

# INVEST MALAYSIA 2020

THE CAPITAL MARKET CONVERSATION

RECOVER | ADVANCE | SUSTAIN

## CONVERSATION GUIDE

# THE INVEST MALAYSIA TRADITION

continues with the 16th instalment of the Bursa Malaysia annual capital market conversation that will reach a wider, global audience with a new virtual platform that is interactive, fast paced and designed to deliver insights direct from decision makers.

A series of virtual Invest Malaysia 2020 events have been designed to evoke conversation around Malaysia's recovery from this unique Covid-19 economic period and the marketplace advances that are being put in place to ensure long-term sustainable growth post Covid-19.

**OUR  
RESPONSIBILITY.**

**“** The Government of Malaysia is doing its part to move the nation through this unique economic period defined by Covid-19 as effectively and safely as possible. **”**

YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance

**“** It is now our responsibility, as the Malaysian corporate collective, to do our part and advance our policies and practices to ensure the long-term sustainability of our businesses and our nation. **”**

Tan Sri Abdul Wahid Omar,  
Chairman, Bursa Malaysia

**OUR  
OPPORTUNITY.**



**RECOVER**

**ADVANCE**

**SUSTAIN**

## **ADVANCING SUSTAINABLE GROWTH**

The world is going through an unprecedented healthcare crisis.

Every government, corporation and citizen has in some way been impacted by the Covid-19 pandemic.

This unique economic period, as challenging as it has been, brings an opportunity to look forward with clarity on how we can collectively advance our nations, businesses and family structures to create a more sustainable future.



# THE THREE CONVERSATIONS

01

How will Malaysia use the Covid-19 era to do the right things for the long-term?

02

How does conscious capital lead to more productive, ESG principled companies?

03

What are the other right measures Malaysia needs to take this year?

# MALAYSIA HAS OUTPERFORMED REGIONAL PEERS YTD DURING THE COVID-19 ERA.

Q: Could sound fundamentals and swift action be a driver?

Malaysia (FBM KLCI):	-2.27%
USA (DJI):	-9.50%
Hong Kong (HSI):	-9.99%
Thailand (SETI):	-13.14%
Singapore (STI):	-17.68%
UK (FTSE):	-18.35%



05-Jul-2020 3:25PM

Source : Thomson Reuters Eikon

# 20 YEARS OF FBM KLCI.

Confidence Builds Growth.  
Sustainable Practices  
Builds Confidence.

Q: What will drive  
the next phase of growth?



