

# INVESTMENT MANAGEMENT

## FUND MANAGEMENT

The total AUM of licensed FMCs in Malaysia decreased by 4.69% to RM906.46 billion as compared to RM951.05 billion in 2021. In 2022, the top 5 FMCs contributed 55.42% of total AUM as compared to 54.81% in 2021 (Chart 1).

Sources of funds under management were largely from unit trust funds (UTFs), 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 RM624.87 billion, representing 68.94% of the total AUM as at end of 2022 (Chart 2). The bulk of investment was allocated to equities with 47.59% at end of 2022, as compared to 49.20% in 2021 (Chart 3). A similar trend was observed in asset allocation inside and outside Malaysia (Chart 4).

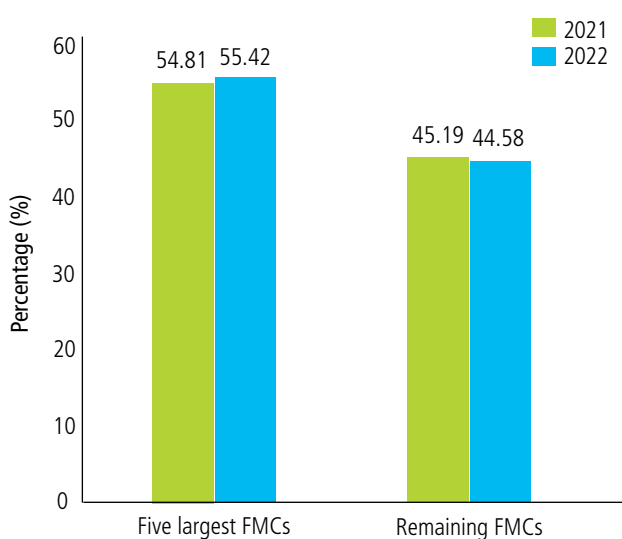
**TABLE 1**

Source of clients' funds under management

Source of funds	2022 (RM billion)	2021 (RM billion)
Unit trust funds	487.94	526.90
EPF	157.83	164.95
Corporate bodies	97.76	94.81
Wholesale funds	76.50	79.45
Statutory bodies and government agencies	38.21	37.27
Individuals	20.53	20.78
PRS	5.41	5.63
Others	22.28	21.26
<b>TOTAL</b>	<b>906.46</b>	<b>951.05</b>

