

INVESTMENT MANAGEMENT

FUND MANAGEMENT

Total AUM of licensed FMCs in Malaysia increased by 9.99% to RM905.46 billion as compared to RM823.19 billion in 2019. In 2020, top 5 FMCs contributed to 55.27% of total AUM as compared to 56.57% in 2019 (Chart 1).

Source of funds under management were largely from unit trust funds, EPF, corporate bodies, and wholesale funds (Table 1). The funds were allocated in various asset classes and locations, of which, investment inside Malaysia by FMCs amounted to RM649.54 billion, representing 71.74% of the total AUM as at end of 2020 (Chart 2). The bulk of investment was allocated in equities with 48.32% at end of 2020, as compared to 48.61% in 2019 (Chart 3). Similar trends was observed on assets allocation inside and outside Malaysia (Chart 4).

TABLE 1

Source of clients' funds under management

Source of funds	2020 (RM billion)	2019 (RM billion)
Unit trust funds	519.53	482.09
Employees Provident Fund	150.77	131.42
Wholesale funds	67.65	58.10
Corporate bodies	86.49	80.67
Statutory bodies and government agencies	35.90	32.35
Others	24.38	21.52
Individuals	16.74	13.04
Private pension funds	4.00	4.00
TOTAL	905.46	823.19

CHART 1

Asset managed by FMCs (%)

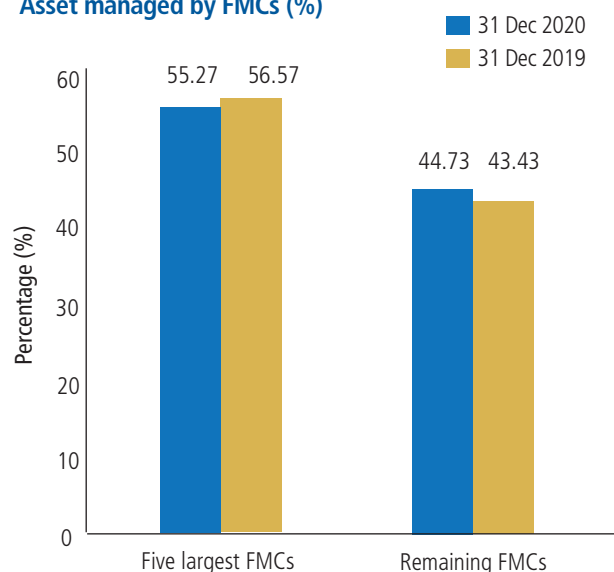


CHART 2

Assets invested inside and outside of Malaysia (RM billion)

