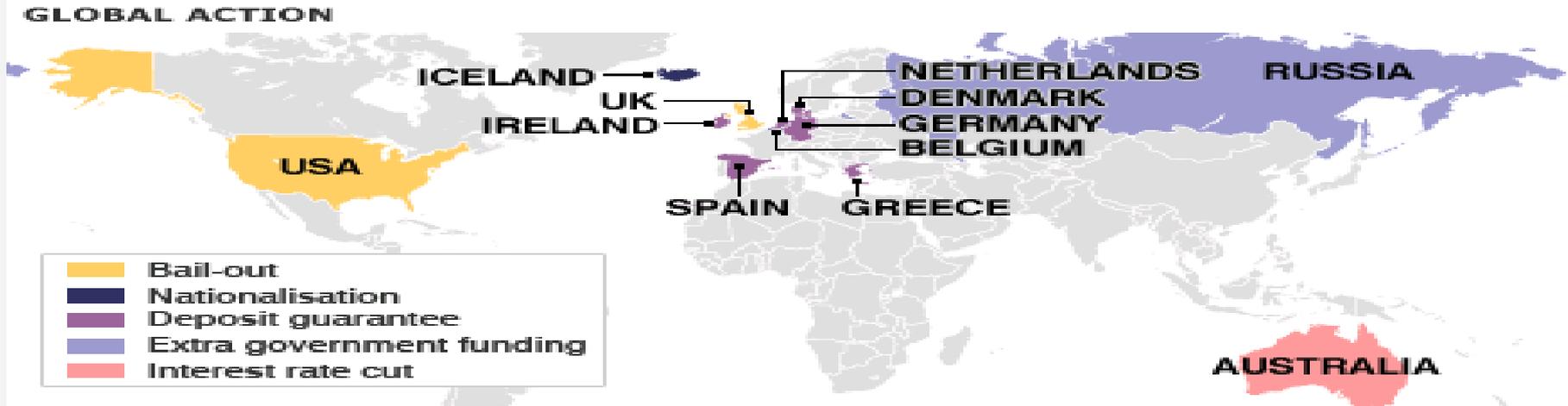
US Federal Bank and EU Central Bank make cash available for banks to borrow



[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.



# 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.



# TABUNG AMANAH PEKERJA

## ***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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