



**SHARIAH
INVESTING**



Shariah Investing Dialogue with PLCs 2021

“Opportunities for Public Listed Companies in a Shariah-compliant Landscape”

17 March 2021

Presented by:

*Azhar Mohd Zabidi
Director, Securities Market*

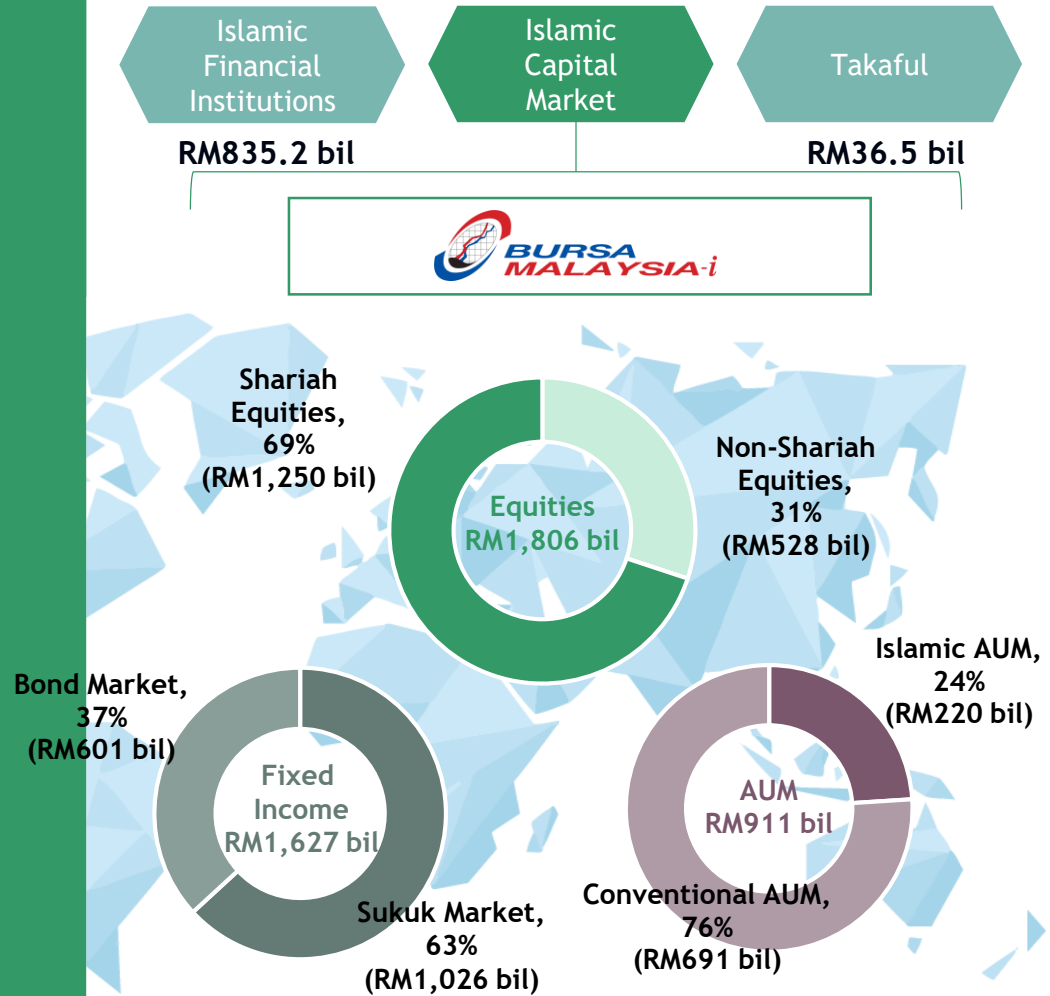
Overview of Shariah-compliant Equities Market

Islamic Capital Market in Malaysia

As at 31 January 2021

The size of Malaysia's Islamic Capital Market is **RM2.2 trillion**
(66% of total capital market size of RM3.4 trillion)

Malaysian Islamic Finance Industry



As at 28 February 2021

Bursa Malaysia: Our Markets



SECURITIES

We operate the securities market in Malaysia where investors can participate in the buying and selling of shares on the following markets:

Main Market
764

ACE Market
136

LEAP Market
34

Together these markets comprise 20 sectors that cover 49 economic activities. Our products include:

934	Stocks
885	Structured Warrants
205	Warrants
18	REITs
20	ETFs
1	SPACs
1	Close-End Fund



OFFSHORE

We operate the Labuan International Financial Exchange. (LFX) which is based in Labuan IBFC. LFX is a full-fledged exchange with listing and trading facilities.