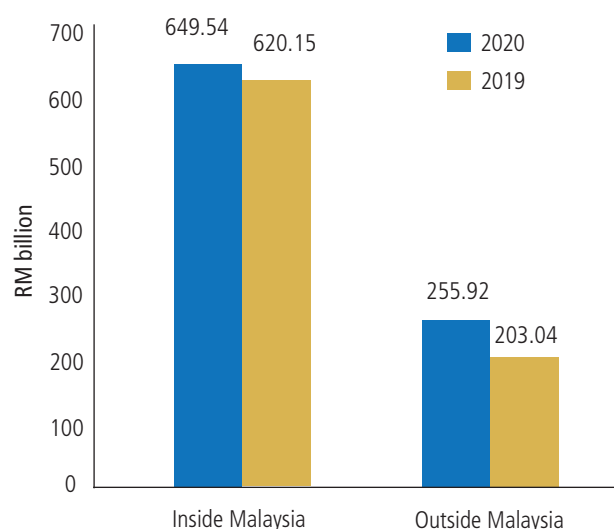


CHART 3

Assets allocation

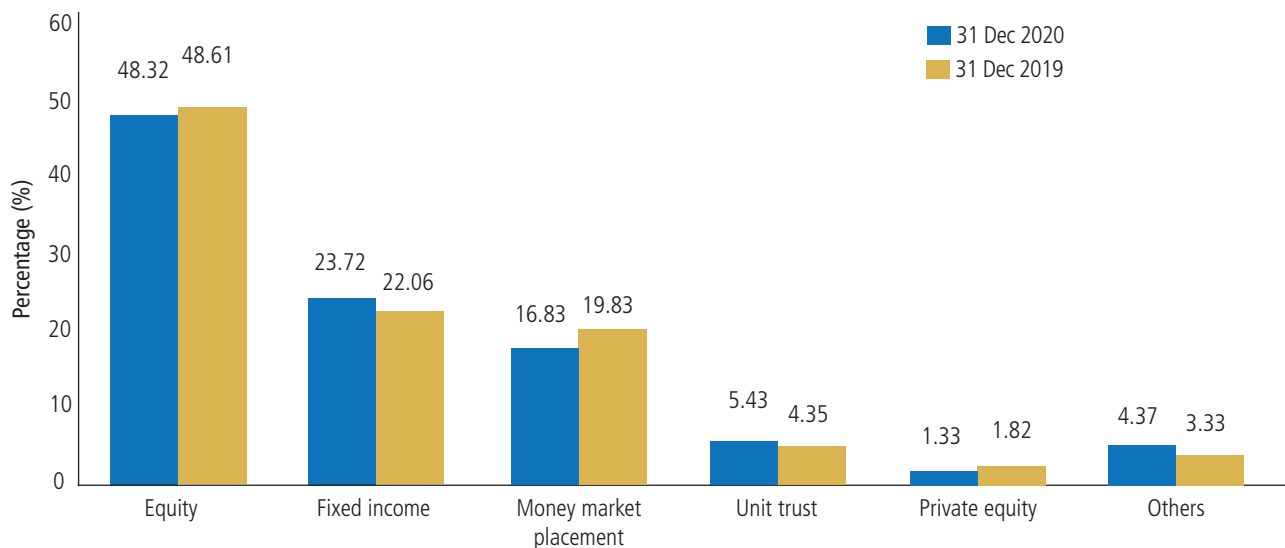
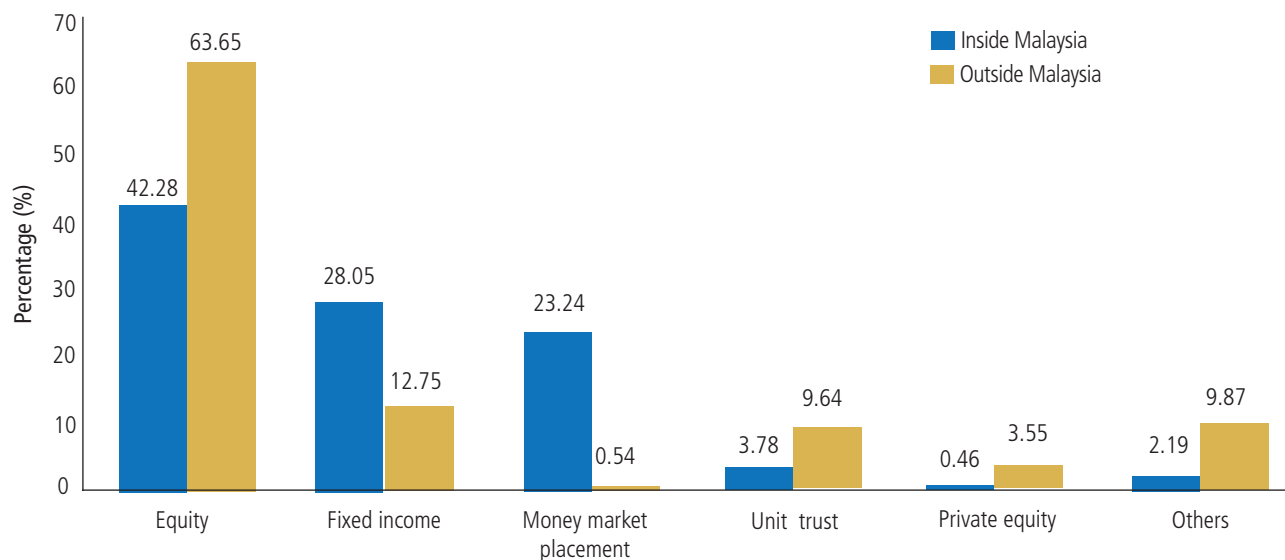


CHART 4

Assets allocation inside and outside of Malaysia as at 31 December 2020 (%)



