

INVESTMENT MANAGEMENT

FUND MANAGEMENT

The total AUM of licensed FMCs in Malaysia increased by 7.61% to RM975.48 billion as compared to RM906.46 billion in 2022. In 2023, top 5 FMCs contributed to 53.87% of total AUM as compared to 55.42% in 2022 (Chart 1).

Sources of funds under management were largely from unit trust funds (UTFs), EPF, corporate bodies, and wholesale funds (WFs) (Table 1). The funds were allocated in various asset classes and locations, of which, investment inside Malaysia by FMCs amounted to RM646.19 billion, representing 66.24% of the total AUM as at end of 2023 (Chart 2). The bulk of investment was allocated in equities with 48.65% as at end of 2023, as compared to 47.59% in 2022 (Chart 3). The asset allocation for investment inside Malaysia continued to focus on equities, fixed income and money market placement, trend is similarly observed last year (Chart 4).

TABLE 1

Source of clients' funds under management

Source of funds	2023 (RM billion)	2022 (RM billion)
UTF	499.88	487.94
EPF	186.92	157.83
Corporate bodies	107.83	97.76
WF	77.15	76.50
Statutory bodies and government agencies	45.52	38.21
Others	30.51	22.28
Individuals	21.22	20.53
PRS	6.45	5.41
TOTAL	975.48	906.46

CHART 1

Assets managed by FMCs (%)

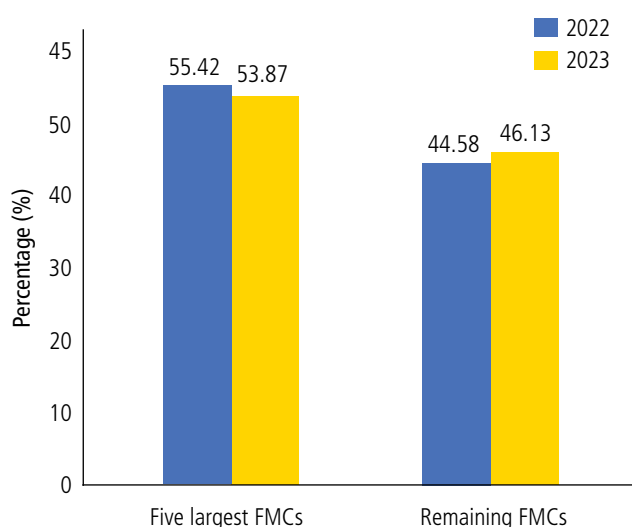


CHART 2

Assets invested inside and outside of Malaysia (RM billion)

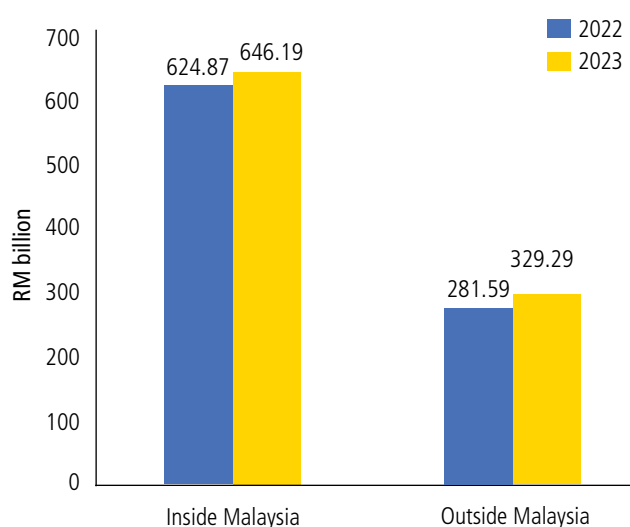


CHART 3

Assets allocation (%)