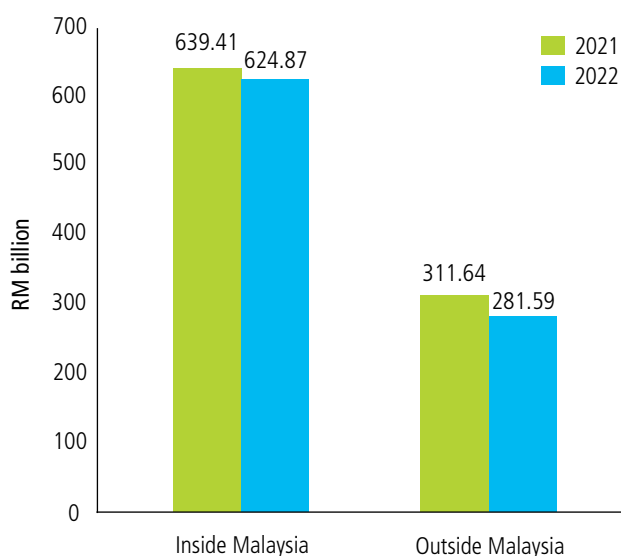
**CHART 1**

Asset managed by FMCs



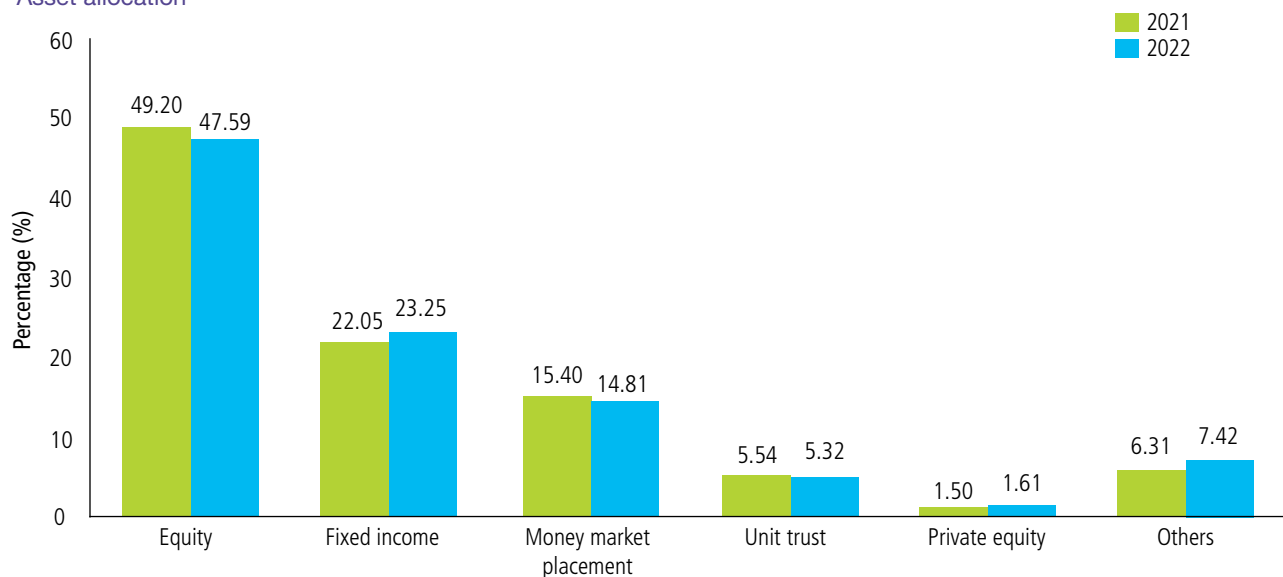
**CHART 2**

Assets invested inside and outside of Malaysia

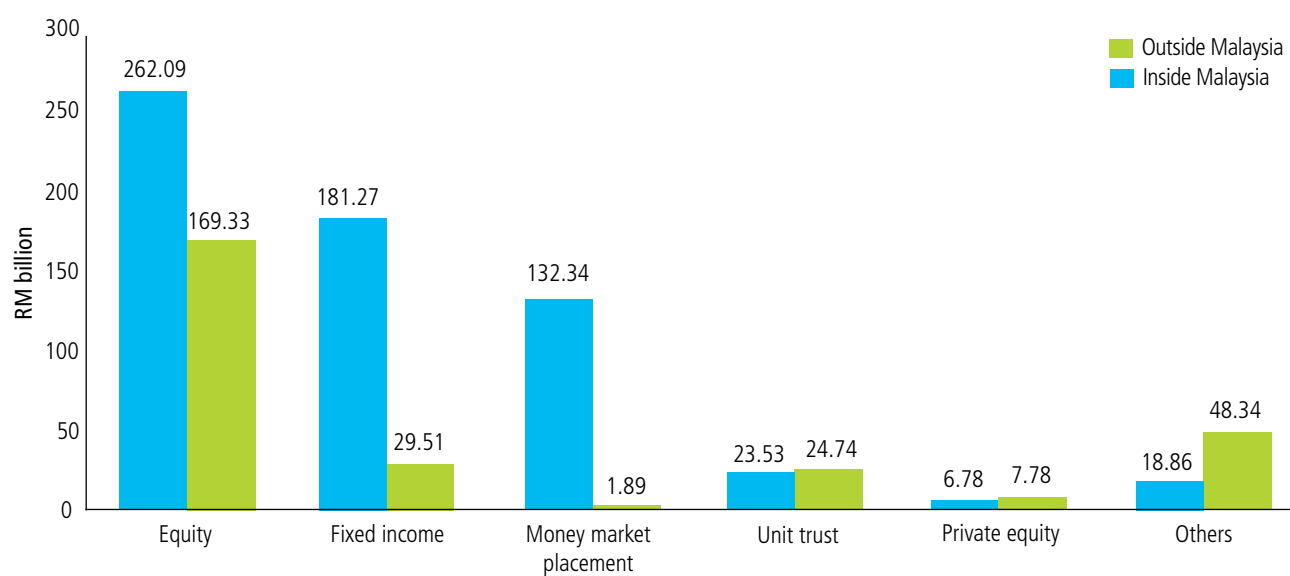


**CHART 3**

Asset allocation

**CHART 4**

Asset allocation inside and outside of Malaysia as at 31 December 2022



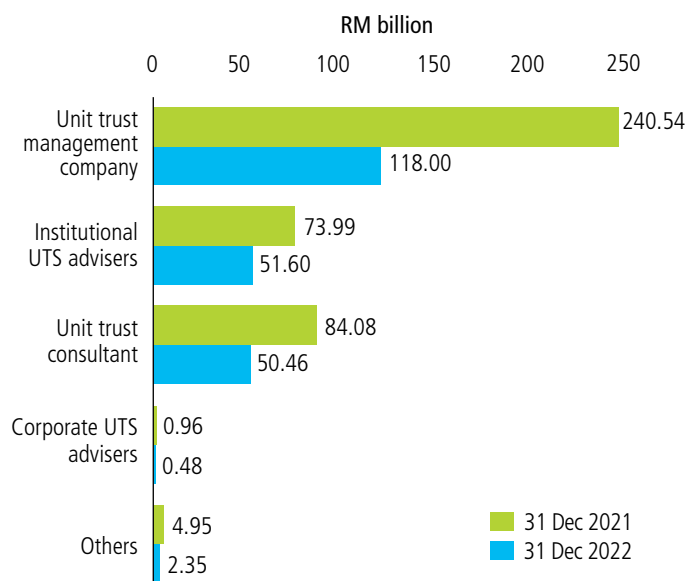
## COLLECTIVE INVESTMENT SCHEMES AND PRIVATE RETIREMENT SCHEMES

### Unit Trust Funds

Unit trust funds continued to be the largest component of the Malaysian collective investment schemes (CIS) industry with a total NAV of RM487.94 billion recorded as at 31 December 2022 (2021: RM526.90 billion). The percentage of the total NAV of unit trust fund industry against Bursa Malaysia market capitalisation is 28.10% (2021: 29.45%). In 2022, a total of 39 unit trust funds were launched while 11 funds were terminated and 9 funds matured, which brought the total number of unit trust funds offered by 38 locally-incorporated unit trust management companies to 759 funds as at 31 December 2022 (Table 2).

The unit trust fund industry recorded total gross sales (excluding reinvestment of distribution) of RM222.89 billion (2021: RM404.52 billion), the majority of which were distributed by unit trust management companies with total gross sales of RM118.00 billion (Chart 5). Overall, the unit trust funds industry recorded net redemptions (excluding reinvestment of distribution) of -RM26.28 billion in 2022 (2021: -RM1.46 billion).

**CHART 5**  
Distribution channels



**TABLE 2**  
Overall status of UTF industry

	31 December 2022	31 December 2021
No. of funds offered	759	740
– Conventional	473	467
– Shariah-compliant	286	273