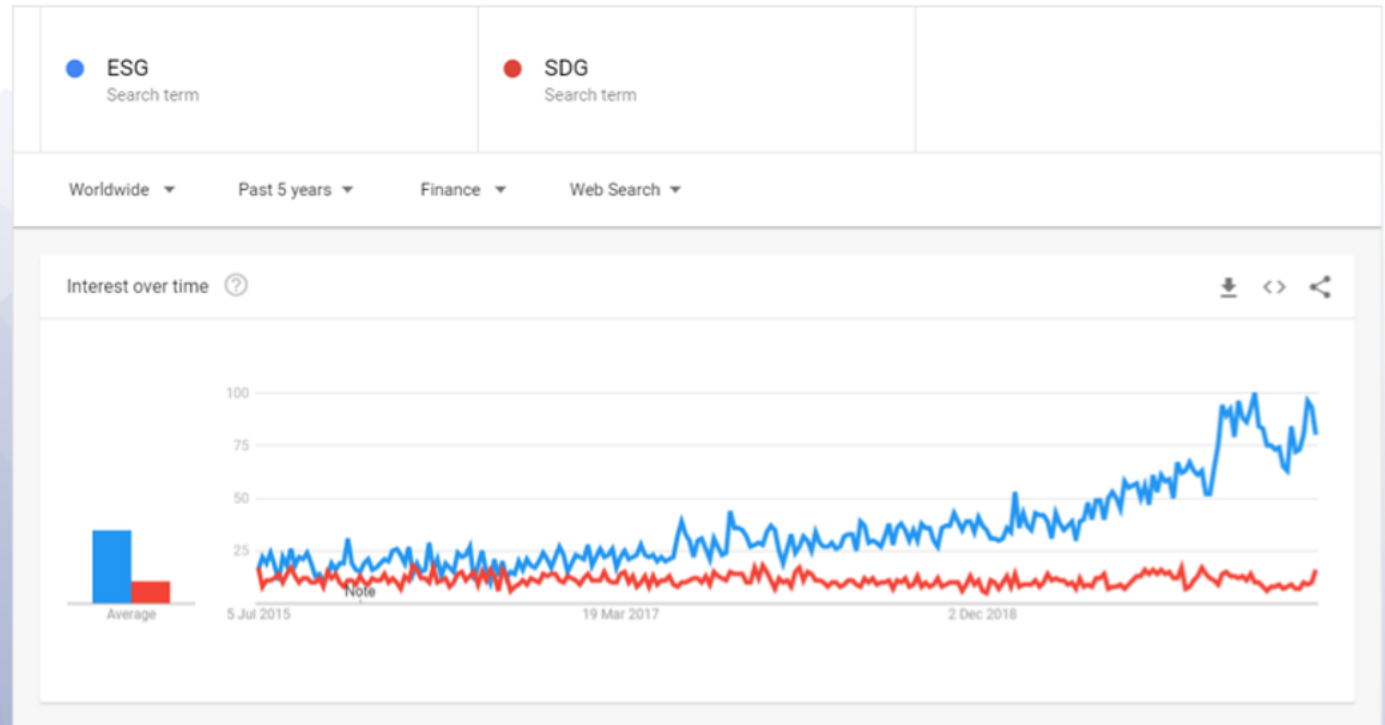
# MALAYSIA 20-YEAR RELATIVE PERFORMANCE

Thailand (SETI) :	345.79%
USA (DJI) :	130.29%
Malaysia (FBM KLCI) :	95.10%
Hong Kong (HSI) :	48.40%
Singapore (STI) :	22.54%
UK (FTSE) :	-7.72%



# ESG as a topic in Google search has significantly outpaced interest in the Sustainable Development Goals over the last 5 years.

Q: Is ESG an activation and monetising platform for SDGs?



**Source : Google Trends, Interest Over Time**

Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means there was not enough data for this term.



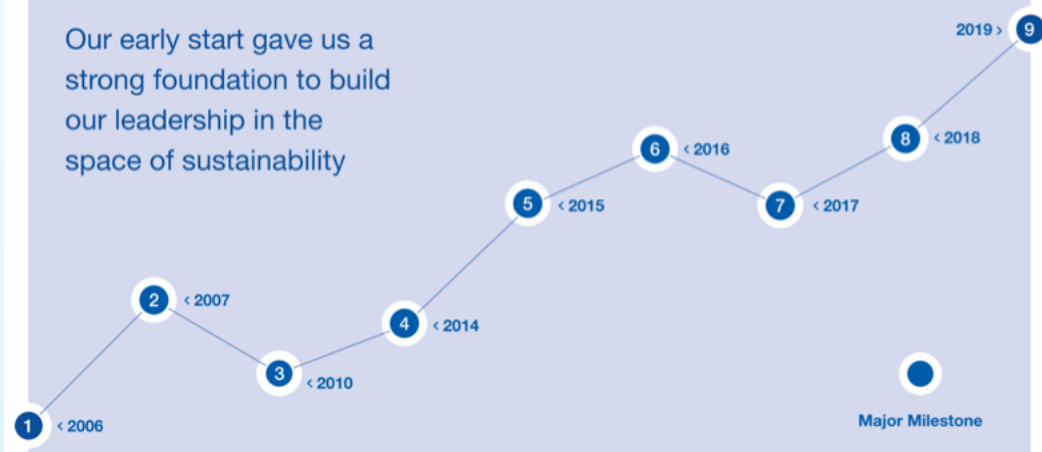
## Bursa Malaysia's Sustainability Journey and Major Milestones

Supporting inclusive economic growth and sustainable development that creates lasting value for market participants – both now and for generations to come.

