

The decrease in domestic holdings from 79.59% as of end December 2021 to 79.42% as of 30 September 2022 (Figure 1a) was driven by domestic institutional investors who were net sellers for seven out of the first nine months in 2022 (total net sell of -RM9.03 billion) (Figure 1b). Meanwhile, for the same period, domestic retail investors traded at a net buy of RM2.30 billion, while foreign institutional and retail investors also traded at a net buy of RM6.58 billion and RM0.06 billion respectively.

Based on the SC's assessments, domestic holdings as of 30 September 2022 were largely held by strategic investors (75.91%) with non-strategic investors holding the remainder. Strategic investors consisted of promoters, parent, or holding companies of a PLC that had a longer-term investment strategy in mind whereas non-strategic investors were investment managers with shorter investment horizons.

## TYPES OF FOREIGN INVESTORS

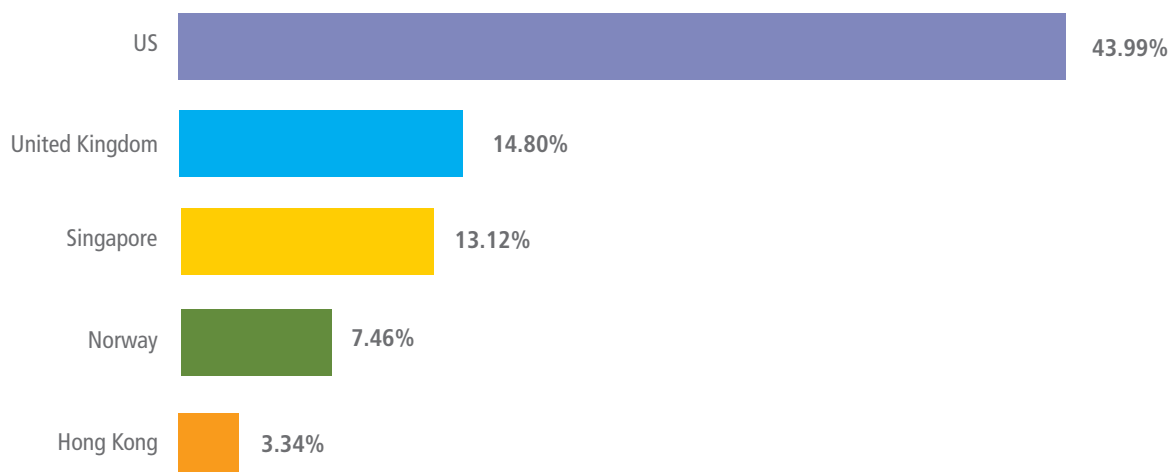
Further analysis into the type of foreign holdings indicated that out of the 20.58% of foreign holdings as of 30 September 2022, a total of 68.68% across various markets and sectors on Bursa Malaysia were held by foreign strategic investors (Figure 1a). By type, 96.34% of foreign strategic investors were corporations whereas

the rest consisted of individual investors, government agencies, holding companies, and others.

Nearly half of the foreign non-strategic investors were from the US and their top three holdings were in the banking counters (Chart 1).

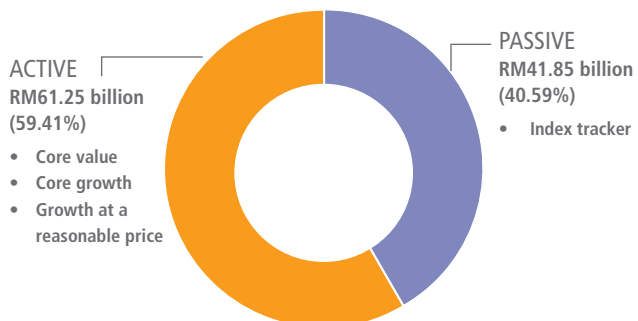
### CHART 1

Top 5 countries of foreign non-strategic investors as of 30 September 2022



Source: The SC; Thomson Reuters Eikon.

**CHART 2**  
Investment style by foreign non-strategic investors as of 30 September 2022



Source: The SC; Thomson Reuters Eikon.

Meanwhile, 31.32% of foreign holdings were held by non-strategic investors, who mainly comprised fund managers, hedge funds, and sovereign wealth funds with the remaining being pension funds, insurance companies, and others (Figure 1a). This can be further categorised as active or passive investors (Chart 2). Passive investors track the returns of an index such as an established market benchmark and tend to buy and hold unless there are changes to the index constituents. Active investors, meanwhile, seek to invest through discretionary stock selection or trade in anticipation of market turning points.<sup>3</sup>

Pension funds typically have a ‘buy and hold’ strategy as their focus is on long-term income rather than capital accumulation.<sup>4</sup> Thus, investors that most frequently enter or exit a market would be the active non-strategic investors, followed by central banks, governments, pension funds, and subsequently the passive non-strategic investors.

<sup>3</sup> *BIS Quarterly Review: The implications of passive investing for securities markets.* Sushko, V. & Turner, G., Bank of International Settlements, 2018.

<sup>4</sup> *Policy Actions: Pension Funds Investment in Infrastructure.* Della Croce, R., *OECD Working Papers on Finance, Insurance and Private Pensions No. 13.* OECD. 2011.