USD23.7 billion
Market Capitalisation

17 Bond Listings

9 Sukuk Listings



ISLAMIC

We offer diverse Shariah-compliant products and services. Our Bursa Malaysia-*i* provides a comprehensive end-to-end Shariah securities investing. Our Shariah-compliant offerings include:

738
i-Stocks

6
i-ETFs

4
i-REITs

4
ETBS

We also operate Bursa Suq Al-Sila', a commodity Murabahah trading platform to facilitate Islamic liquidity management.



DERIVATIVES

We offer 16 derivatives products from the commodity, equity and financial categories. Our products include:

8
Commodity
Derivatives

4
Equity
Derivatives

4
Financial
Derivatives

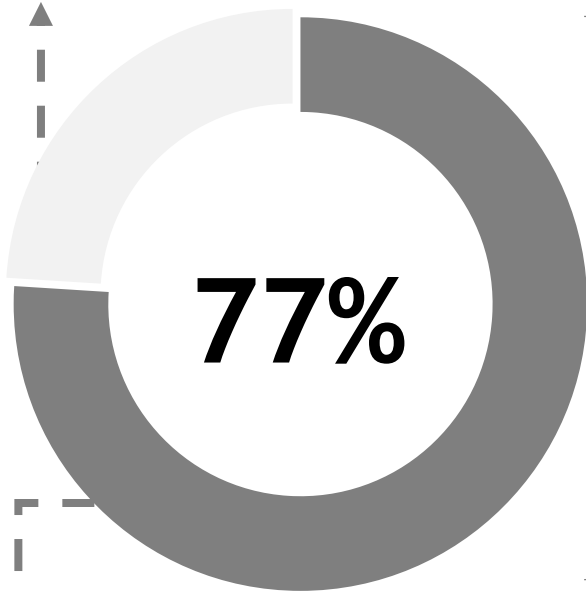
- | | | |
|--|----------------------------------|---------------------------------|
| 1) Gold Futures | 1) FBM KLCI Futures | 1) 3 Month KLIBOR Futures |
| 2) Crude Palm Oil Futures | 2) FBM KLCI Options | 2) 3 Year MGS Futures Contract |
| 3) USD RBD Palm Olein Futures | 3) Single Stock Futures | 3) 5 Year MGS Futures Contract |
| 4) Crude Palm Kernel Oil Futures | 4) Mini FBM Mid 70 Index Futures | 4) 10 Year MGS Futures Contract |
| 5) USD Crude Palm Oil Futures | | |
| 6) Options on Crude Palm Oil Futures | | |
| 7) USD Tin Futures | | |
| 8) USD RBD Palm Olein Options Contract | | |

As at 28 February 2021

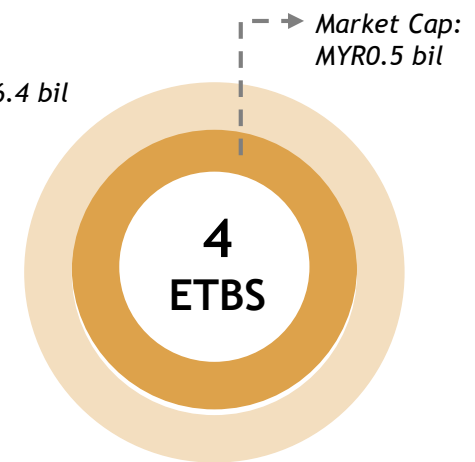
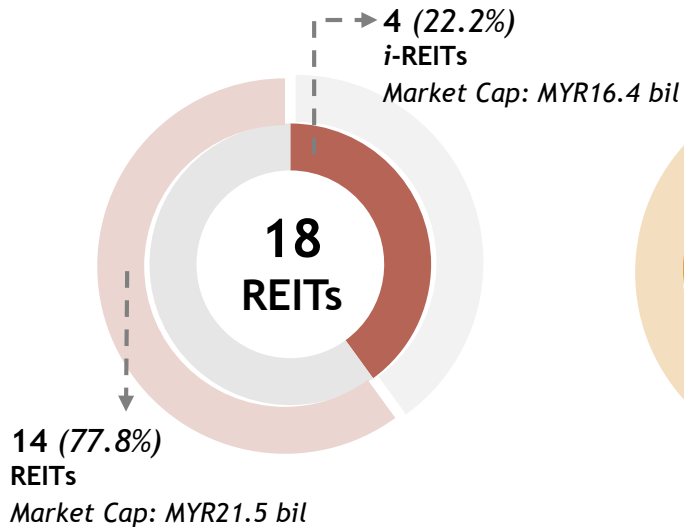
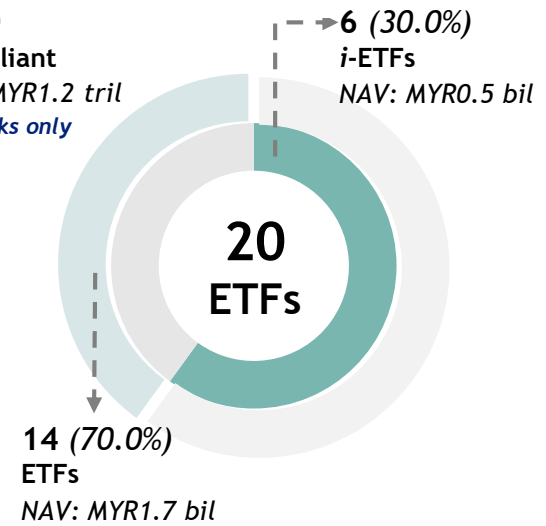
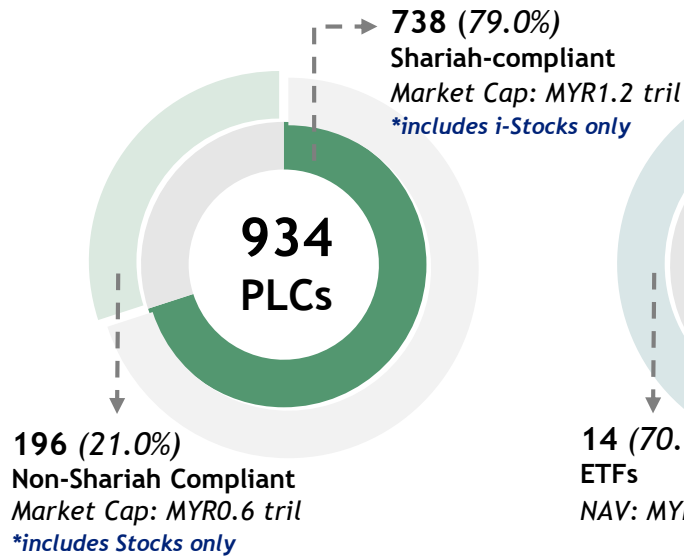
Securities Listed & Traded on Bursa Malaysia: Conventional vs Shariah & Breakdown by Size