COLLECTIVE INVESTMENT SCHEMES AND PRIVATE RETIREMENT SCHEMES

Unit trust funds continued to be the largest component of the Malaysian Collective Investment Schemes (CIS) industry with a total NAV of RM519.53 billion recorded as at 31 December 2020, representing an increase of

7.77% from RM482.09 billion as at 31 December 2019. The percentage of the total NAV of unit trust funds industry against Bursa Malaysia's market capitalisation is 28.59% (2019: 28.16%). In 2020, a total of 37 unit trust funds were launched while 14 funds were terminated and 12 funds matured, which brought the total number of unit trust funds offered by 38

TABLE 2

Overall status of unit trust fund industry

	31 December 2020	31 December 2019
No. of Funds offered	696	685
– Conventional	456	449
– Shariah-compliant	240	236
Units in circulation (billion units)	745.05	696.40
No. of accounts (million)*	21.34	20.65
Total NAV (RM billion)	519.53	482.09
– Conventional (RM billion)	391.00	374.77
– Shariah-compliant (RM billion)	128.53	107.32
% of NAV to Bursa Malaysia market capitalisation [^]	28.59	28.16

Notes:

* No. of Accounts include number of unitholders accounts with institutional UTS advisers (IUTA) that operate nominee account system.

[^] The comparison made between the total NAV of the unit trust funds industry and Bursa Malaysia's market capitalisation is not an indication of the actual amount invested in Bursa Malaysia by the unit trust funds.

locally-incorporated unit trust management companies to 696 funds as at 31 December 2020 (Table 2).

The unit trust funds industry recorded total gross sales (excluding reinvestment of distribution) of RM353.36 billion (2019: RM249.87 billion). The majority of which were distributed by unit trust management companies with total gross sales of RM195.66 billion (Chart 5).

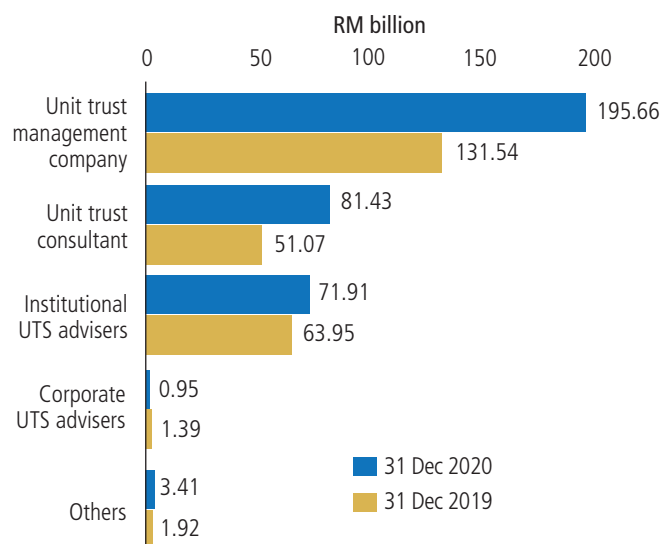
In the wholesale funds segment, a total NAV of RM67.65 billion (2019: RM58.10 billion) was recorded as at 31 December 2020. A total of 65 funds were launched under the LOLA Framework to sophisticated investors while 19 funds were terminated and 12 funds matured in 2020, which brought the total number of wholesale funds offered by 42 FMCs to 357 funds as at 31 December 2020.

In 2020, 5 funds qualified as SRI funds under Guidelines on SRI Funds. With the termination of 1 SRI fund during the year, there were a total of 7 SRI funds, comprising 4 unit trust funds and 3 wholesale funds offered to investors as at 31 December 2020.

As of 31 December 2020, there are a total of 18 REITs listed on the Main Market of Bursa Malaysia with a total market capitalisation (including a stapled group) of RM39.34 billion (2019: RM43.83 billion). The total

CHART 5

Distribution channels



asset size grew marginally from RM54.44 billion to RM56.36 billion for the same period. As of 31 December 2020, there is 1 unlisted REIT offered to sophisticated investors.