## Malaysia's sustainability journey had a comfortable head start

The principles of Islamic Finance and Responsible Investing share many characteristics; therefore Malaysia's building of an Islamic Finance Marketplace has underpinned its journey towards the development of a sustainable marketplace.

Our early start gave us a strong foundation to build our leadership in the space of sustainability

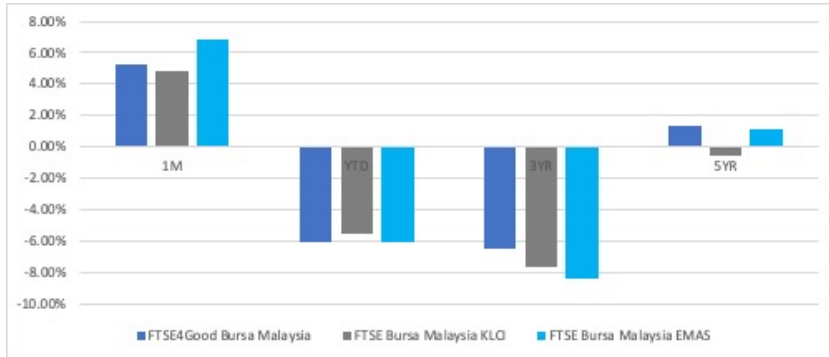


### Our Sustainability Journey and Major Milestones:

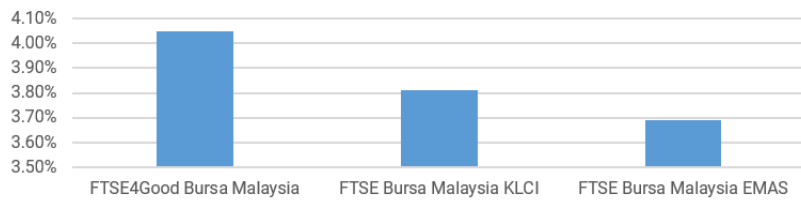
- 1 2006:** - Introduced Corporate Social Responsibility (CSR) Framework to Public Listed Companies (PLCs)
- 2 2007:** - Mandated CSR reporting for PLCs took effect
- 3 2010:** - Launched the Business Sustainability Programme for PLCs
  - Corporate Sustainability Committee (formerly known as Sustainability Committee) was established
- 4 2014:** - Launched first FTSE4Good Bursa Malaysia (F4GBM) Index
  - Bursa Malaysia also became a constituent of the Index
- 5 2015:** - Became a member of the Sustainable Stock Exchanges (SSE) Initiative and the World Federation of Exchanges (WFE) Sustainability Working Group
  - Introduced the Sustainability Reporting Framework for our PLCs (amended relevant Listing Requirements, issued new guide and toolkits)
- 6 2016:** - Implemented the Sustainability Engagement Series for PLCs
- 7 2017:** - Established a dedicated Sustainability Department to reinforce our commitment to promoting sustainability
- 8 2018:** - Launched BURSASUSTAIN, a one-stop knowledge portal to support market participants on Corporate Governance (CG), sustainability and responsible investment
  - Developed our Sustainability Roadmap 2019-2020
  - Became an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations
  - Enhanced the Sustainability Reporting Framework for our PLCs (amended guide and toolkits)
- 9 2019:** - Became an official supporter of Women's Empowerment Principles (WEPs)
  - Developed an internal Sustainability Policy to articulate our commitment to sustainability within our business operations and guide employee behaviour and conduct