Units in circulation (billion units)	769.00	772.63
No. of accounts (million)*	25.32	24.06
Total NAV (RM billion)	487.94	526.90
– Conventional (RM billion)	380.55	398.57
– Shariah-compliant (RM billion)	107.39	128.33
% of NAV to Bursa Malaysia market capitalisation <sup>^</sup>	28.10	29.45

Note:

\* No. of accounts include number of unitholders accounts with institutional unit trust schemes (UTS) advisers that operate nominee account systems.

<sup>^</sup> 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.

## Wholesale Funds

In the wholesale funds segment, a total NAV of RM76.50 billion was recorded as at 31 December 2022 (2021: 79.45 billion). A total of 46 funds were launched under the LOLA Framework to sophisticated investors while 15 funds were terminated and 8 funds matured in 2022, which brought the total number of wholesale funds offered by 44 FMCs to 437 funds as at 31 December 2022.

## SRI Funds

As at 31 December 2022, there were 58 funds offered to investors which have been qualified as SRI funds under the *Guidelines on Sustainable and Responsible Investment Funds* (2021: 34 funds). The 58 funds comprised 31 unit trust funds and 27 wholesale funds with a total NAV as at 31 December 2022 of RM7.05 billion (2021: RM5.07 billion).

## Real Estate Investment Trusts

With the listing of AME Real Estate Investment Trust in 2022, the total number of REITs listed on the Main Market of Bursa Malaysia as at 31 December 2022 was 19 with a total market capitalisation (including a stapled group) of RM39.08 billion (2021: RM38.44 billion). The total asset size grew from RM59.44 billion as at 31 December 2021 to RM61.50 billion as at end of 2022. There are 2 unlisted REIT offered to sophisticated investors as of 31 December 2022.