With the listing of 4 ETFs in 2020, i.e. Kenanga KLCI Daily 2X Leveraged ETF, Kenanga KLCI Daily (-1X) Inverse ETF, TradePlus MSCI Asia ex Japan REITs Tracker and TradePlus DWA Malaysia Momentum Tracker, the total number of ETFs listed on Main Market of Bursa

Malaysia as at 31 December 2020 was 19 with a total market capitalisation of RM2.23 billion (2019: RM2.14 billion).

As of 31 December 2020, there continued to be only 1 closed-end fund (CEF) listed on the Main Market of Bursa Malaysia with a market capitalisation of RM298 million (2019: RM336 million).

As at 31 December 2020, the number of PRS remained unchanged with 12 schemes comprising 57 funds offered by 8 PRS providers. The total NAV of RM4.75 billion as at 31 December 2020, represented an

increase of 35.71% compared to a total NAV of RM3.50 billion as at 31 December 2019.

Overall, there was a significant increase in withdrawals from PRS with pre-retirement withdrawals in 2020 increasing to 52% of total withdrawals, compared to only 18% of total withdrawals in 2019. This increase is due to new categories of permitted pre-retirement withdrawals for housing and healthcare as well as for temporary exemption accorded to PRS members from payment of 8% tax penalty for withdrawals from sub-account B of up to RM1,500 per PRS Provider.

CHART 6

PRS members by age group

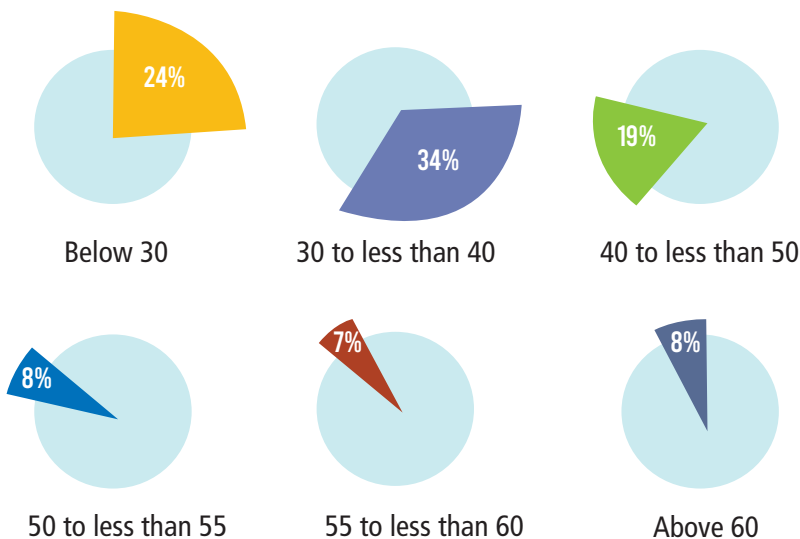


CHART 7

PRS members by gender

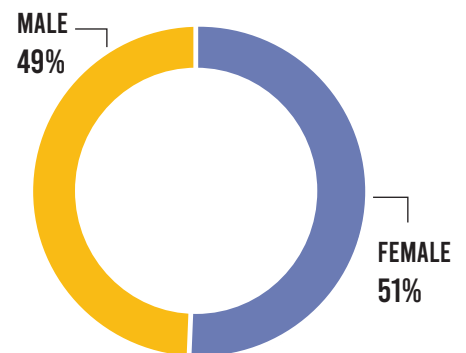
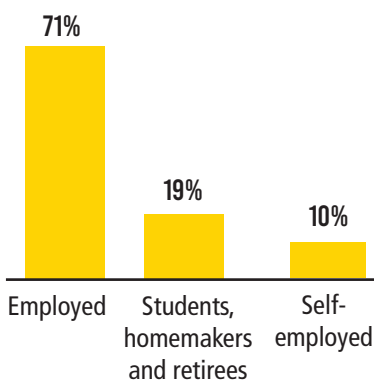
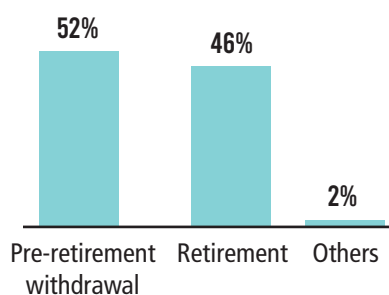