# ESG Enabled Companies Outperform in Malaysia

### ESG(FTSE4Good) vs Benchmark Indices



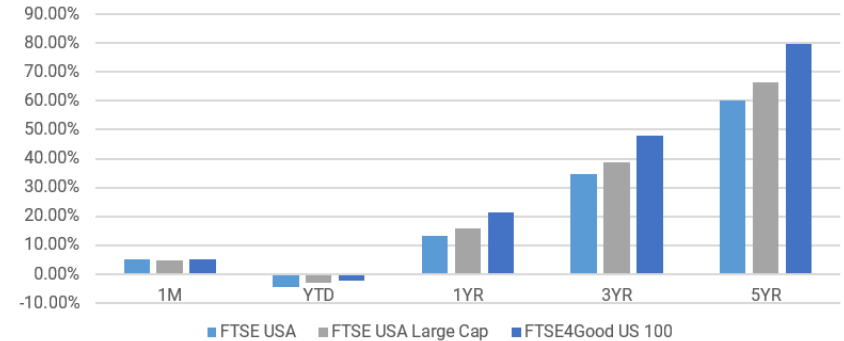
### Div Yield%



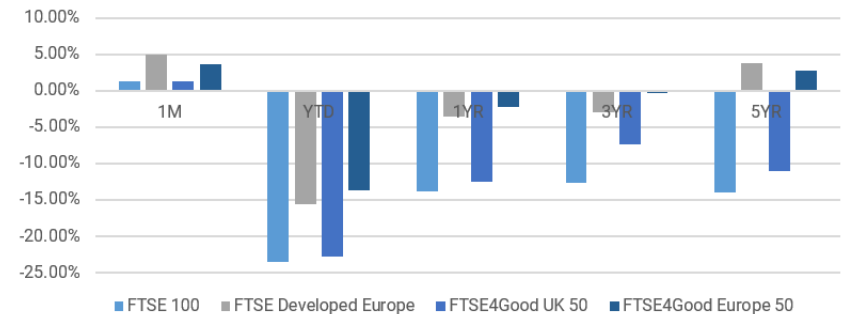
29-May-20	PERFORMANCE						
	1M	YTD	3YR	5YR	Constituents	Net Mcap (MY RM)	Div Yield%
FTSE4Good Bursa Malaysia	5.27%	-6.08%	-6.48%	1.32%	69	467,141	4.05%
FTSE Bursa Malaysia KLCI	4.80%	-5.54%	-7.66%	-0.62%	30	460,529	3.81%
FTSE Bursa Malaysia EMAS	6.83%	-6.07%	-8.36%	1.10%	231	635,044	3.69%

