

Session 11:  
Engaging External Fund Managers

# Engaging External Fund Managers: Cambodia's Experience and Lessons Learned

**Ms. Sotthy Sum**  
**National Bank of Cambodia**



ធនាគារជាតិនៃកម្ពុជា  
NATIONAL BANK OF CAMBODIA  
Riel, Stability, Development.

# Engaging External Fund Managers

## Cambodia's Experience and Lessons Learned

**Sotthy Sum, Director**

Reserve Management Department, National  
Bank of Cambodia

Asian Regional Forum | Hanoi, 7-9 October  
2026

 [facebook.com/nationalbankofcambodiaofficial](https://facebook.com/nationalbankofcambodiaofficial)

 <https://www.nbc.org.kh/>

The views expressed in this presentation are those of the author and do not necessarily represent the views of the NBC.





# Why We Use External Fund Managers

External managers **complement** our team. They do not replace it.

1

## Specialist expertise

Skills we do not yet have in-house

2

## New asset classes

Markets we do not manage ourselves

3

## Different styles

More than one way of investing

4

## A yardstick

A benchmark for our own team

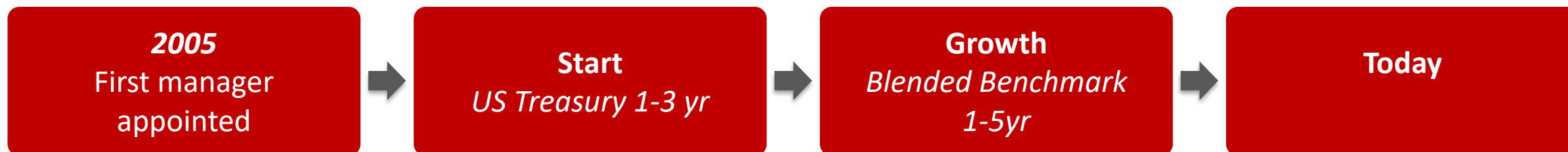
5

## Learning

Knowledge transfer and capacity building



# Our Journey and Approach



## We manage in-house

- Liquidity portfolios
- Core reserve assets
- Asset allocation
- Oversight of all managers

## External managers handle

- Specialist mandates
- Active strategies
- Areas needing extra expertise

**Guiding principle:** we keep ownership; they bring expertise.



# Setting a Clear Mandate

## Which investments?

- *Global government bonds*
- *Mortgage-backed securities*
- *Corporate bonds*

| Rule           | What it says                                                     |
|----------------|------------------------------------------------------------------|
| Target to beat | <i>Benchmark index</i>                                           |
| Risk limits    | <i>Tracking Error, Average Portfolio Rating, exposure limits</i> |
| Fees           | <i>Fixed + Performance based fee</i>                             |
| Reports        | Monthly risk and compliance report                               |
| Skill sharing  | <i>Conference, workshop, Customized training</i>                 |



# Who Is Accountable

## Investment Committee

Oversees the whole process and approves decisions



## Selection Steering Committee

Leads the selection and recommends a manager



## Middle Office, Legal and Procurement

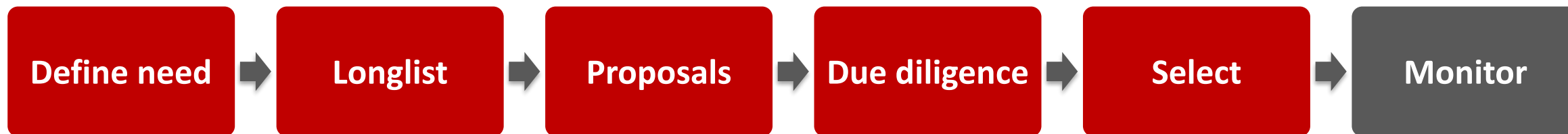
Evaluation, due diligence and the contract