## Exchange-Traded Funds

As at 31 December 2022, there are total of 19 ETFs listed on Main Market of Bursa Malaysia (2021: 19) with a total market capitalisation of RM2.10 billion (2021: RM2.16 billion).

## Closed-End Fund

As at 31 December 2022, there continued to be only one closed-end fund (CEF) listed on the Main Market of Bursa Malaysia with a market capitalisation of RM280 million (2021: RM314 million).

## Private Retirement Schemes

With the launch of a new PRS in 2022, there are 13 PRS (2021: 12 PRS) offered by 9 PRS providers (2021: 8 PRS providers) as at 31 December 2022. A total of 16 new private retirement funds were launched in 2022, which brought the total number of private retirement funds in operation as at 31 December 2022 to 75 (2021: 59), with total NAV of RM5.41 billion (2021: RM5.63 billion).

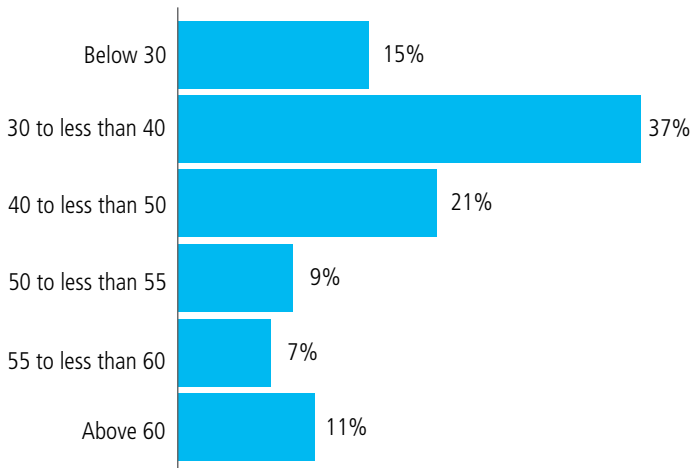
While NAV growth slowed, contributions by members remained robust with RM817 million invested into PRS in 2022. Further, pre-retirement withdrawals continued to decline in 2022 occupying a 5% share of total withdrawals in 2022 as compared to 19% in 2021 and 52% in 2020.

The total number of members as at 31 December 2022 increased by 4.90% to 557,000 from 531,000 as at 31 December 2021. Refer to Charts 6, 7 and 8 on the key PRS member demographics.

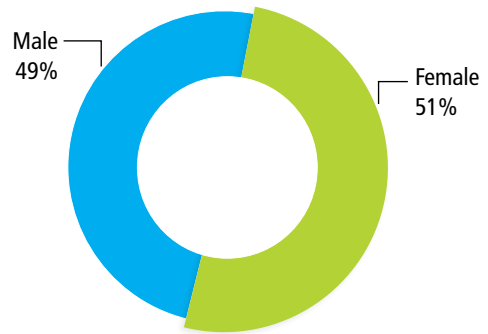
## Number of Applications and Lodgements Relating to CIS and PRS

In 2022, the SC considered a total of 436 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses/disclosure documents, register deeds and other ancillary matters (Table 3).

