

Market wizard of Malaysia

By Zhang Zhouxiang (China Daily)

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Insight and a cool head bring sweet success to overseas Chinese Tan Chong Koay, Zhang Zhouxiang reports.

The financial market is full of uncertainty. For anyone deciding on a career in the asset management profession, this reminder is timeless.

Yet for Tan Chong Koay, founder and chief strategist of Pheim Asset Management based in Malaysia, achieving above-market returns in the face of uncertainty has been a constant.

Cumulatively, his Pheim SICAV-SIF-ASEAN Emerging Companies Fund - or PHEIM ASEAN Fund - outperformed the FTSE ASEAN Index for all the trailing periods for the oneyear to 19-year periods ending September 2014 in US dollar terms. The total return for the 19 years ending September 2014 was 451.69 percent vs FTSE ASEAN Index 34.51 percent - outperforming by 417.18 percent.

Earlier performance record had already earned him the honor of "the Most Respected Ethnic Chinese Entrepreneur in the Asia-Pacific" in 2012 bestowed by the China Council for the Promotion of International Trade.

More recently, some of Pheim's funds were rated the best performing in their respective categories for 2014, winning four Edge Lipper Malaysia Fund Awards 2015.

Pheim Asset Management is also the successive winner of the 2013 and 2014 Best of the Best Awards for ASEAN Equity Category, a distinguished honor bestowed by the Hong Kongbased journal Asia Asset Management.

Difficult days

Unlike the many successful entrepreneurs in the financial market who have a wealthy background to rely on, Tan was born in 1950 to a Chinese immigrant family in a small village in Kedah, northern Malaysia.

The village was so poor that tap water and electricity were scarce and a pair of slippers was a luxury.

For his academic potential, Tan was accepted to Chung Ling Middle School in Penang and graduated with excellent academic results. When he went to Western Illinois University in the US to study business in 1969, his family could offer little help and he had to spend a majority of his time working part-time earning money to pay for his studies.

Besides working, much time was spent on gaining professional knowledge and character building, both of which he considered important for a career in finance.

Tan said those difficult days set the foundation and helped shape his first concept about investment.

For him, college education was a program to a promising future, so he decided to invest much time, energy, and hard work in ensuring academic success.

"I wanted a future different from that of my background and given the circumstances then, self-help was the only way," he said. It was this determination that saw him through all the way to advanced college degrees and in the years that followed.

In 1974, Tan graduated with a master's degree and he decided to go home together with his wife. His first job was that of an officer in a commercial bank in Kuala Lumpur.

First opportunity

He soon found the job routine and administrative and lacking the kind of challenges that he was after. This drove him to invest hours after work in researching the stock market and writing analyses for magazines. That earned him his first opportunity - in 1976 he started to manage funds in SEACORP, an asset management company in Kuala Lumpur.

Five years later, with a wealth of experience, he joined the newly set-up two-person investment team at Arab-Malaysian Merchant Bank - now AmInvestment Bank - which later grew into a team of 65 staff to compete in the investment services space against other established names. During his years at AMMB, he participated in designing and launching its first gilt fund to invest in debt instruments issued by the Malaysian government and corporations. His team also participated in the nation's first country closed-end fund that was listed on the New York stock exchange.

It was hard work that brought him success - a typical day involved more than 10 hours in the office.

As a researcher he maintained the habit of reading extensively to obtain a deeper understanding of the financial industry.

"A common prejudice about asset management is that our success comes from luck," he said with a laugh. "Of course not - you need ample knowledge and research about the market to win the trust of the people who would part with their money. Nobody live their lives on luck alone."

Tan's work was rewarded with academic achievements. In 1984, through hosting a research program for the Malaysian government, he composed a dissertation that earned him a PhD degree.

Another chance

Ten years later, the already successful Tan had another opportunity when Malaysia decided to open up its financial sector. He founded Pheim Asset Management, Malaysia in 1994.

When Singapore opened up its the asset management industry, he founded Pheim Asset Management (Asia) Pte Ltd, Singapore in 1995.

"Your need is our focus," is the motto Tan gave to his company. This focus has helped the company win an increasing client base.

He said his approach is "value investing" - never fully invested at all times.

According to Tan, true wisdom in the stock market is not only professional knowledge and accurate analysis, but also the ability to keep a cool head amid the market's rise and fall. Only those who can sense danger in a rising market and can see hope in a falling one are rewarded, he said.

"When the markets are overvalued, you must get out. When it is undervalued, you must go back in."

It was professional knowledge combined with a cool head that saw him safely through "Black Monday" in 1987, the Asian financial crisis of 1997 to 98, the Sept 11 incident in 2001 and the global financial crisis of 2008.

In the 2008 crisis that swept the global markets, the Pheim ASEAN Fund dropped only 16

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percent in value while competitors found their assets shrank by 45 to 60 percent. This performance made him one of the most renowned entrepreneurs in the region.

Social responsibility

While his business flourished, Tan also paid attention to social responsibility, which he believes is the ultimate purpose of a successful enterprise.

After graduating from the US, he took on the role as a reviewer for MBA courses at University Malaya as well as serving on the academic council at the Mara Institute of Technology.

"It is my responsibility to share knowledge with society," he said.

To help local finance students apply their knowledge in real work, Pheim cooperates with local colleges by offering student internships.

Tan said participation in such community-building efforts are also a kind of longterm investment because by making the community a better place to live, all will benefit.

A bigger community for him is China, where his family originated. As his family immigrated from Chaozhou, Guangdong province, Tan always dreamed of a common prosperity for the whole region. With China's miraculous development since the late 1970s, Tan started to analyze and invest in the most influential economy of the region.

Tan found that prices of some Chinese stocks were rather low, which implied potential for investment in the then-emerging market. Now he makes regular visits to China to seek out investment opportunities and catch up with his Chinese colleagues.

In turn, China has honored him. Tan was named a "Top 10 Financial Intelligent Persons" in 2010.

This was topped in 2013 when Tan was named among one of the 80 Global Chinese Eminent Business Leaders.

At the 2010 awards ceremony, he said he was proud of being an ethnic Chinese and successfully running an asset management firm for 38 years in competition with more established international players. The audience said they were proud of him, too - which he took as the highest tribute of all.

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Tan Chong Koay received the Edge Lipper Malaysia Fund Awards 2015. Photos Provided to China Daily



Tan received the China Top 10 Financial Intelligent Persons Special Award 2010.



As a researcher Tan maintains the habit of reading extensively to gain an ever-deeper understanding of the financial industry. Li Min / China Daily

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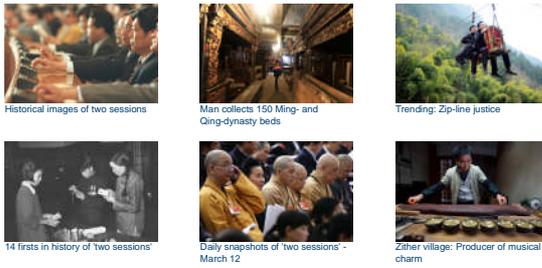
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