## Internal Audit

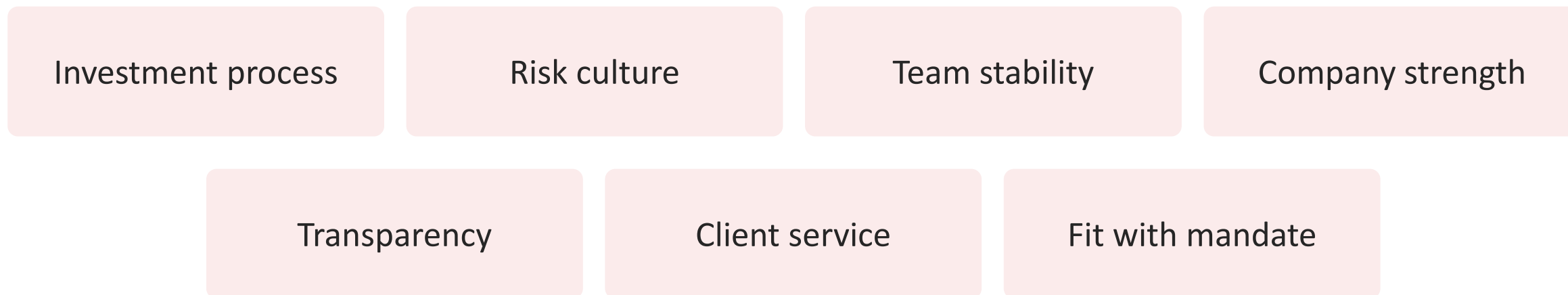
Checks that the process was followed



# How We Select External Managers



**Beyond performance, we look at:**



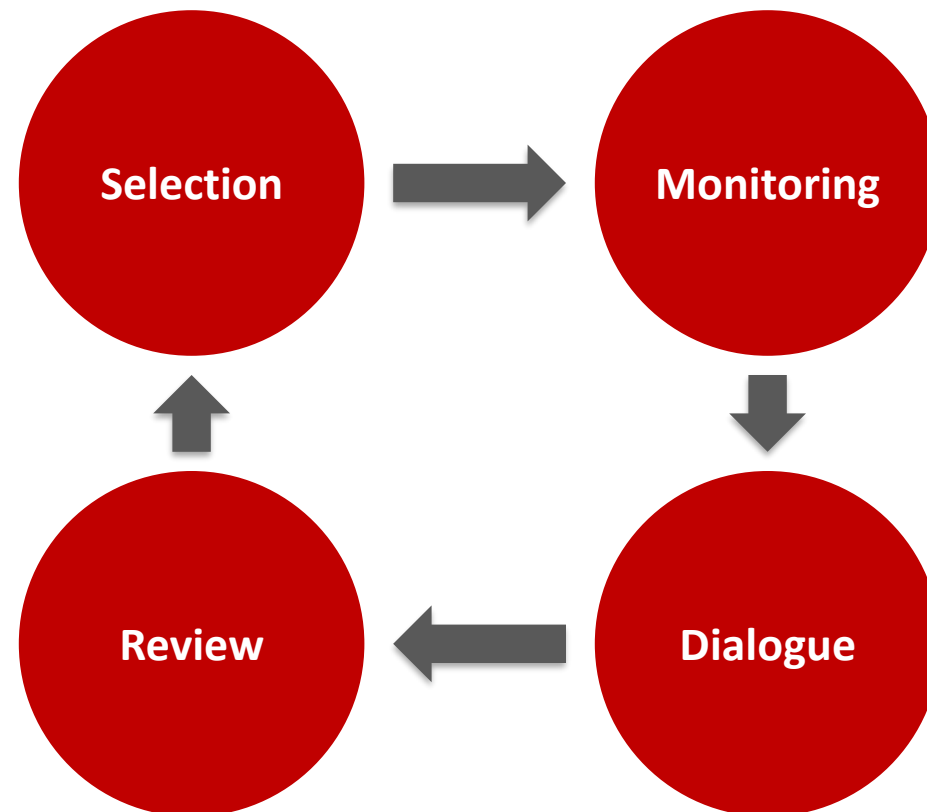
**Past returns are only one part of the picture.**



# Monitoring: Where the Real Work Is

## What we watch

- Performance versus benchmark
- Risk exposures
- Following the rules (guidelines)
- Portfolio positioning
- Changes in people and ownership
- Quality of communication



**Selection is the beginning of the relationship, not the end.**

# Practical Lessons Learned

**1 Look beyond performance:** Past returns rarely tell the whole story.

**2 Write clear mandates:** Time spent early prevents disputes later.

**3 Visit on site:** Meetings reveal what questionnaires miss.

**4 Keep talking:** Communication matters most in market stress.

**5 Plan for learning:** Make knowledge transfer an explicit goal.



# What Is Changing for Reserve Managers

More complex investments

Operational resilience

Closer checks on  
counterparties

Concentration risk

Higher expectations on  
transparency

**What this means:** External expertise may matter more, but governance and oversight matter even more.



# Three Key Takeaways

**1**

## **Complement**

External managers should add to our own skills, not replace them.

**2**

## **Governance first**

Strong governance matters more than short-term returns.

**3**

## **Partnership**

Success is built on long-term relationships.