# ESG Enabled Companies Outperform Worldwide

### Americas FTSE Benchmark Indices



### Europe FTSE Benchmark Indices



Source: FTSE Russell Factsheets | May 2020

# ASEAN LEADING SECTORS

FINANCIAL SERVICES

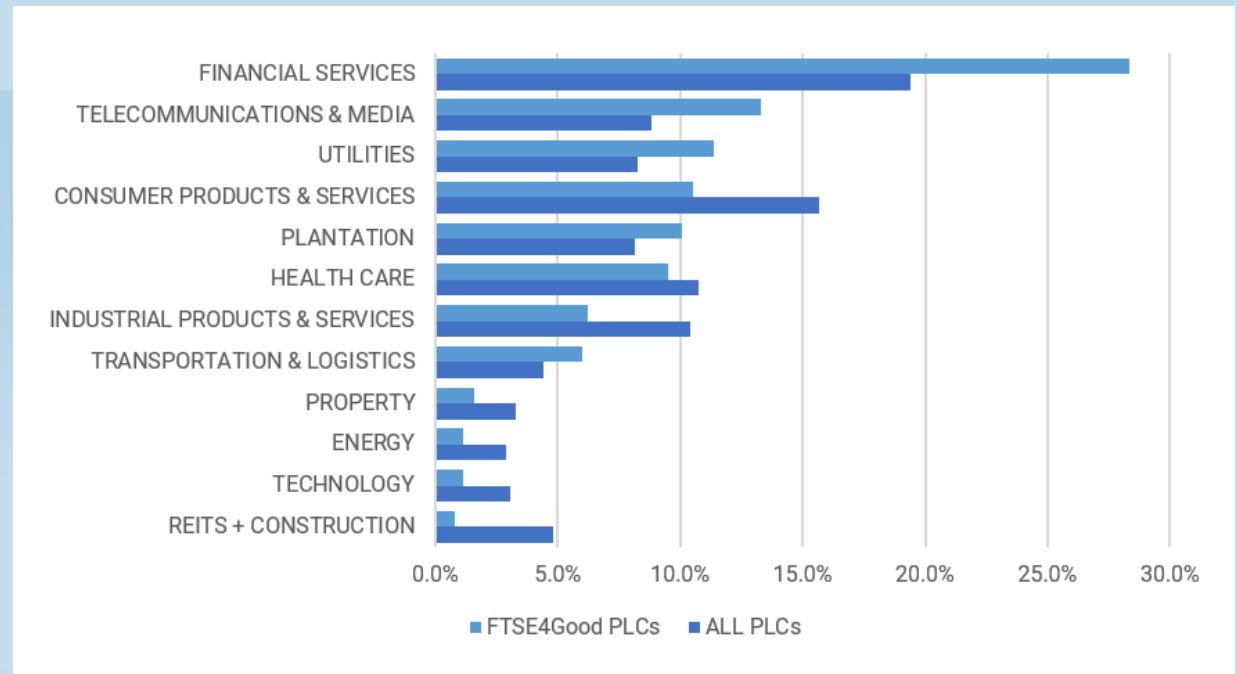
CONSUMER PRODUCTS

HEALTHCARE

TELECOMMUNICATIONS

PLANTATION

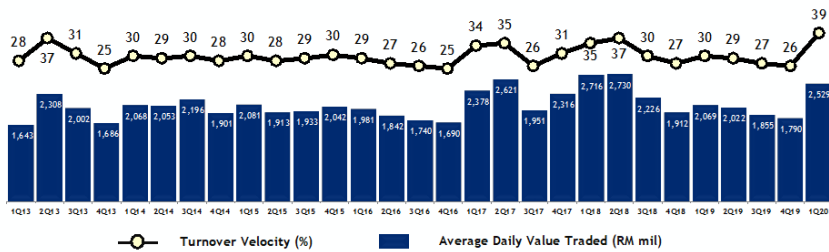
Bursa Malaysia  
% Market Capitalisation by Sector  
FTSE4Good PLCs vs All PLCs