**Total Securities:
976**

224
Non-Shariah Compliant
**includes Stocks, ETFs, REITs, and ETBS*



752
Shariah-compliant
**includes i-Stocks, i-ETFs, i-REITs and ETBS*



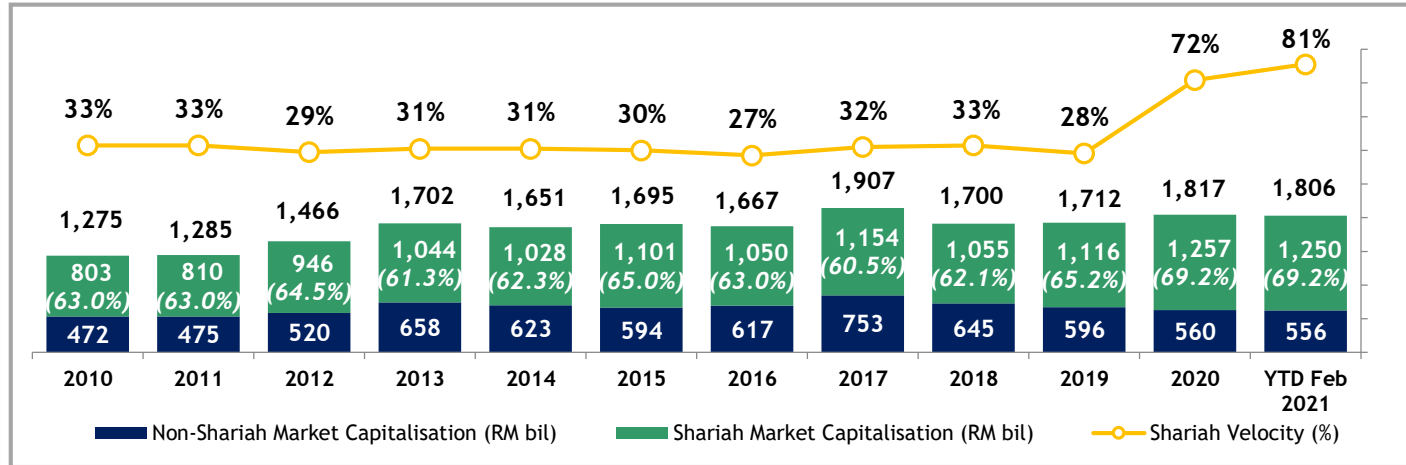
As at 28 February 2021

Shariah-compliant Equities Market: Growth Since 2010

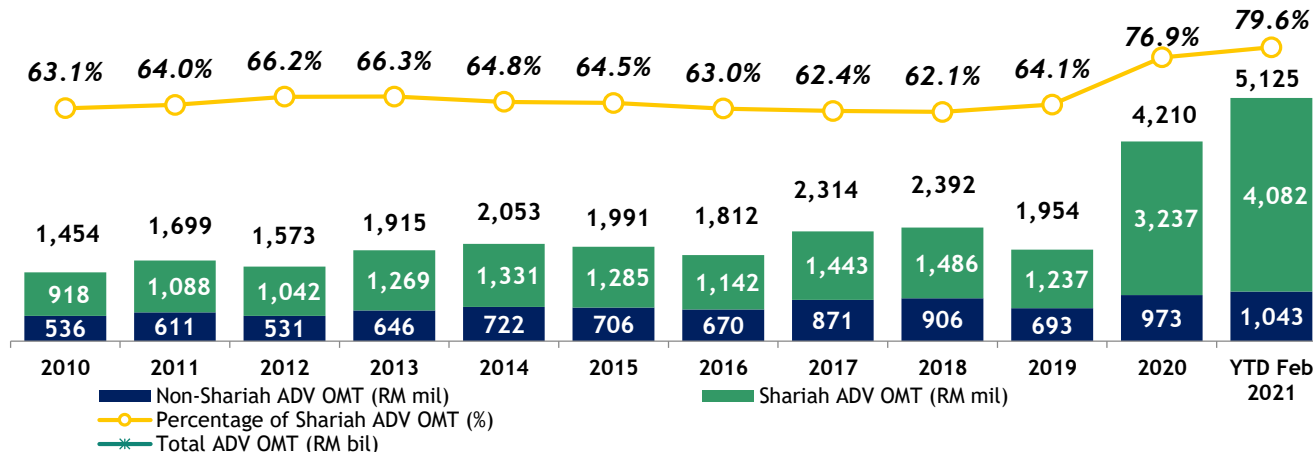
