

## **UOBAM launches its first Islamic fund**

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UOB ASSET Management (UOBAM), one of Singapore's largest unit trust managers, has teamed up with Malaysia's Commerce International Merchant Bankers (CIMB) to launch its first Islamic fund.

The Afdaal Funds Series is a US dollar-denominated offshore unit trust. It is an umbrella fund from which its first sub-fund, the Afdaal Asia Pacific Equity Fund, was also launched last week in Labuan, Malaysia, where the series of funds is based.

The venture with CIMB is a timely one, said Mr Daniel Chan, managing director and chief investment officer of UOBAM, as the Islamic banking and finance industry is expanding rapidly in the region.

Demand for Islamic financial products is growing at about 20 per cent annually worldwide, said UOBAM. The global Islamic market is believed to be worth around US\$250 billion (S\$428.5 billion), with funds of US\$70 billion under management.

Islamic finance is based on Islamic law, or syariah. The Afdaal Funds Series, therefore, will not invest in companies involved in the manufacture or sale of alcohol, tobacco, pork, music or pornographic productions.

Restaurants and hotels that serve alcohol are also prohibited, in addition to operators of gambling establishments, movie theatres and cable TV companies.

Investors can buy into the Afdaal Asia Pacific Equity Fund with an initial sum of at least US\$5,000. The fund, which is currently available only in Labuan, will be registered in Singapore later.

UOBAM said it chose to partner CIMB in its first push into Islamic finance because of the latter's track record in the industry and its strong business relationships in the Middle East. 'UOBAM will bring its asset management expertise to the fund, while CIMB will offer the experience of its well-established Islamic franchise - CIMB Islamic - as the fund's syariah adviser,' the fund management firm said.

UOBAM is no stranger to ethical funds. It launched its United Global Unifem Singapore Fund in 1998, the first of its kind in Singapore which invests in companies committed to improving the lot of women and their families in developing countries in the region. -- Ruha Devanesan