

PRESS CLIPPING

DATE : OCTOBER 1, 2019
MEDIA : THE MALAYSIAN
RESERVE (PART 1)
SECTION : N/A
PAGE : COVER PAGE
COLOUR : FULL COLOUR
EXPOSURE VALUE : TO BE DETERMINED

The Malaysian Reserve JOIN THE REAL CONVERSATION™

LTAT seeks to fill CFO position

by ALIFAH ZAINUDDIN

THE Armed Forces Fund Board (LTAT) is looking to fill the position of CFO and other key positions as the fund continues to re-engineer and add the necessary talents to boost its performance.

LTAT CEO Nik Amlizan Mohamed said many senior and key personnel will retire in the next two years while positions like CFO and CIO have recently been created to enhance the fund.

"The CFO is a key position that needs to be filled immediately. LTAT has never had a CFO, so we are actively searching for one now. We hope to find one as soon as possible. Hopefully by year-end," Nik Amlizan told *The Malaysian Reserve*.

LTAT currently is spearheaded by a CEO, a deputy CEO and four GMs for operations, finances, asset management and investment respectively.

Nik Amlizan said the fund is looking to fill two roles by December this year and three more next year.

Nik Amlizan said LTAT appointed a new CIO recently and the person had been tasked to devise a new asset allocation plan for the pension fund.

"We just got our new CIO who is currently reviewing the asset allocation with his team. Perhaps some time next year, we will be ready to implement our new strategic asset allocation plan," Nik Amlizan said.

SEE P4 COL1

PRESS CLIPPING

DATE : OCTOBER 1, 2019
MEDIA : THE MALAYSIAN
RESERVE (PART 2)
SECTION : NEWS
PAGE : 4
COLOUR : FULL COLOUR
EXPOSURE VALUE : TO BE DETERMINED

LTAT's past flaws are not criminal in nature but mismanagement

There are numbers which are not properly accounted for, says LTAT chairman

by ALIFAH ZAINUDDIN

THE Armed Forces Fund Board (LTAT) did not find evidence of criminal actions by the previous board and management despite claims of financial irregularities at the state-owned fund.

LTAT chairman General Tan Sri Mohd Zahidi Zainuddin said the flaws detected indicate mismanagement at LTAT.

"It is just mismanagement. There are numbers which are not properly accounted for and, fortunately or unfortunately, when we commissioned Messrs Ernst & Young (EY) to do the audit, we discovered discrepancies, which are not criminal (in nature).

"But all these are due to mismanagement and we are here to correct that," Mohd Zahidi said when announcing LTAT's financial results for the financial year ended Dec 31, 2018 (FY18), in Kuala Lumpur yesterday.

LTAT declared a dividend of 2% for last year — the lowest since the fund was established in 1972. Profit last year was halved to RM221 million from a restated net profit of RM459.5 million in FY17.

Mohd Zahidi assured the public that any misappropriation detected by the fund's internal audit would be referred to the relevant authorities.

It was reported that EY had found serious financial irregularities and weaknesses across LTAT's operation and investment portfolio. These financial flaws included unreceived payments from the fund's subsidiaries and unsold properties that had been completed five years ago.

The accounting firm also discovered significant selling of profitable shares and an increase in LTAT's shareholdings of Boustead Holdings Bhd (BHB) and its quoted subsidiaries.

The over exposure to the fund's companies has resulted in over-concentration in a handful of companies under BHB.

The pension fund's shareholding in Boustead Group rose nearly 50% from RM2.1 billion to RM3.1 billion and total shares owned jumped by over 83% from 833 million shares in FY14 to 1.53 billion shares last year.

LTAT CEO Nik Amlizan Mohamed said the fund has plans to diversify its shareholding across various asset classes.

"But we do believe that there is value in BHB and we have patient capital, so we will not rush into making irresponsible decisions if it doesn't benefit our military personnel. Every decision that we make must benefit our soldiers," Nik Amlizan said.

The fund's assets under management stood at RM9.4 billion at the end of last year. All the asset classes are acquired from the domestic market.

Nik Amlizan said the government has not indicated to inject any capital into LTAT as it has a relatively steady fund size.

"The management will do the necessary. We are working very hard to ensure the returns to our soldiers are intact and sustainable. As you can see, our fund size is RM9.4 billion.

On whether the EY report would be made public, Nik Amlizan said the new management is focused on the way forward.

"I don't think it is wise for us to dwell too much on the past," she said, adding that many relevant details of the report had been disclosed.



Mohd Zahidi (left) and Nik Amlizan during LTAT's FY18 financial results announcement in Kuala Lumpur yesterday

Pic by Neil Kartono

PRESS CLIPPING

DATE : OCTOBER 1, 2019
MEDIA : THE MALAYSIAN
RESERVE (PART 3)
SECTION : NEWS
PAGE : 4
COLOUR : FULL COLOUR
EXPOSURE VALUE : TO BE DETERMINED

LTAT seeks to fill CFO position

FROM P1

A recent audit by accounting firm Messrs Ernst & Young revealed that LTAT has significantly increased its shareholdings in Boustead Holdings Bhd (BHB) and its quoted subsidiaries over the past few years, leaving the fund to be over-dependent on a handful of companies under Boustead Group's stable.

Nik Amlizan said the fund is reevaluating its portfolio and looking at various diversification options, including potential investments abroad and in government securities.

"That is in the plan but it will take some time before we get there. At the moment, we need

to bring the house back in order. We have to come up with a strategic asset allocation plan which is a journey that doesn't happen overnight.

"We need to make sure that all the right ingredients are in place. One example is we do not have a fixed income department, so we need to build that first.

"So there is still a lot of work to do first before we talk about diversification," she said.

LTAT declared a dividend of 2% for its financial year ended Dec 31, 2018 (FY18); the lowest since establishment in 1972. Its net profit dropped by almost 50% to RM221 million from a restated net profit of RM459.5 million in FY17.