SHARIAH MARKET CAPITALISATION

Shariah Market Capitalisation (RM bil)
Growth of Shariah Market Capitalisation from 2010 to Feb 2021

+56%



SHARIAH AVERAGE DAILY TRADING VALUE (ADV)



Shariah ADV OMT (RM bil)
Growth of Shariah ADV OMT from 2010 to Feb 2021

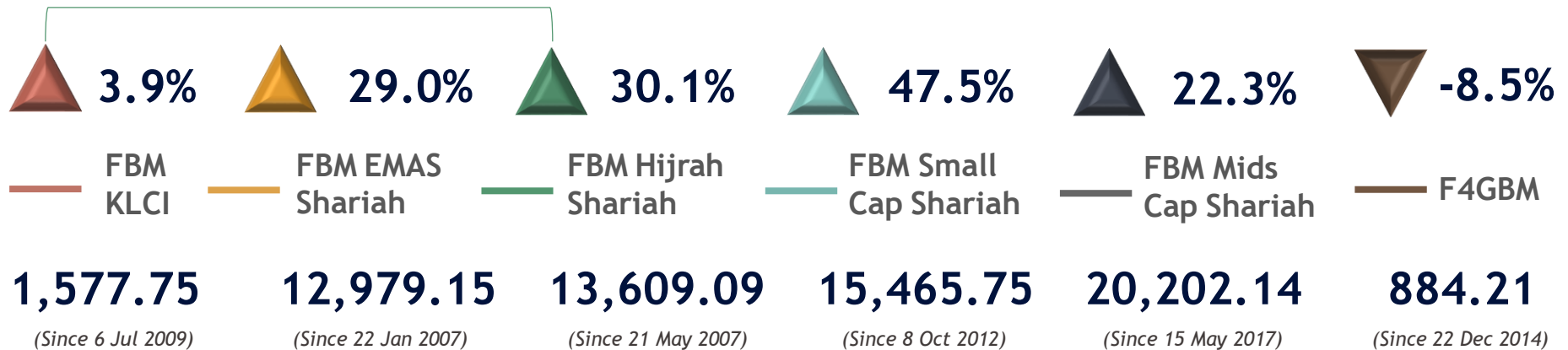
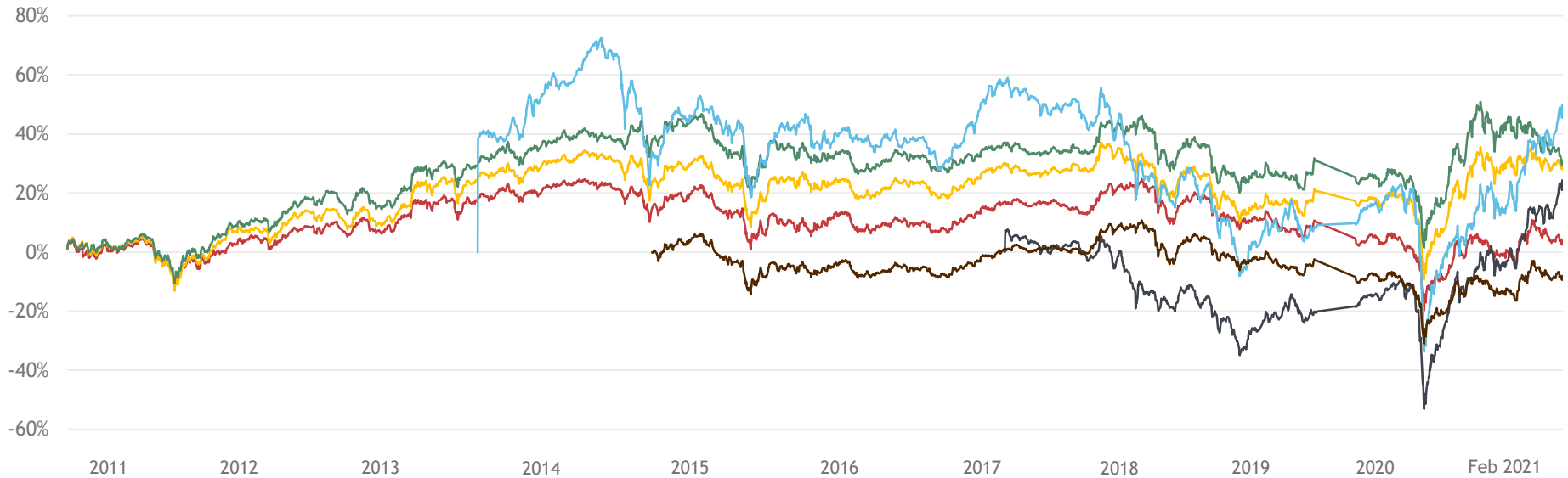
+345%