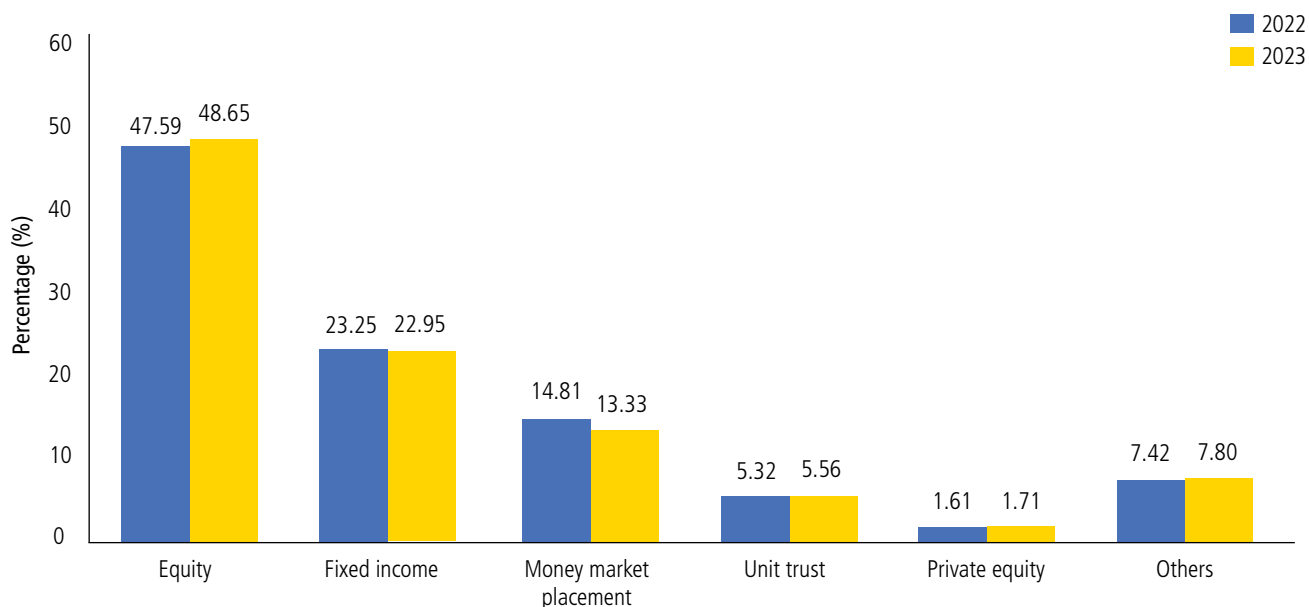
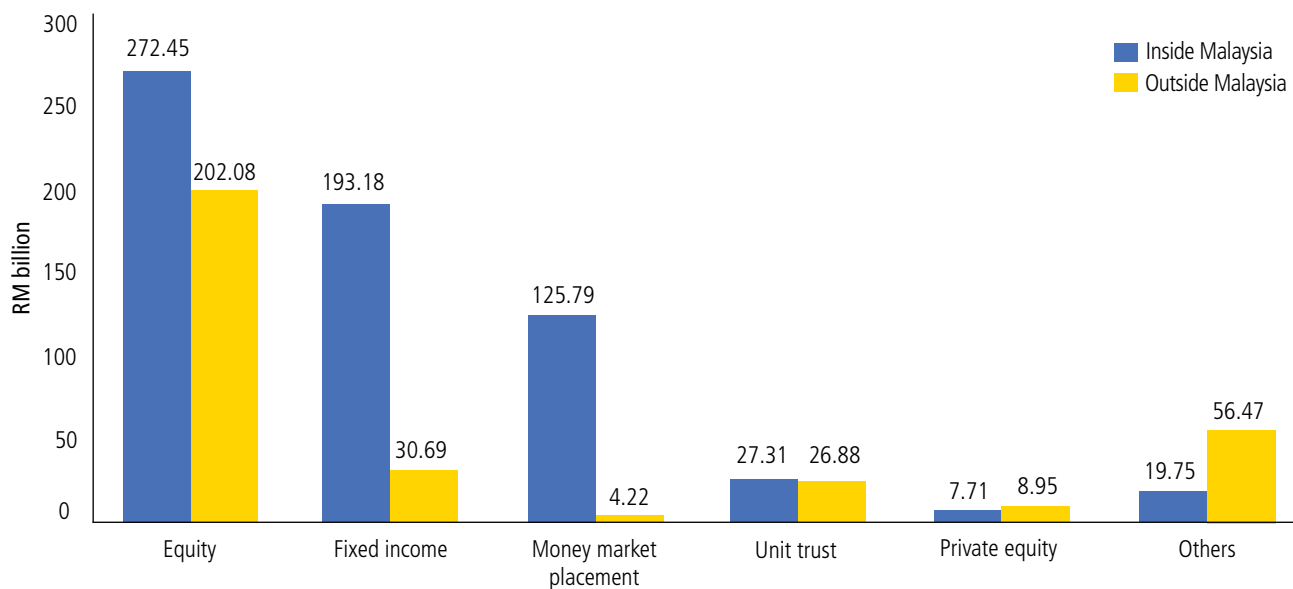


