

Tabung Haji's position solidifies in 1H19 as profits rise

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by ALIFAH ZAINUDDIN

PILGRIM fund Lembaga Tabung Haji (TH) continues to recover in the second quarter (2Q), with net profits rising to RM\$15 million for the first six months this year (1H19) on prudent cost management measures and a revamped strategy on investments.

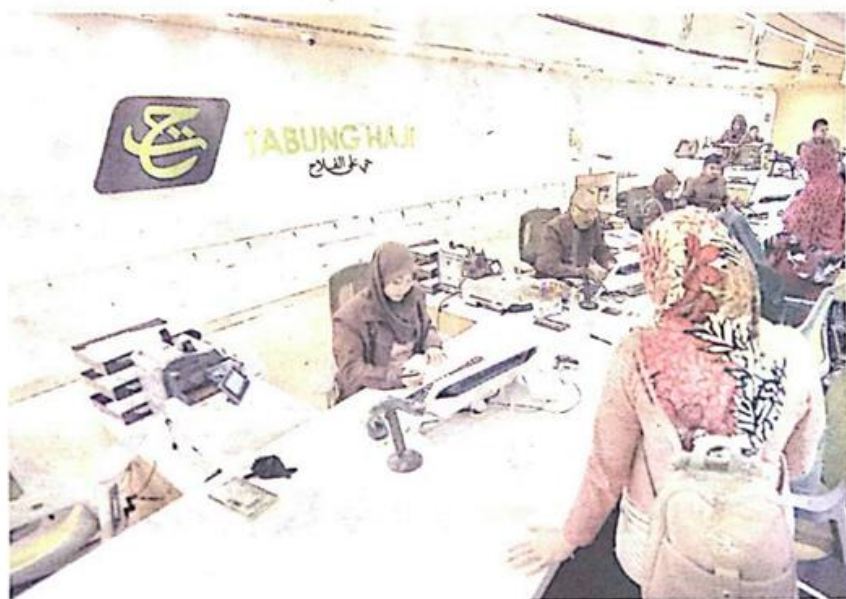
For 1H19, TH generated total income of RM1.3 billion, derived primarily from fixed-income investments worth RM663 million, real estate investments (RM292 million) and Islamic money market instruments (RM199 million).

Its income is expected to increase further once it receives sukuk benefits from Urusharta Jamaah Sdn Bhd, which was issued on May 30, TH said in a statement yesterday.

TH transferred billions worth of securities to the special-purpose vehicle in a cash-for-asset swap in late December last year.

As part of business restructuring and reducing its exposure to the volatile equity market, the pilgrimage fund reduced its equity shareholdings by more than half from 121 listed companies last year to 64 listed companies this year.

The latest check on Bloomberg showed that TH currently has total equity assets worth RM8 billion invested in 44 securities. The fund continues to be the biggest shareholder in TH Plantations Bhd with a 73.84% stake, Theta Edge Bhd (68.7%) and BIMB Holdings Bhd (53.82%).



The fund is governed by the TH Act 1995, which prohibits *hibah* and bonus payments if the assets slide lower than its liabilities. It is also not allowed to pay the yearly *hibah* if TH is not profitable

The pilgrim fund has disposed over 66 equities in the 3Q to reduce its total holdings from 110 securities in the previous quarter to just 44 securities. It has shed its holdings in consumer discretionary (0.32%), utilities (1.5%), industrial (11.57%) sectors significantly over the period.

At the same time, its exposure in the financial and the communication sectors have risen to 60.12% and 11.6% respectively.

TH said the change in its investment strategy to more stable investment assets has managed to reduce pressure from unfavourable financial market

conditions as a result of global trade tensions.

As at June 30, TH's financial position remained solid as total assets exceeded total liabilities of RM1.8 billion, with total assets of RM74 billion, while total liabilities is RM72.2 billion.

The fund is governed by the TH Act 1995, which prohibits *hibah* (dividend) and bonus payments if the assets slide lower than its liabilities. TH is also not allowed to pay the yearly *hibah* if it is not profitable.

Meanwhile, TH said total deposits remained high at RM71 billion to date, reflecting "intact" trust and support

from depositors. The fund, which manages thousands of Malaysian Muslims to perform the haj every year, said it anticipated an increase in withdrawal in 1H19 in line with the distribution of *hibah* and the beginning of the haj season.

The current haj season started with the first flight of pilgrims landing in Madinah on July 4. As of July 24, a total of 42 flights carrying over 20,000 pilgrims had taken off and arrived safely at the Holy Land. To date, the operation of the pilgrimage has run smoothly without any undesirable events.

Photo: Muz Annis/StarHub