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DOMESTIC OPPORTUNITIES

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• PAGE B2

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ECONOMY

'EPF REMAINS OPTIMISTIC'

Short-term volatility natural given nation's first power transition, says Shahril

KUALA LUMPUR

THE Employees Provident Fund (EPF) remains optimistic about the long-term outlook of the economy following the formation of a new government after the 14th General Election (GE14). Malaysia's largest pension fund anticipates that any potential short-term market dips would provide opportunities for further investments in the domestic markets.

The country's capital market reopens today after a five-day break for GE14, which saw the Pakatan Harapan (PH) coalition forming the federal government for the first time.

EPF chief executive officer Datuk Shahril Ridza Ridzuan said the fund had been investing here for a very long time and believed the strong fundamentals of the local economy remained intact.

"Short-term volatility is natural given this is the nation's first experience of a power transition, but the smooth process seen so far will assure investors that Malaysia is a mature democracy

and economy," he said.

EPF is one of the largest investors in securities listed on Bursa Malaysia. Its top holding in terms of market value is in Malayan Banking Bhd with its stake standing at US\$3.3 billion (RM13.3 billion), followed by holdings in Public Bank Bhd (US\$3.2 billion) and Tenaga Nasional Bhd (US\$2.6 billion).

Last year, Bursa Malaysia's key benchmark index FTSE Bursa Malaysia KLCI posted a total return of 13.19 per cent, the highest in four years since 2013.

This had partly pushed EPF to record the highest gross investment income of RM53.14 billion last year, while its gross return on investments stood at 7.30 per cent, 18 basis points higher than 2016.

Year-to-date, the FBM KLCI had registered 3.67 per cent in total returns.

According to Bloomberg data, EPF has total equity assets of US\$41.2 billion under management invested in 267 securities.

Shahril said EPF would continue to invest in Malaysia in accordance with its existing prin-



Employees Provident Fund chief executive officer Datuk Shahril Ridza Ridzuan says the new government's call for greater enhancements to local institutions' corporate governance practices and independence would bode well for the local business environment. PIC BY HAFIZ SOHAIMI

ciples and stated risk parameters.

"The new government's call for greater enhancements to local institutions' corporate governance practices and independence, together with greater scrutiny by strong regulators, such as Bank Negara Malaysia and the Securities Commission Malaysia, would bode well for the local business environment," he said.

Shahril said the EPF was focused on providing a return to its members of two per cent above the rate of inflation and its investment strategies will continue to focus on assets and companies that will meet this objective.

"We are further heartened that the manifesto of the new government supports the EPF's vision of providing a better future for our 13.7 million members.

EPF HOLDINGS BY SECTOR

Sector Breakdown	Market Value [US dollars]	Portfolio (%)
Financials	16.8b	40.8
Communications	6b	14.5
Consumer Staples	5.9b	14.3
Utilities	3.1b	7.4
Industrials	2.9b	6.9
Health Care	1.8b	4.3
Energy	1.7b	4.2
Materials	1.6b	3.9
Consumer Discretionary	1.4b	3.5
Technology	95.8m	0.2

Source: Bloomberg data

INFOGRAPHIC: NST

"In particular, we welcome the focus on continuously improving the minimum wage framework

and encouraging more voluntary savings, especially for housewives," he said.