

INVESTMENT FUNDS SUBJECT TO THE STRESS TEST

The macro stress test exercise was conducted based on 30 September 2022 data where 1,105 investment funds with an aggregated NAV of RM553.80 billion were tested.⁴ These were largely made up of mixed-assets funds followed by equity and bond/sukuk funds. With regard to asset allocation, equities (47.64%) comprised the majority of holdings, followed by cash and cash equivalents (25.82%) and corporate bonds/sukuk (14.08%). Meanwhile, collective investment schemes (CIS), government securities, and other investments made up the remaining 12.46% of the allocation. A further breakdown of the key components of domestic asset classes is shown below (Chart 1).

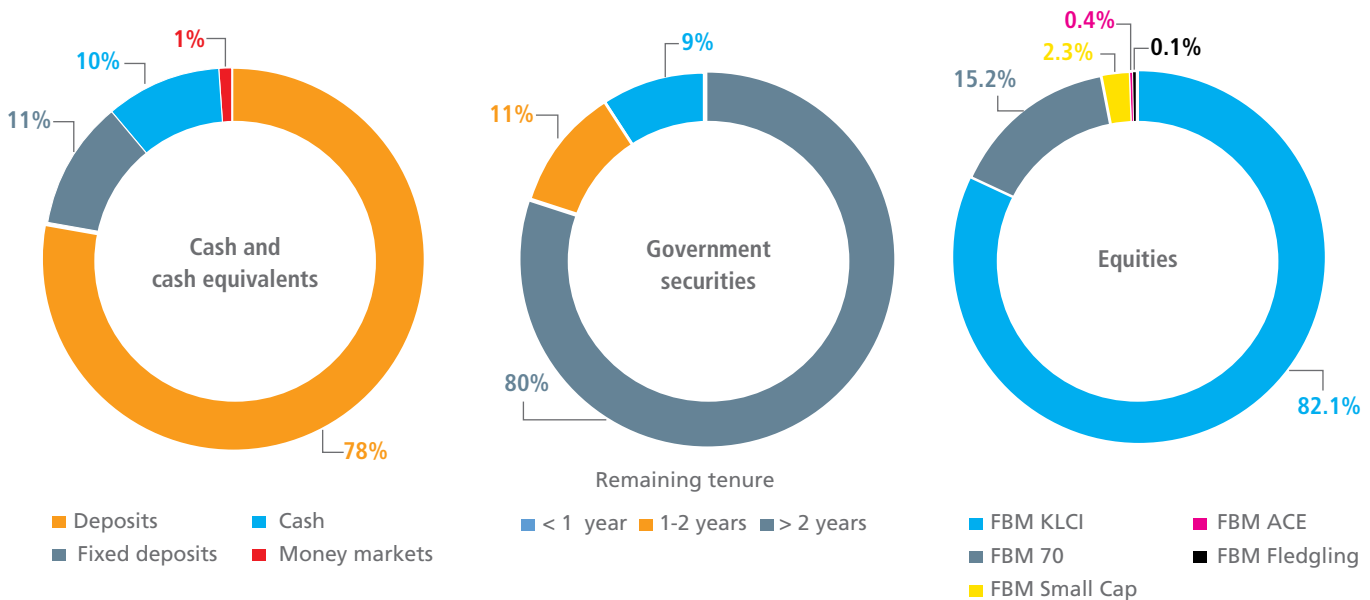
The majority of holdings of cash and cash equivalents consisted of deposits and money market placements, with three major domestic banking groups accounting for more than half of the total holdings. Based on a

measure of market competitiveness, the Herfindahl-Hirschman Index (HHI) indicated that there was a low degree of concentration in holdings of deposits and placements (Chart 2).⁵

Subsequently in the equities asset class, holdings in domestic equities were mainly in the financials sector,⁶ followed by consumer staples, and industrials sector. It was observed that the degree of concentration in this asset class was moderate (Chart 3).

In terms of the maturity profile of government securities, 80.18% of the government securities held had remaining tenures of more than two years, followed by those with remaining tenures of between one to two years at 11.00%, and those with remaining tenures of less than one year at 8.82% (Chart 4).

CHART 1
Key components of domestic asset classes (by liquidation order)



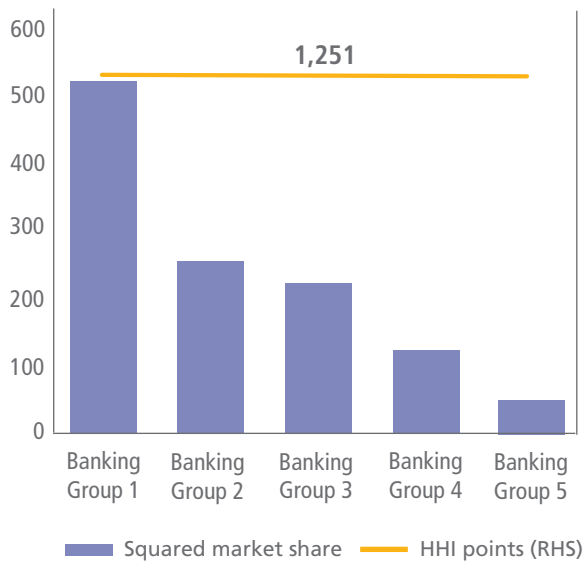
Source: The SC.

