FOCUS

Tan — one of Malaysia's savviest fund managers

By T.H. CHAN

MAN IN THE NEWS

DR Tan Chong Koay (*pic*), slightly plump but who successfully ran an international marathon within the prescribed time at 42 years old, is no celebrity.

Neither is the Kedah-born man a razzmatazz for that matter.

How about creativity? In 1988, he did win a Maybank-Citicorp Visa Travellers Cheques slogan writing contest, with his winning words *I feel comfortable travelling with the tiger*. His prize was a return ticket to Seoul for the Olympics.

But, for all his jogging exploits and his flair for creative writing, he is more well-known for his keen intuition and meticulous preparation in his work.

For a man who shuns entertainment and prefers to be in the shadows, his expertise precedes him.

In the last four months, he raised a staggering RM120 million cash — which was certainly not by jogging or winning any contest.

The man accumulates stocks — not just a few stocks, but a wide range of them. He is reputed to be one of Malaysia's savviest fund managers around, with impeccable credentials that read like an encyclopedia.

While close associates call him the *guru* of fund managers, others describe him as tough and demanding, with a no-nonsense attitude.

In 1987, he was rated the top fund manager for retirement and pension funds in Malaysia.

Late last year, his expertise was put to test as he evaded an assault by arbitrageurs on his Malaysian fund in which he was managing.

Arbitrageurs took up sufficient positions in a closed-end fund, and pushed for a liquidation of that fund. The reason: the breakup value is more than what the share price suggests.

Two funds were raided by these arbitrageurs, forcing them to close down.

Slightly greying in hair, Tan is one of very few fund managers who have managed to consistently outperform the KLSE Composite Index (CI).

This was even during the bitter recession days, notably having only 35 per cent equity just before the 1987 stock-market crash.

"If your hair doesn't turn grey in this line of work, then you won't succeed," Tan quipped in an interview with *Star Business* recently.

Tan is an investment director of Singapore-based John Govett (Asia) Pte Ltd, which manages the consistently successful Malaysia Emerging Companies Fund.

The Malaysia Emerging Companies Fund, which was the winner of the *Micropal Awards* in 1992 (Micropal Ltd is an independent actuarial firm), was recently converted to a regional fund — Oriental Smaller Companies Fund.

OSK institutional sales head Adrienne Chuah said of him: "During the red Russia crisis, when there was panic selling on the stock market, Tan was mopping up as many shares as he could."

Then, during the economic boom, when stock players were yelling at the top of their voices to buy, Tan casually trimmed his stocks which he bought when they were at ultra-lows.

He was able to reap in significant gains during these periods.

Tan's career as a fund manager has been sparkling: The man has never been *burnt* before.

So what makes him tick? He works independently with a conservative mood, and possesses an acute sense of good timing and stock selection.

A simple example: Tan accumulated 500,000 shares in Nam Fatt Bhd in November 1990 at prices averaging RM3.10 and RM3.24. Today, Nam Fatt's share price has hit RM6.

A broader example — he got out just before the *October Crash* of 1987 and maintained a positive return while the CI lost all of its previous gains for that year.

His understanding of fund management skills has earned him much praise among the stockbroking community.

He inferred a certain distinction in the mechanics of fund management between matured and less matured markets.

"Unlike fund management in more matured markets such as Japan and the United States, to do well in more volatile markets like Malaysia, Singapore, and Thailand, you need to have a good feel of the market timing to do well in stock picking," Tan said. "Due to the volatile nature of our market, having the fund fully invested will not work well in this part of the world."

Tan is married with two daughters, aged 14 and 6.

Between 1970 and 1975, he gained a business degree and an MBA in the US before starting off on his first job — in agricultural chemical firm Ancom Bhd. The job only lasted for three months.

In 1976, he became an investment executive for Seacorp, which had the first unit trust in Malaysia, and the first discount house. He worked there until 1981.

In 1981, Tan and a fast-rising corporate figure Patrick Low, were pulled in by TAR College to speak at an investment analysis seminar.

Low, at that time, was treasurer at Arab-Malaysian Merchant Bank Bhd (AMMB).

While both had never met, their paths would later cross at AMMB a week later.

Following an interview, Tan was offered the plum role and later set up AMMB's investment services department, the largest in the country.

At AMMB, Tan also set up a private banking unit, a share registrar unit, and was responsible for designing the first unit trust to solely invest in Malaysian government securities.

Low, now chief executive officer of KFC Holdings Bhd, remembered Tan very well.

"Tan played an important role in AMMB by setting up the largest investment services department in the country," Low said, adding that Tan was "most honest."

Tan was to find greener pastures after his seven-year successful stint at AMMB.

He was head-hunted by Korn/Ferry International Pte Ltd in 1988 and found himself associate director and head of the investment management division at the Singapore-based German bank, DG Bank-GZB (Asia) Ltd.

Following a two-year stint there, he joined John Govett (Asia) as investment director on June 1, 1990.

CapitalCorp Securities vice president of institutional sales Veber Chia described Tan as astute, capable, and most importantly, well-disciplined.

"His track record speaks for itself; he is a major trend player, and in every cycle, you know he will make money."

But Tan believes that his work, though he is proud of, is not easy.

"As a fund manager, it is very difficult to predict the turning point of a major trend. But if you believe that the objective is to buy at the lowest of the 25 per cent of the market, and sell at the highest of the 25 per cent, you should be able to gain superior returns," Tan said.

Apart from his work, Tan runs. He has completed the Penang international marathon in 1990, and the Singapore international marathon in 1992 within the prescribed times.

"My top game was table tennis and I could beat everyone in my company. Then, it came to squash, where I failed to raise my standard of the game, so I read a book on squash," Tan said.

The man is now trying his hand at golf.