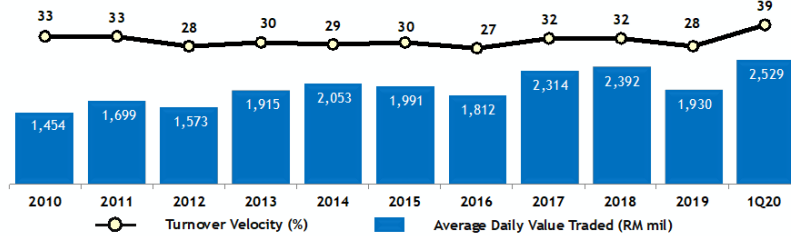
# MARKET VOLUMES DURING COVID-19

## Securities Market Trading Activity

Quarterly ADV Traded & Velocity

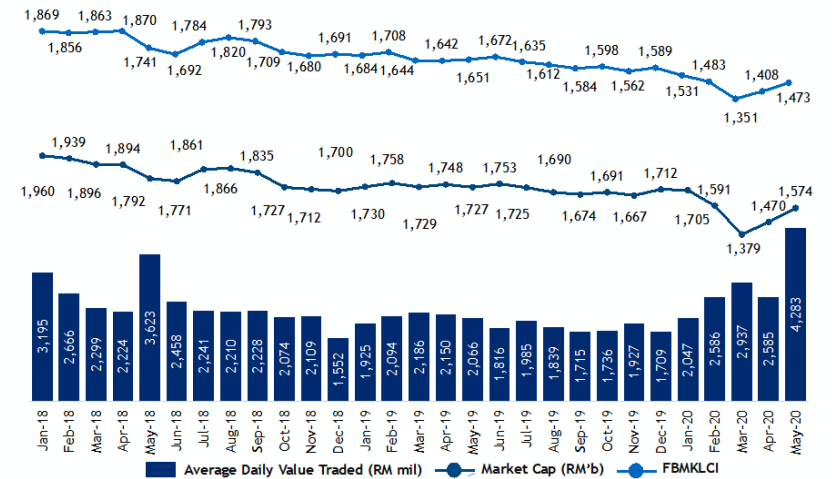


Annual ADV Traded & Velocity



## Securities Market Trading Activity

Monthly ADV Traded, Market Cap & FBMKLCI





# **INVEST MALAYSIA 2020 FRESH PERSPECTIVES**

**RECOVER | ADVANCE | SUSTAIN**

- 1.** Bursa Malaysia has joined forces this year with Malaysia's leading investment banks to carry forward the 16-year tradition of Invest Malaysia and deliver a unique virtual Invest Malaysia Series that will cover more themes, more sectors and connect with more global investors than ever before.
- 2.** This is first time IMKL is being held fully virtual, but the tradition of providing a platform to engage directly with decision makers is stronger than ever, interaction will be bolder than ever, and the conversations should be hotter than ever.
- 3.** IMKL 2020 will cover some of the most relevant themes shaping our near-term future, namely, Economic Recovery, Infrastructure, Commodities and Technology and 5G.
- 4.** Conversations from a series of virtual IMKLs are designed to cover the steps Malaysia is taking to Recover from the Covid-19 health crisis, the Advances the government, investors and corporates are taking to move the nation forward faster and the ESG practices being put in place to ensure long-term Sustainability of our marketplace.