CHART 4

Assets allocation inside and outside of Malaysia as at 31 December 2023 (RM billion)



COLLECTIVE INVESTMENT SCHEMES AND PRIVATE RETIREMENT SCHEMES

Unit Trust Funds

In 2023, UTFs in Malaysia continued to be the largest component of the Malaysian CIS industry with a total NAV of RM499.88 billion recorded as at 31 December 2023 (2022: RM487.94 billion). The percentage of the total NAV of the UTF industry against Bursa Malaysia Securities Bhd's (Bursa Malaysia) market capitalisation was 27.83% (2022: 28.10%). In the year under review, a total of 21 UTFs were launched while 17 funds were terminated and 6 funds matured, which brought the total number of UTFs offered by 38 locally-incorporated unit trust management companies to 757 funds as at 31 December 2023 (Table 2).

The UTF industry recorded total gross sales (excluding reinvestment of distribution) of RM228.68 billion (2022: RM222.89 billion), the majority of which were distributed by unit trust management companies with total gross sales of RM129.43 billion (Chart 5). Overall, the UTFs industry recorded net redemptions (excluding reinvestment of distribution) of -RM25.19 billion in 2023 (2022: -RM26.28 billion).

TABLE 2

Overall status of UTF industry

	31 December 2023	31 December 2022
No. of funds offered	757	759
– Conventional	466	473
– Shariah-compliant	291	286
Units in circulation (billion units)	756.79	769.00
No. of accounts (million)*	26.38	25.31
Total NAV (RM billion)	499.88	487.94
– Conventional (RM billion)	386.77	380.55
– Shariah-compliant (RM billion)	113.11	107.39
% of NAV to Bursa Malaysia market capitalisation [^]	27.83	28.10

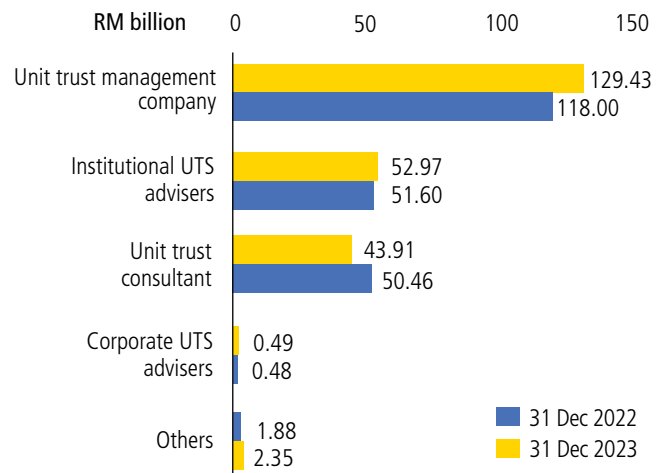
Note:

* No. of accounts include number of unitholders accounts with institutional UTS advisers that operate nominee account systems.

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

CHART 5

Distribution channels



Wholesale Funds

In the WFs segment, a total NAV of RM77.15 billion was recorded as at 31 December 2023 (2022: 76.50 billion). A total of 43 funds were launched under the LOLA Framework (2022: 46 funds) to sophisticated investors while 14 funds were terminated and 1 fund matured in 2023, which brought the total number of WFs offered by 48 fund management companies to 465 funds as at 31 December 2023.