As at 28 February 2021

Source: Bursa Malaysia

Index Performance & Growth Since 2011

Shariah indices have consistently outperformed the FBM KLCI over the last 10 years



As at 28 February 2021

Bursa Malaysia Top Gainers in 2020

10 out of 10 were Shariah-compliant Public Listed Companies (2019: 7 out of 10)

Top 10 Gainers				
No.	Stock Name	Dec 2020 Closing Price (RM)	Gain (RM)	Gain (%)
1.	VIVOCOM INTL HOLDINGS BERHAD ✓	0.225	0.845	5,633.33%
2.	LAGENDA PROPERTIES BERHAD ✓	1.210	1.180	3,933.33%
3.	TRIVE PROPERTY GROUP BERHAD ✓	0.225	0.215	2,150.00%
4.	EURO HOLDINGS BHD ✓	2.900	2.735	1,657.58%
5.	CAREPLUS GROUP BERHAD ✓	2.070	1.910	1,193.75%
6.	GETS GLOBAL BERHAD ✓	2.050	1.890	1,181.25%
7.	SOLUTION GROUP BERHAD ✓	1.190	1.095	1,152.63%
8.	HENG HUAT RESOURCES GROUP BHD ✓	0.335	0.300	857.14%
9.	HONG SENG CONSOLIDATED BERHAD ✓	1.040	0.910	700.00%
10.	ANCOM LOGISTICS BERHAD ✓	0.465	0.405	675.00%