CHART 8

PRS members by type of employment



Withdrawals by PRS members



PRS members' fund preference

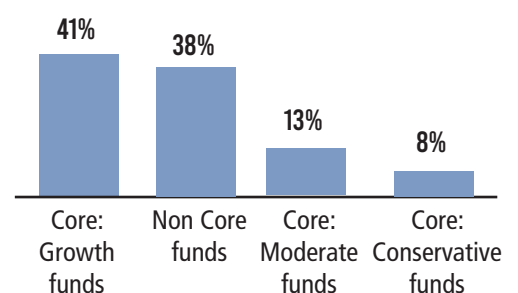


TABLE 3

Number of applications and lodgements relating to CIS and PRS

(i) Lodgement	Lodged		Launched	
	2020	2019	2020	2019
Wholesale funds (WF)	69	59	65	60
(ii) Application	Considered		Pending consideration	
	2020	2019	As at 31 December 2020	As at 31 December 2019
Establishment of CIS	50	60	8	10
– Unit trust funds (UTF)	47 ¹	54 ²	7	7
– ETF	3	6	-	3
– REITs	-	-	1	-
Establishment of private retirement funds	1	2	-	-
Recognition of foreign Qualifying CIS	-	1	-	-
Exemption/variation from guidelines	23	17	4	3
Registration of prospectuses/disclosure documents	138	162	12	21
Registration of deeds	136	152	9	19
Other applications	22 ³	25 ⁴	1	-
TOTAL	370	419	34	53

Notes:

¹ Includes 4 funds, which were qualified as SRI fund.² Includes 1 fund, which was qualified as SRI fund.³ Includes 1 existing fund, which was qualified as SRI fund.⁴ Includes 2 existing funds, which were qualified as SRI fund.

In 2020, the SC considered 370 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses/disclosure documents, register deeds and other ancillary matters (Table 3).

INVESTMENT PRODUCTS

Structured warrants

There were 6 eligible issuers of structured warrants in 2020. The SC received and registered 6 base prospectuses and 11 supplementary prospectuses from these issuers in 2020 (Table 4).

TABLE 4

Structured warrants considered

	2020	2019
No. of eligible issuers	6	6
Base prospectuses registered	6	6
Supplementary prospectuses registered	11	12
Term sheets registered	1,235	1,106
Issue size (billion warrants)	58.52	56.87

A total of 1,235 term sheets for the offering of structured warrants were registered in 2020, representing an increase of 11.7% compared to the 1,106 term sheets registered in 2019. The increase was attributable to the active issuance by issuers in meeting investor interest in 2020.

The year 2020 also saw an increase in issuances of structured warrants based on shares from 916 in 2019 to 1,032 in 2020 and the return of the put warrants based on shares after a 3-year absence. The last issuance of put warrants based on shares was in 2017 with the registration of 1 term sheet relating to the offering of put warrants over shares. In 2020, a total of 19 term sheets relating to the offering of put warrants over shares were registered. In addition, issuances of structured warrants based on indices increased to 187 in 2020 compared to 181 in the previous year.

The term sheets registered in 2020 enabled the structured warrants issuers to offer up to a total of 58.52 billion units of structured warrants.

Structured products

In 2020, a total of 9 issuers lodged 18 new structured product programmes with the SC under the LOLA Framework for unlisted capital market products. These programmes comprised a variety of underlying references and had an aggregate size of RM90 billion with each programme having a size limit of up to RM5 billion (Table 5).

Contracts for difference

In line with the SC's *Capital Market Masterplan 2* to promote and develop the derivatives market, the SC introduced the *Guidelines on Contracts for Difference (CFD)* on 6 April 2018. A CFD is a leveraged derivatives product that allows investors to participate in the price movement of an underlying instrument. Given the complexity of CFDs, the framework is implemented on a phased approach starting with sophisticated investors.

In 2020, there were 2 CFD providers offering CFD in Malaysia based on shares and indices compared to 1 CFD provider offering CFD based on shares in 2019.

TABLE 5

Structured product programmes

New programmes lodged	2020		2019	
	No. of programmes	Size (RM billion)	No. of programmes	Size (RM billion)
Principle				
– Conventional	18	90	5	25
– Islamic	-	-	1	5
TOTAL	18	90	6	30