# TUNE IN INVEST MALAYSIA 2020 V1

## SUSTAINABLE ECONOMIC RECOVERY

### ESG Ratings and the Cost of Capital World vs. Emerging Markets

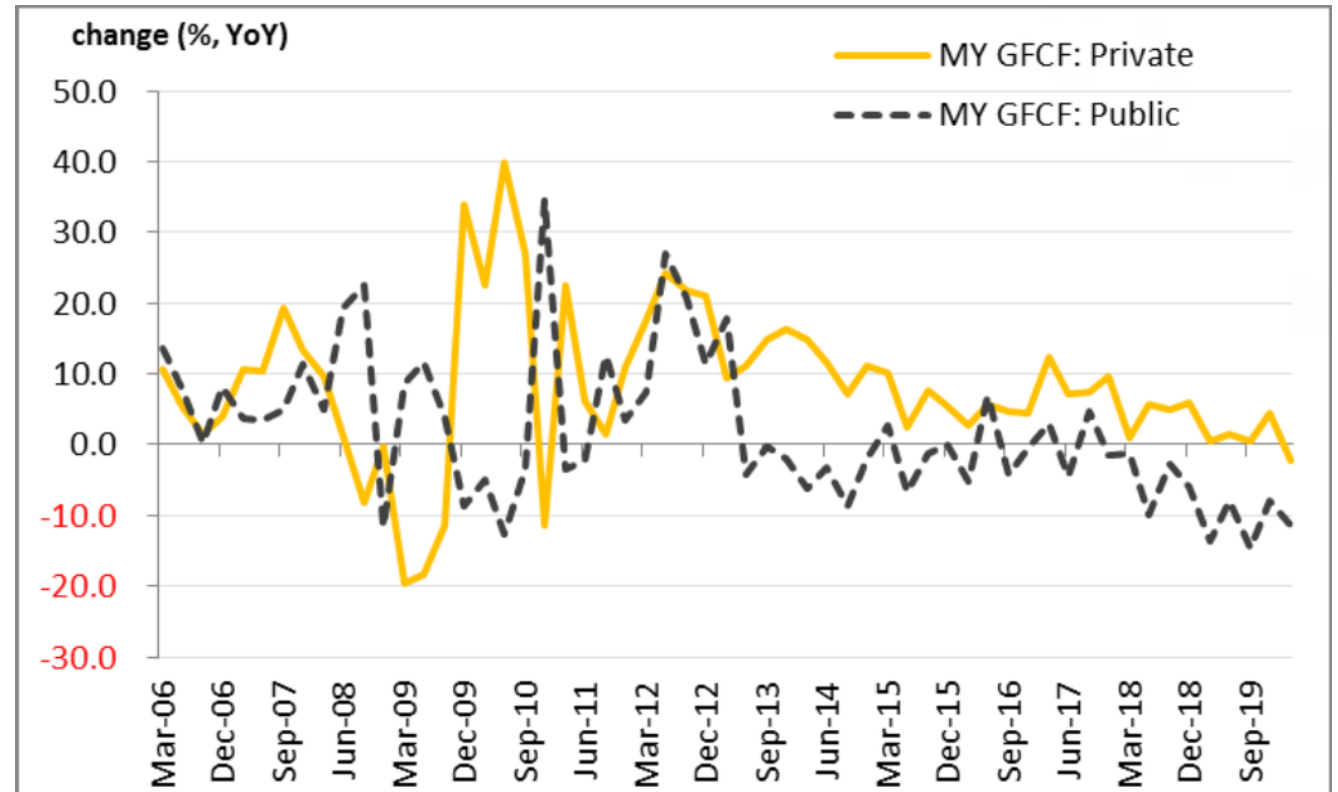


Monthly averages were reported over the period from Dec. 31, 2015, to Nov. 29, 2019.  
The average number of companies in the MSCI World Index and MSCI Emerging Markets Index over the analysis period was 1,552 and 960, respectively.

Source: From Ashish Lodh, ESG and the Cost of Capital, MSCI ESG Research 25 February 2020, Maybank Kim Eng Research

# TUNE IN INVEST MALAYSIA 2020 V1

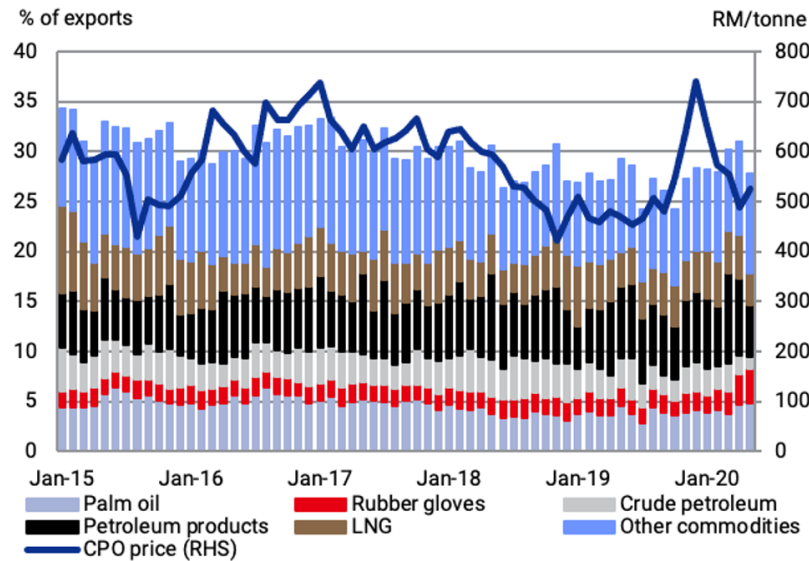
## TRENDS IN GROSS FIXED CAPITAL FORMATION, MALAYSIA