Note: ✓ Shariah-compliant



Shariah-compliant Status for Listed Issuers

Listing Process: Shariah Compliance Review for Pre-IPO Securities

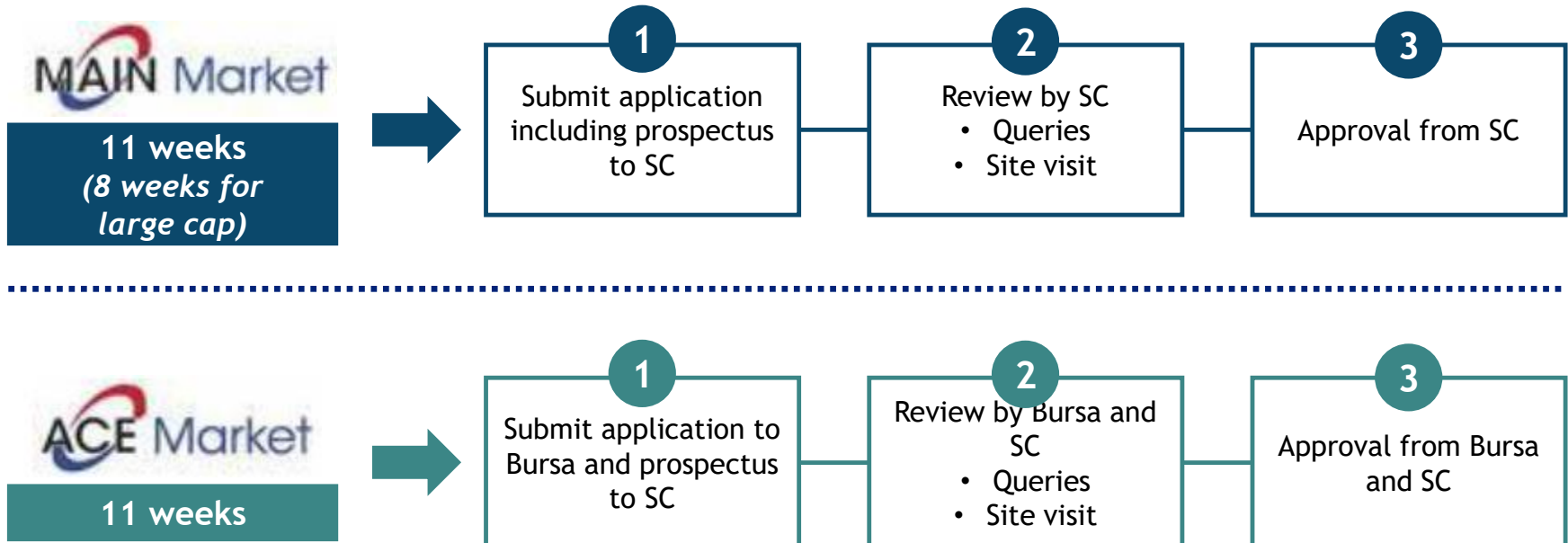
Voluntary Submission:

1. When advisor submit IPO application; or
2. Soon after getting SC's approval

Processing fee:

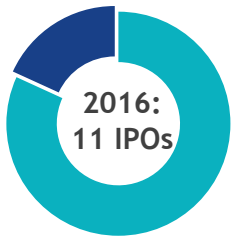
RM10,000 + 5% [SC's fee for listed initial public offering (IPO) proposal^{*}]

^{*} Subject to a maximum fee of RM50,000

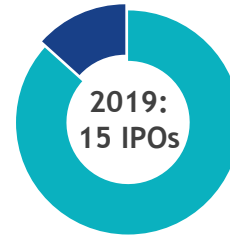


**Note: Actual processing time depends on quality of submission and timely response to queries issued by regulators*

Summary: IPO Listing & Subscription Rate



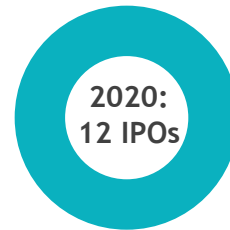
IPO Listing	
Shariah-compliant IPO	9 (81.8%)
Non-Shariah Compliant IPO	2 (18.2%)



IPO Listing	
Shariah-compliant IPO	13 (86.7%)
Non-Shariah Compliant IPO	2 (13.3%)



IPO Listing	
Shariah-compliant IPO	8 (72.7%)
Non-Shariah Compliant IPO	3 (27.3%)

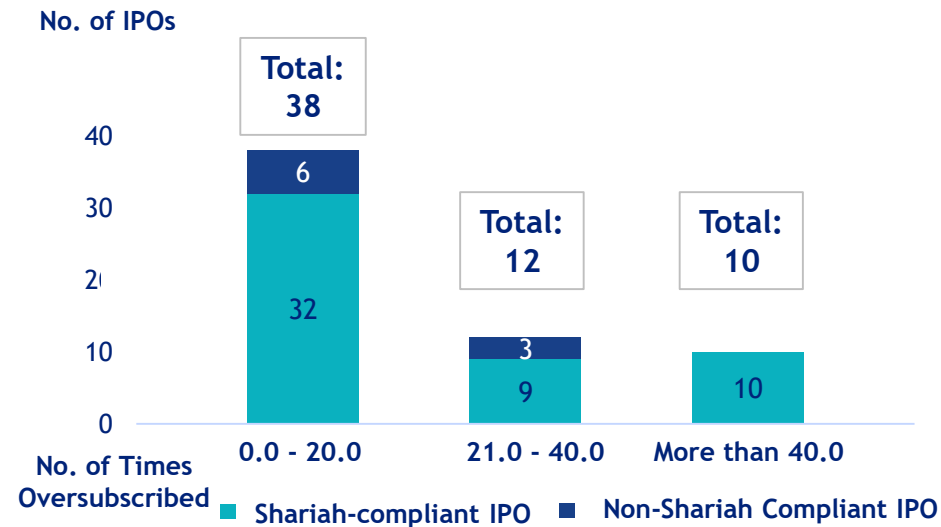


IPO Listing	
Shariah-compliant IPO	12 (100.0%)
Non-Shariah Compliant IPO	0 (0%)



IPO Listing	
Shariah-compliant IPO	9 (81.8%)
Non-Shariah Compliant IPO	2 (18.2%)

IPO Oversubscription Rate (2016 - 2020)

