NUS, SMU invest funds in a big way

They set up investment offices to manage billions of dollars professionally

By LESLIE YEE

With sizeable endowment funds to manage and an increasing focus on optimising returns, the National University of Singapore (NUS) and Singapore Management University (SMU) recently set up new investment offices.

According to its annual report, NUS had $978 million of endowment funds at March 31, 2005. NUS had net assets of $2.24 billion at March 31, 2005. The university held $1.15 billion of investments at cost on its balance sheet.

These investments, mainly bonds and equities, had a market value of $1.32 billion. NUS also had $984 million in cash and fixed deposits. The cash-rich university had a loan of $1.4 million.

The NUS investment office, with six investment professionals, is headed by chief investment officer Wee Sin Tho, with Madeleine Lee as deputy. Corporate veteran Mr Wee was previously managing director of United Industrial Corporation, president of Vickers Capital and chief executive officer of Vickers Dallas Holdings. Ms Lee is a well-known fund manager who was once managing director of Commerzbank Asset Management. She has also worked for the Government of Singapore Investment Corporation and Morgan Grenfell.

Asked about NUS’s investment strategy, Ms Lee told BT the university “has a diversified portfolio spread across different assets and currencies”.

The SMU investment office, which now has three investment professionals, was set up with the appointment of chief investment officer Teo Jwee Liang in March.

With more than 15 years of investment management experience, Mr Teo is tasked with managing SMU’s endowment fund, which he says is now around $600 million.

Mr Teo told BT: “The objective of the endowment fund is to preserve its purchasing power and achieve a sustainable rate of return in excess of the spending rate over the long term. The fund is invested into very diverse asset classes including global equities and bonds, marketable alternatives and real assets.”

Real assets include commodities, real estate and natural resources. External fund managers are used in Dresdner Bank and United Overseas Bank.

NUS and Nanyang Technological University (NTU) were corporatised earlier this year. And with this move they were given more autonomy to run their affairs and greater responsibility to raise their own funding, just like SMU.

An NTU spokeswoman told BT that NTU has an investment committee to oversee the investment of its endowment fund.

“The aim is to preserve and enhance the fund’s purchasing power while providing a relatively stable and constant stream of earnings in line with the future spending requirements of the university,” she said. “To this end, the fund is invested in well-diversified asset classes through selected global fund managers.”

Market players say NTU is also in the process of setting up an investment office.

Globally, US universities have led the way in engaging investment professionals to manage their endowment funds, some of which are substantial. European universities are also starting to more actively grow and manage their endowment funds.