



# Crescent's choices ahead of the curve

## EXCLUSIVE

### DAMON KITNEY

Talal Yassine has lost track of the number of times since he started superannuation fund Crescent Wealth, more than five years ago, that he's been asked why the firm doesn't invest in banks and insurance companies.

"We don't get asked that question any more," quips the managing director of Australia's first Islamic super fund.

Not that Mr Yassine has anything against the sectors hit hardest by the Hayne royal commission.

"We are not anti-bank in an organisation sense. We use banks. But where banks invest in leverage, we invest in de-leverage," he says of Crescent's mandate to follow sharia law, which prohibits "usury", or the charging of interest.

But his firm is clearly a beneficiary of the post-Hayne climate.

In the past three months Crescent has enjoyed record inflows. It now has \$270 million under management, up from \$250m at the end of December. Mr Yassine has ambitions to get it to \$2.5 billion within five years. About 10 per cent of current Crescent Wealth clients are Australians who do not follow the Islamic faith. The average age of its membership is under 30.

In addition to banks and insurers, Crescent also eschews investments in businesses involved in weapons manufacturing, alcohol production and sales, gambling and pornography.

Instead it invests in health-care, property and infrastructure, utilities, manufacturing and what Mr Yassine calls "innovative industries".

Over the past three years Crescent's flagship diversified property fund has returned almost 11 per cent, ranking it fourth in its sector, according to Morn-

ingstar.

"I would say conservatively a significant proportion (of the March quarter inflows) came from people reviewing what is happening in the market and our increased marketing and digital efforts," Mr Yassine said.

"We platformed the organisation to take a lot more money ... We feel our approach has been endorsed. The way we look at things has been endorsed. We are part of a growing movement of responsible investment."

Crescent revealed last December that it had signed up NAB Asset Services as custodian, Mercer as its super fund administrator, Equity Trustees as super fund trustee, Malaysia's CIMB Principal as its cash manager and London-based bfinance as its investment adviser.

Former Liberal Party leader and economist John Hewson also joined the Crescent Wealth board

alongside career banker Nicholas Whitlam and Diane Yerbury, a former vice-chancellor and president of Macquarie University and CEO of The Australia Council.

"John is exceptionally plugged into and interested in this area. He wants to know why we can't be a hub for Southeast Asia with all these Muslims around us," Mr Yassine said.

The Crescent Foundation, a charity affiliated with Crescent Wealth, has also recently ap-

pointed former Australian foreign minister and NSW premier Bob Carr as its chairman.

Mr Yassine acknowledges there are challenges in the current climate in attracting funds to an Islamic investment group.

"I would not be telling you how it is if I didn't acknowledge there were challenges. Particularly with the media pumping out negative stories consistently," he said.

"At Crescent we are not some community mosque group. We are not owned by any church

group. We are investors. My family and I have invested everything

we have got to set up this institution.

"Where we reside and in the ethical investment community, we have as good a chance as anyone else. We are judged on our merits. People want to see what you do, not what you say."

Crescent's Australian equities product has dramatically underperformed the market because of its limited mandate. Half of the leading stocks in the local market are banks, insurers and miners, so the fund has been forced into small caps and micro caps.

It is reviewing its mandates and looking at allocating less funds to local equities and more to international shares, property and cash.

Mr Yassine is also looking for more growth from what should be its core market: the Muslim community. Crescent only manages 1 per cent of the super of working Muslims. "You need to earn the trust of this community, you need to perform over time. Once you convince them to join you, that is not the end of the relationship, it is the start," he said.

"We don't have the benefit of being in enterprise bargaining agreements or having a financial planners' distribution network. We earn every single dollar, dollar by dollar," he said.

"From our point of view the Muslim community has spent the first five years watching us.

"It takes years to build that brand."

**'We are not some community mosque group. We are investors'**

TALAL YASSINE  
CRESCENT MD



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HOLLIE ADAMS

Crescent's Talal Yassine sees growth potential among Muslim investors. 'You need to earn the trust of this community'