SRI Funds

As at 31 December 2023, there were 68 funds offered to investors which have been qualified as sustainable and responsible investment (SRI) funds under the *Guidelines on Sustainable and Responsible Investment Funds* (2022: 58 funds). The 68 funds comprised 40 UTF's and 28 wholesale funds with a total NAV as at 31 December 2023 of RM7.70 billion (2022: RM7.05 billion).

Real Estate Investment Trusts

As at 31 December 2023, there are a total of 19 REITs listed on the Main Market of Bursa Malaysia with a total market capitalisation (including a stapled group) of RM41.78 billion (2022: RM39.08 billion). The total asset size grew from RM61.55 billion as at 31 December 2022 to RM66.93 billion as at end of 2023. There are 2 unlisted REIT offered to sophisticated investors as at 31 December 2023.

Exchange-Traded Funds

With the delisting of TradePlus NYSE® FANG+TM Daily (2x) Leveraged Tracker, TradePlus NYSE® FANG+TM Daily (-1x) Inverse Tracker, TradePlus HSCEI Daily (2x) Leveraged Tracker and TradePlus HSCEI Daily (-1x) Inverse Tracker in 2023, the total number of exchange-traded funds (ETFs) listed on the Main Market of Bursa Malaysia as at 31 December 2023 was 15 (2022: 19) with a total market capitalisation of RM2.21 billion (2022: RM2.10 billion).

Closed-End Fund

As at 31 December 2023, there continued to be only one closed-end fund (CEF) listed on the Main Market of Bursa Malaysia with a market capitalisation of RM392 million (2022: RM280 million).

PRIVATE RETIREMENT SCHEMES

With the launch of a new PRS in 2023, there were 14 PRS (2022: 13 PRS) offered by 9 PRS providers as at 31 December 2023. A total of 4 new private retirement funds were launched while 1 private retirement fund was terminated in 2023, which brought the total number of private retirement funds in operation as at 31 December 2023 to 78 (2022: 75).

The total NAV saw commendable growth of 19.22%, growing to RM6.45 billion as at 31 December 2023 from RM5.41 billion as at 31 December 2022. In addition, contributions into PRS remained robust, with RM767 million being invested into PRS in 2023.

The total number of members as at 31 December 2023 increased by 3.90% to 579,000 from 557,000 as at 31 December 2022, with key PRS demographics as indicated in Charts 6-8.