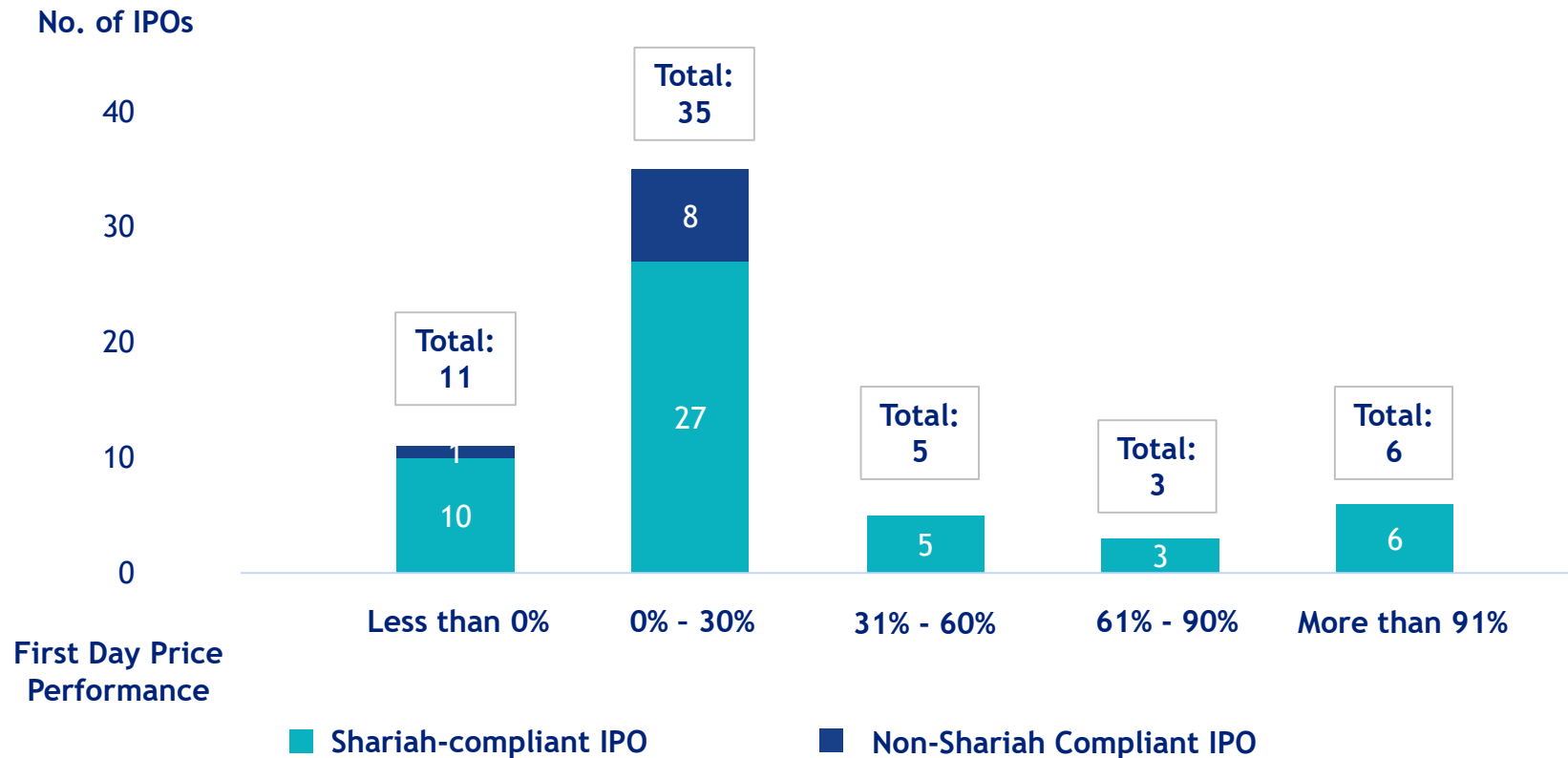


- Between 2016 to 2020, **51 out of 60 IPOs** or **85%** were classified as Shariah-compliant.
- 10 out of 60** or **17%** IPOs were oversubscribed for **more than 40 times**; of which all 10 were Shariah-compliant.
- The oversubscription rate shows there is more demand for Shariah-compliant stocks.

Note: Number of IPO listing excludes LEAP Market
Source: Information Services, Bursa Malaysia Berhad

Summary: IPO Listing & First Day Price Performance

IPO First Day Price Performance (2016 - 2020):
51 Shariah PLCs out of 60 (85%)



Opportunities for PLCs in a Shariah-compliant Landscape

Shariah Investing: An Investment Avenue for All

The growing demand for Shariah-compliant investment is supported by increasing range of Islamic financial asset classes, resulting from affluent investors who are keen to invest in a Shariah-compliant manner, and Islamic investment opportunities accessible to institutional and non-Muslim investors that wish to diversify their investments through Shariah-compliant instruments.