**CHART 6**  
PRS members by age group

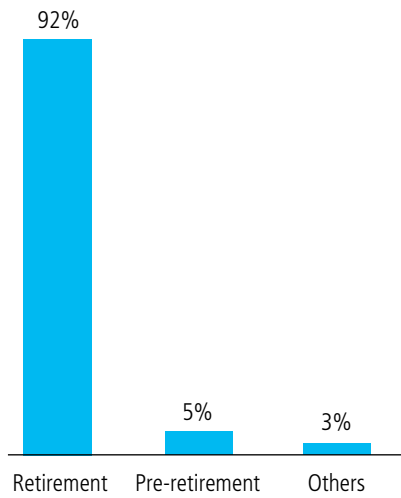


**CHART 7**  
PRS members by gender

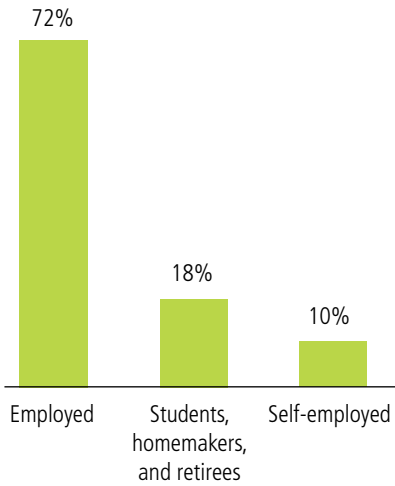


**CHART 8**

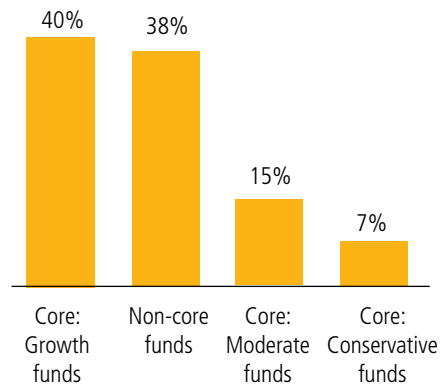
**Withdrawal by PRS members**



**PRS members by type of employment**



**PRS members fund preference**



**TABLE 3**

Number of applications and lodgements relating to CIS and PRS

(i) Application	Considered		Approved		Pending Consideration	
	2022	2021	2022	2021	As at 31 December 2022	As at 31 December 2021
Authorisation of CIS	40	67	40	67	6	6
– Unit trust funds	39 <sup>1</sup>	65 <sup>2</sup>	39	65	6	5
– ETFs	-	-	-	-	-	-
– REITs	1	2	1	2	-	1
Authorisation of private retirement funds	16	1	16	1	-	3
Exemption/variation from guidelines	2	18	2	18	1	-
Other applications	31 <sup>3</sup>	38 <sup>4</sup>	30	38	7	8
Registration of prospectuses/disclosure documents	126	188	126	188	30	14
Registration of deeds	221	125	221	125	77	13
<b>TOTAL</b>	<b>436</b>	<b>437</b>	<b>435</b>	<b>437</b>	<b>121</b>	<b>44</b>

(i) Lodgements	Lodged		Launched	
	2022	2021	2022	2021
Wholesale funds	45	74	46	75

Note:

- <sup>1</sup> Includes 6 funds which were also qualified as SRI funds.
- <sup>2</sup> Includes 14 funds which were also qualified as SRI funds.
- <sup>3</sup> Includes 20 applications seeking qualification as SRI funds.
- <sup>4</sup> Includes 16 applications seeking qualification as SRI funds.

## INVESTMENT PRODUCTS

### Structured Warrants

There were 7 eligible issuers of structured warrants in 2022 (2021: 6 eligible issuers) including Affin Hwang Investment Bank Bhd which is a new eligible structured warrants issuer. The SC received and registered 7 base prospectuses and 22 supplementary prospectuses from these issuers in 2022 (Table 4).

In 2022, the SC registered 1,456 term sheets for the offering of structured warrants compared to 1,470 term sheets registered in 2021.

The number of structured warrants term sheets with foreign underlying has expanded in 2022 with 392 terms