CHART 6
PRS members by age group

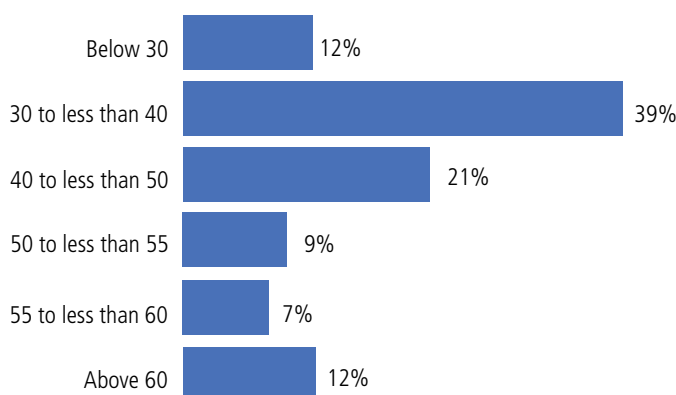


CHART 7
PRS members by gender

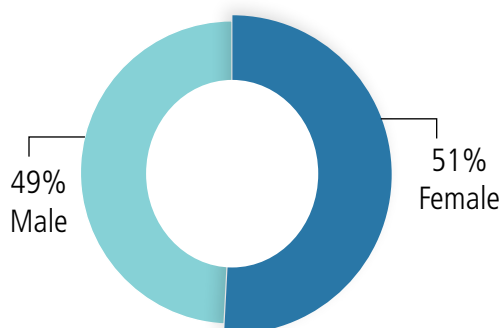
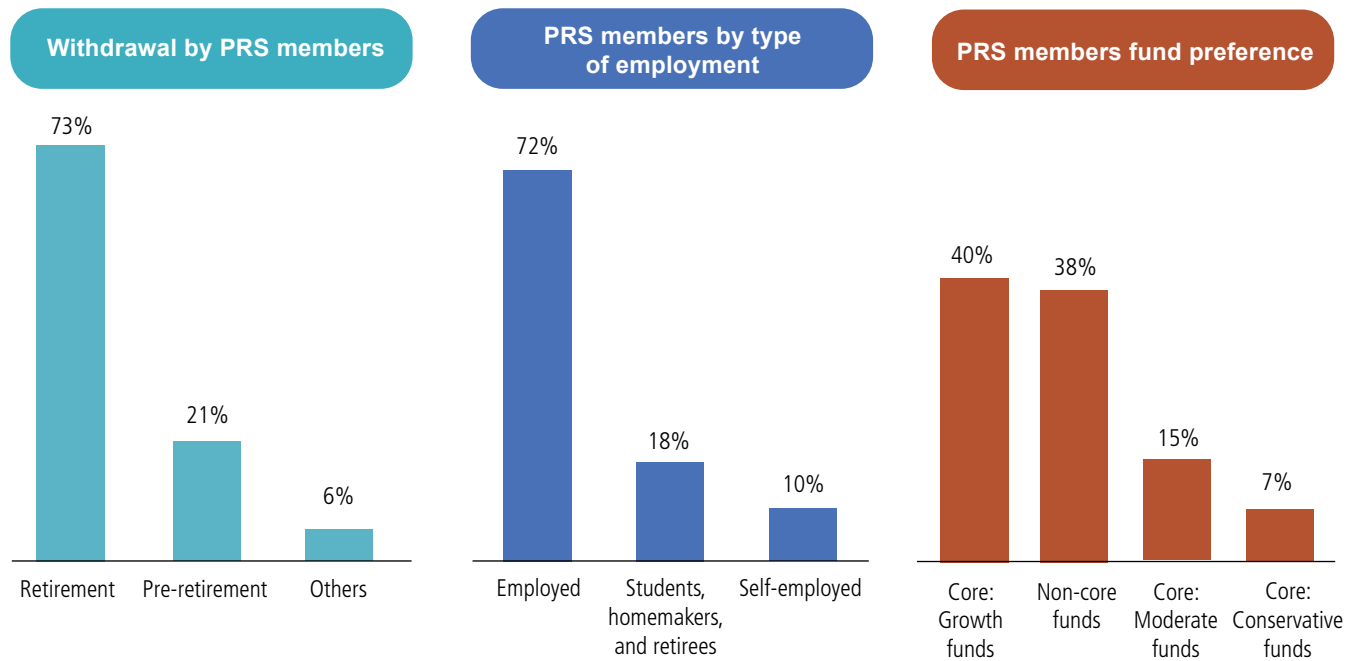


CHART 8



INVESTMENT PRODUCTS

Structured Warrants

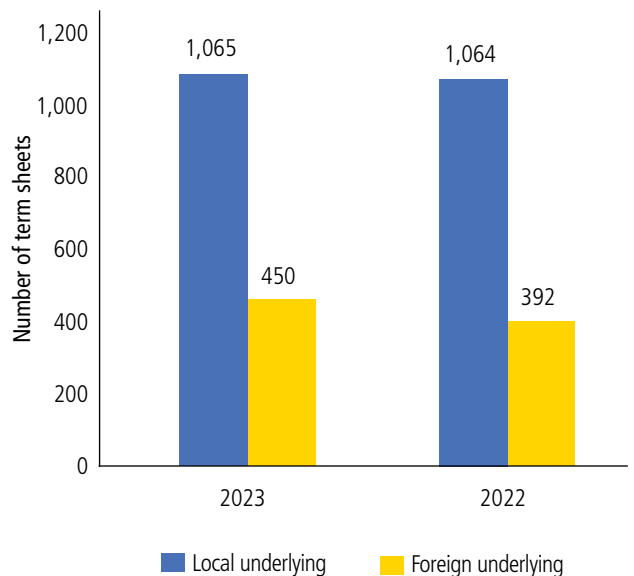
The number of structured warrants term sheets with foreign underlying has expanded in 2023 with 450 term sheets registered, representing an increase of 15% compared to 2022 (2022: 392 term sheets). A total of 1,065 term sheets with local underlying were registered in 2023 as compared to 1,064 term sheets in 2022.