- ❑ **Rapid rise of interest in responsible investing has led to convergence of socially responsible investing (SRI) and Shariah-compliant investing**
 - ❖ Shariah-compliant investing is viewed as a subset of sustainable and responsible investing due to its strong alignment of social objectives.
 - ❖ Principled investing practices based on Shariah are one part of the equation to living life responsibly through responsible, value-based investing.
 - ❖ Responsible investing takes into account ESG factors in investment decisions
 - ❖ Growing interest in sustainable, inclusive and responsible investing given similarities in investing principles.



Shariah Investing Complements ESG Investing

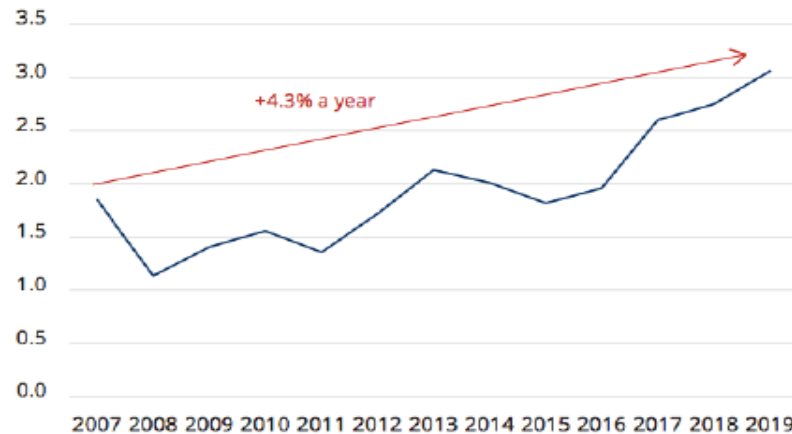
Islamic investments have much in common with socially responsible investments including those with an ESG mandate. Islamic financial principles related to profit and risk sharing, financial prudence, sustainable development and social and environmental stewardship are well aligned with a responsible investment approach.

Islamic vs. ESG

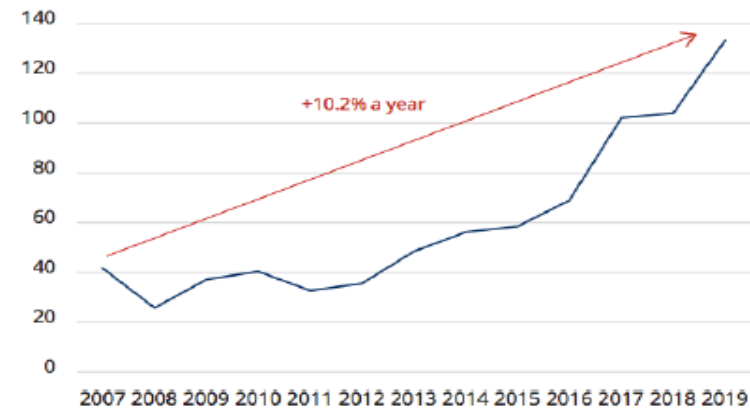
Shariah universe is comparatively smaller and growing slowly, while sustainable investing has grown rapidly in the past years



Global Shariah equities, \$ billion assets under management



Global equities-responsible investments sector, assets under management, \$ billions



Source: MIFC estimates

Non-financial Performance Can Have a Direct Impact to Companies' Financial Performance

Studies indicate that the implementation of ethical considerations in Shariah and ESG indices does not negatively impact performance.



Thank You



Live Responsibly
Invest Responsibly
Invest Shariah



icm@bursamalaysia.com



Islamic Capital Market, Bursa Malaysia



@ICM_Bursa



@ICM_Bursa

<http://www.bursamalaysia.com/market/islamic-markets/>

DISCLAIMER:

These presentation slides are owned by Bursa Malaysia Berhad and/or the Bursa Malaysia group of companies ("Bursa Malaysia"). Whilst Bursa Malaysia endeavors to ensure that the contents in this presentation are accurate, complete, current and have been obtained from sources believed by Bursa Malaysia to be accurate and reliable, neither Bursa Malaysia or the presenter of this presentation make any warranty, express or implied, nor assume any legal liability or responsibility for the accuracy, completeness or currency of the contents of this presentation. In no event shall Bursa Malaysia be liable for any claim, however arising, out of or in relation to this presentation.

This document shall be used solely for the purpose it was circulated to you. This document is owned by Bursa Malaysia Berhad and/or the Bursa Malaysia group of companies ("Bursa Malaysia"). No part of the document is to be produced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or any information storage and retrieval system, without permission in writing from Bursa Malaysia.