

EPF to move into Shariah-compliant fund

THE Employees Provident Fund's (EPF) move to launch a fully Shariah-compliant fund in January next year for its contributors will benefit Shariah-related investments instruments.

The Federation of Investment Managers Malaysia (FIMM) applauded the move to introduce the scheme as it will further strengthen Malaysia's position as a leading Islamic financial centre.

CEO Nazaruddin Othman said the decision will benefit the investing public especially the contributors as they will now have a wider investment options.

"FIMM will proceed to facilitate discussions between the EPF and FIMs (fund management institutions) to enhance and strengthen the infrastructure required for the purpose of this EPF Shariah-compliant fund," he said in a statement yesterday.

Yesterday, EPF announced it will be launching a fully Shariah-compliant fund in January 2017 as an option for contributors interested

Initial fund size to be less than RM120b

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in converting their savings to a full Shariah-compliant status.

Deputy CEO (investment) Datuk Mohamad Nasir Ab Latif said the initial fund size will be between RM100 billion and RM120 billion.

"The fund is going to be on a first come, first served basis as I don't think we can accommodate everyone. We are looking at less than RM120 billion. It is just an estimate," he was reported as saying by *Bernama*.

The fund managers' total investment asset expanded to RM667.56 billion as at September 2015, up by RM31.03 billion for the first nine months of the year.

The announcement was not a surprise as Prime Minister Datuk Seri Mohd Najib Razak had announced in April last year efforts to reinforce Malaysia's position as a frontrunner

in the Islamic financial hub.

Meanwhile, Wan Amir Shafiq Ab Nasir, a member of Chartered Institute of Islamic Finance Professional (CIIF), believes the EPF's Shariah-compliant fund will help boost the industry which currently remains at an early stage.

However, the success of the scheme will also be dependent on the numbers of EPF contributors who choose to convert to fully Shariah-compliant, besides the public not being well-versed with the Shariah investment instruments.

As at September 2015, the EPF has 14.45 million members but only 6.74 million are active contributors, according to the statistics on its website.

Presently, 74% securities from the 901 listed companies on the local bourse are Shariah-compliant, according to information on the Securities Commission Malaysia's website.