In 2023, the number of registered structured warrants term sheets with index as an underlying increased by 31% (2023: 334 term sheets, 2022: 254 term sheets).

Majority of the underlying index are foreign indices which comprise structured warrants over the Hang Seng Index, Hang Seng Tech Index, NASDAQ-100 Index, S&P 500 Index and Dow Jones Industrial Average Index. The year 2023 saw the issuance of structured warrants referencing a new underlying index, namely the Nikkei Stock Average (Nikkei 225) Index.

CHART 9

Structured warrants term sheets registered by listing domicile of underlying



Structured Products

In 2023, a total of 12 issuers lodged 20 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 RM100 billion with each programme having a size limit of up to RM5 billion (Table 4).

TABLE 4
Structured product programmes

New programmes lodged	2023		2022	
	No. of programmes	Size (RM billion)	No. of programmes	Size (RM billion)
Principle				
– Conventional	18	90	20	100
– Islamic	2	10	2	10
TOTAL	20	100	22	110

Structured Product Series

The Malaysian structured product market reported a substantial increase of 24% of total new issuances in 2023 compared to 2022.

HNWIs continued to form the majority of investors accounting for 91.9% of investors in structured product. 2023 saw a significant increase of 24.4% on the offering of structured product to HNWIs from 2022. The balance of 8.1% of investors consisted of high-net-worth entities (HNWEs) and accredited investors and persons who acquire the unlisted capital market product for a consideration of not less than RM250,000 per transaction category (Chart 10).

Conventional structured products continued its market domination accounting for 98.3% of issuance in 2023 (Chart 11).

In 2023, a total of 167 structured product series were lodged under the LOLA Framework for the offering to sophisticated investors (2022: 153), representing an increase of 9%.

CHART 10
Breakdown by investor type

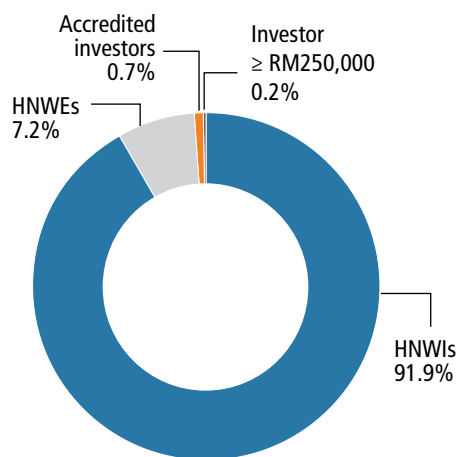
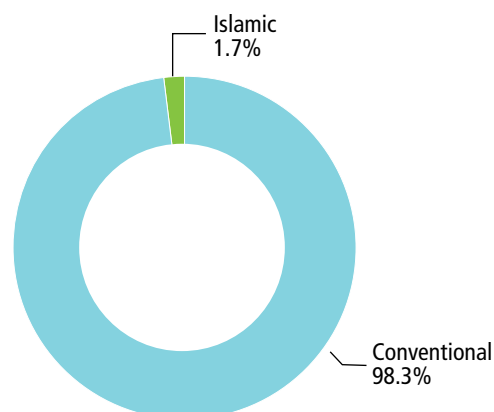


CHART 11
Breakdown by principle



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 2023, there were 2 CFD providers offering CFD in Malaysia based on shares and indices, mirroring the scenario as observed in 2022.