**TABLE 4**

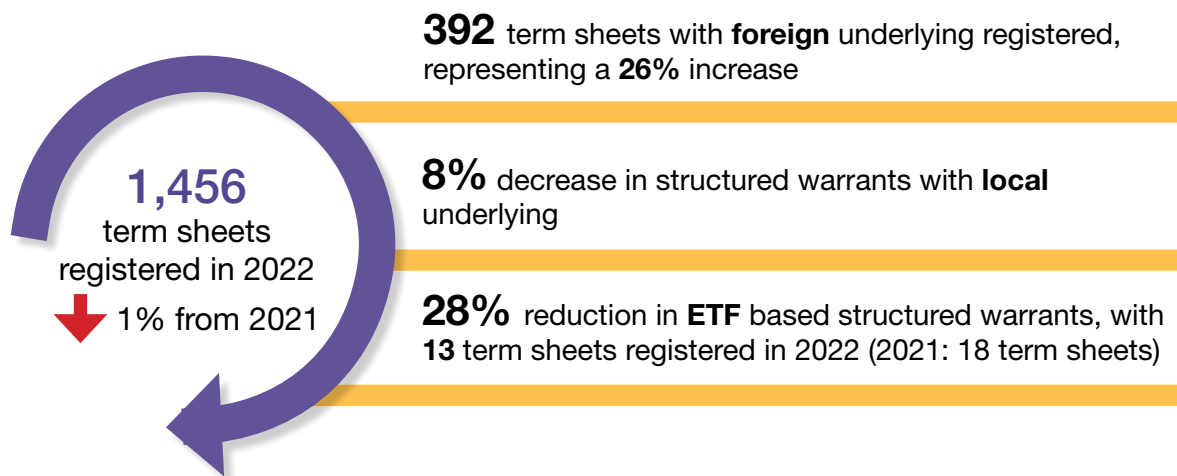
Structured warrants considered

	2022	2021
No. of eligible issuers	7	6
Base prospectuses registered	7	6
Supplementary prospectuses registered	22	13
Term sheets registered	1,456	1,470

sheets registered, representing an increase of 26% compared to 2021 (2021: 312 term sheets). A total of 1,064 term sheets with local underlying were registered in 2022 as compared to 1,158 term sheets in 2021, representing a decrease of 8%.

FIGURE 1

Overall status of structured warrants industry



In 2022, the number of registered structured warrants term sheets with ETF as an underlying decreased by 28% (2022: 13 term sheets, 2021: 18 term sheets).

## Structured Products

In 2022, a total of 9 issuers lodged 22 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 RM110 billion with each programme having a size limit of up to RM5 billion (Table 5).

## Structured Product Series

The Malaysian structured product market reported a substantial increase of 25% of total new issuances in 2022 compared to 2021.

High-net worth individuals (HNWIs) continued to form the majority of investors accounting for 91.6% of investors in structured product. 2022 saw a significant increase of 38% on the offering of structured product to HNWIs from 2021. There was also an introduction of a new category of investor who is allowed to purchase structured product<sup>2</sup> in 2022. Issuance to this new category of investor accounted for 0.3% of the total

TABLE 5

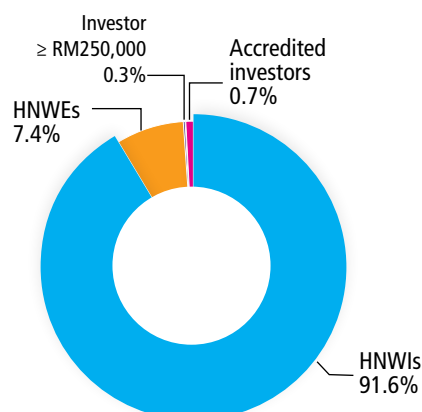
Structured product programmes

New programmes lodged	2022		2021	
	No. of programmes	Size (RM billion)	No. of programmes	Size (RM billion)
<b>Principle</b>				
– Conventional	20	100	17	85
– Islamic	2	10	3	15
<b>TOTAL</b>	<b>22</b>	<b>110</b>	<b>20</b>	<b>100</b>

<sup>2</sup> Persons who acquire the unlisted capital market product for a consideration of not less than RM250,000 per transaction.

**CHART 9**

Breakdown by investor type



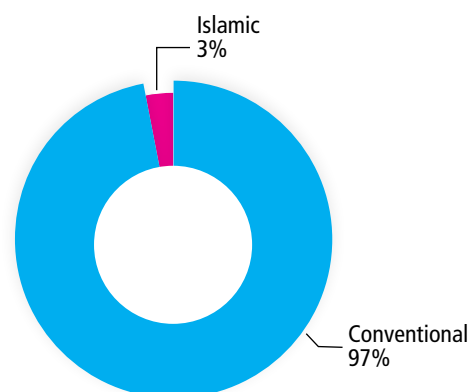
issuance amount during 2022. The balance of 8.1% of investors comprised high-net worth entities (HNWEs) and accredited investors (Chart 9).

Conventional structured products continued its market domination accounting for 97% of issuance in 2022 (Chart 10). There was an exponential growth in the sales of Shariah-compliant structured products in 2022, the highest issuance amount recorded since 2016. Issuance of Shariah-compliant structured product increased y-o-y by 326% in 2022.

Interest rate-linked structured product also gained popularity in 2022 with expectations of rising interest rates, registering an increase in issuance amount of 424% y-o-y.

**CHART 10**

Breakdown by principle



In 2022, a total of 153 structured product series were lodged under the LOLA Framework for the offering to sophisticated investors (2021: 164).

### 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 2022, there were 2 CFD providers offering CFD in Malaysia based on shares and indices.