Note:
* The numbers may not add up due to rounding.

⁴ Excluding those funds with zero NAV, funds with no investment asset in its portfolio and funds which invest primarily in property assets.
⁵ According to the Malaysia Competition Commission, a HHI of less than 1,500 denotes an unconcentrated (competitive) market; between 1,500 and 2,500 denotes a moderate level of concentration; and over 2,500 denotes a highly concentrated market.
⁶ As of 30 September 2022, financials counters made up 19.55% of Bursa Malaysia's market capitalisation.

CHART 2

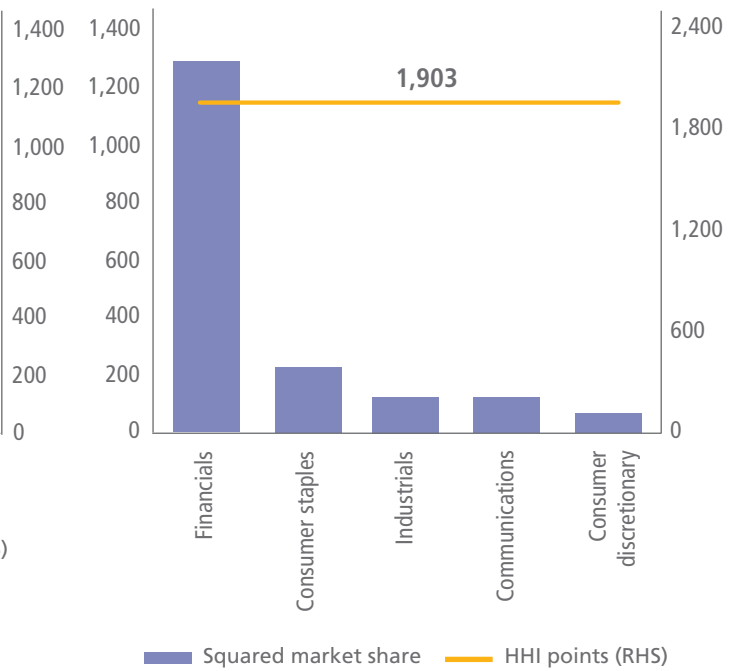
Holdings in cash and cash equivalents by banking group



Source: The SC.

CHART 3

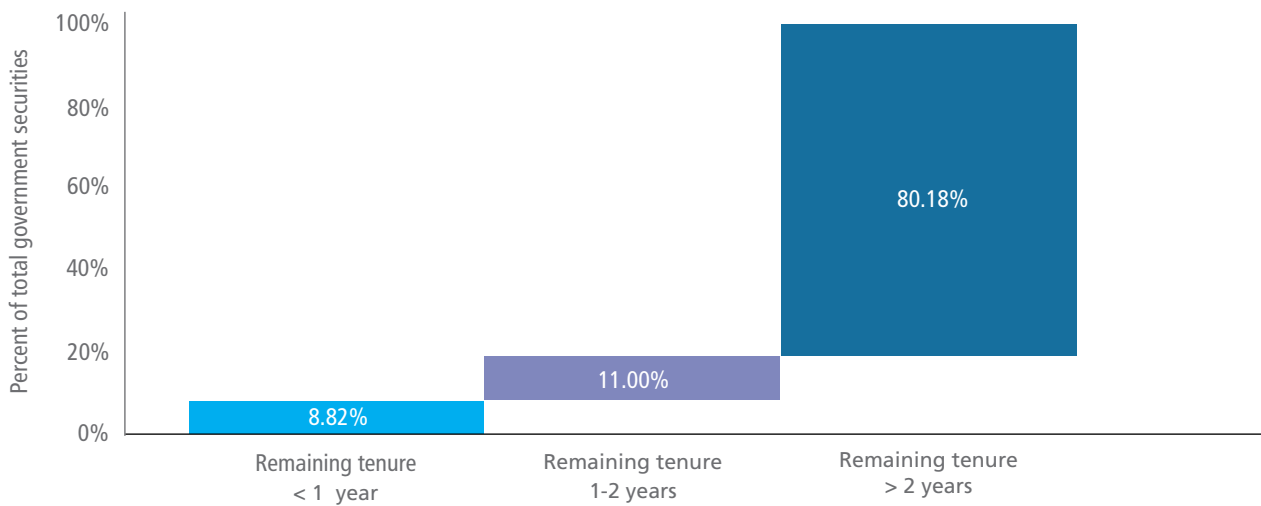
Holdings in domestic equities by sector



Source: The SC.

CHART 4

Maturity profile of government securities



Source: The SC.