

EPF's gross investment income up 7.7pct in first 9 months of 2021

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The total gross investment income of EPF grew 7.7 percent year-on-year to RM48.02 billion for the nine months ended Sept 30, 2021 (9M 2021), from RM44.60 billion in the same period in 2020.

Total gross investment income for the third quarter ended Sept 30, 2021 (Q3 2021) was, however, lower at RM13.97 billion from RM17.33 billion recorded in the corresponding quarter in 2020, the provident fund said in a statement today.

Chief executive officer Amir Hamzah Azizan said Q3 2021 has been volatile for equities in both the domestic and emerging markets, largely caused by the concerns surrounding rising inflation and interest rates.

“On the other hand, the continued recovery of equities in the developed economies amidst the heightened volatility has provided EPF the opportunity to capitalise additional gains,” he said.

According to EPF, equities continued to be the main contributor, accounting for 54 percent of total gross investment income at RM7.50 billion.

As part of its internal policy and a prudent measure to ensure a healthy portfolio, RM0.11 billion was written down for listed equities during the quarter, compared to RM0.13 billion in the corresponding period last year. After taking into account the cost writedown, RM13.86 billion of net investment income was recorded for Q3 2021.

“Cumulatively, RM0.35 billion was written down for listed equities, down from the RM6.46 billion for the same period in 2020 on the back of a continued recovery in the global equity market, resulting in net investment income of RM47.67 billion for 9M 2021, compared to RM38.14 billion for 9M 2020,” it said.

The EPF said fixed income instruments recorded a 36 per cent contribution at RM5 billion in Q3 2021, which was lower than the RM8.18 billion income generated in Q3 2020, due to lower trading gains.

“This is in line with the higher market yield in Q3 2021, compared to the same period last year,” it added.

In addition, EPF’s real estate and infrastructure, as well as money market

instruments, contributed RM1.18 billion and RM0.29 billion, respectively.

As of September 2021, its investment assets stood at RM988.55 billion, of which 36 percent was invested in overseas investments.

“In Q3 2021, overseas investments generated an income of RM8.10 billion, representing 58 per cent of the total gross investment income recorded,” said EPF.

The provident fund noted that a total of RM1.40 billion out of the RM13.97 billion gross investment income was generated for Simpanan Shariah, and RM12.57 billion for Simpanan Konvensional.

On the outlook, Amir Hamzah said the reopening of the Malaysian economy is expected to support gradual recovery well into 2022, and in tandem, the EPF would accelerate its efforts to help members rebuild their retirement savings as well as cast its social safety net wider.

“One of the big-ticket items for the EPF further into 2022 is to refresh our mandate to remain relevant to more Malaysians in the informal sector as well as the contract for service workers, which now form the majority of the country’s labour force.

“This is important as we need to ensure that they have access to at least a minimum standard of living, even during unprecedented times,” he said.

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