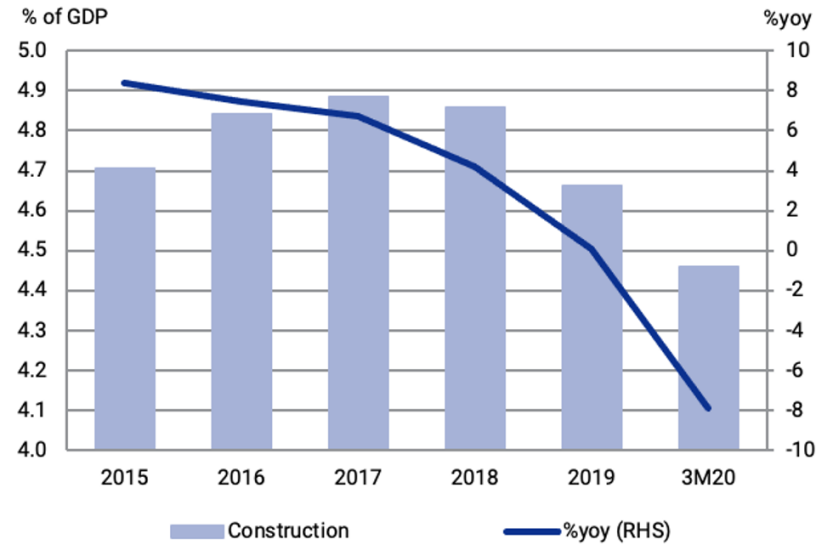
# TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER  
MALAYSIA'S GROWTH ENGINES

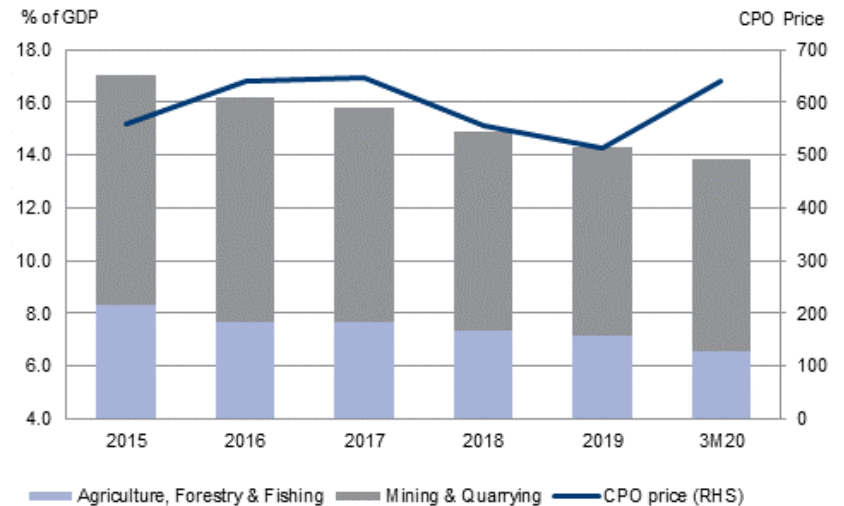
Commodities contribution to total exports vs CPO price



Infrastructure contribution to GDP



Commodities contribution to GDP vs. CPO price





# TUNE IN INVEST MALAYSIA 2020 V3

## 5G AND INDUSTRY 4.0

# 5G



5G networks will lead to 90% decline in data cost.

Telcos will have to roll out 5G to keep a competitive cost structure and keep high-ARPU customers. 5G opens the door to Enterprise and Industrial IoT but gradually and after 2021.

Surveillance, Auto and Industrial should be the largest markets.

### Why must telcos roll out 5G?

#### Cheaper data, keep pace with competition

5G innovations are concentrated in the radio access (RAN) and in the core network (CN) areas.

In the RAN, 5G is evolutionary relative to 4G: more pipelines (frequencies), larger pipelines (bandwidth) and new tools to push more data in the pipelines (massive MIMO, NOMA/

SOMA, etc) means the cost of a data packet will decline quickly.

The new 5G CN is revolutionary, replacing the traditional rigid IT architecture with a flexible and elastic software-defined architecture pioneered by internet hyper-scale firms. This means

a software platform accessing pooled physical resources. The implication is that Telcos will be able to provide guaranteed performance and industry-specific applications, affecting video, cars, TV broadcast, manufacturing, medicine, etc.

# RECOVER ADVANCE SUSTAIN

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COMPANY REGISTRATION NO: Bursa Malaysia Berhad 30632 - P

**INVEST  
MALAYSIA 2020**  
THE CAPITAL MARKET CONVERSATION

## POWERING MALAYSIA'S GROWTH ENGINES VIRTUAL SERIES 2

SAVE THE DATE

**20 JULY 2020**  
9AM – 1PM

