

EPF's 1Q distributable income rises 33.1pct to RM19.2b

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The Employees Provident Fund (EPF) recorded a total distributable income of RM19.20 billion for the first quarter (1Q) ended March 31, 2024, marking a 33.1 percent increase from RM14.42 billion in the same quarter of 2023.

This distributable income excludes mark-to-market gains from unrealised securities, the EPF said in a statement today.

EPF chief executive officer Ahmad Zulqarnain Onn said that while first-quarter results have been strong, financial markets remain subject to several risks.

These include 'high for longer' high interest rates, geopolitical and conflict risks and policy changes resulting from numerous elections in major economies this year.

"The performance of global markets in 1Q 2024 was marked by resilient growth, notably in advanced economies. The FBM KLCI index increased by 10 percent year-to-date, reflecting confidence in the growth and impact of various new

economic and industry policies.

“Internationally, the US economy continued to grow, lowering expectations for US Federal Reserve rate cuts during the year.

“Major stock indices showcased strong rallies during the first quarter, led by financial, healthcare and technology stocks,” he said.

During the reviewed quarter, the EPF reported that income from equities rose to RM13.15 billion compared to RM8.69 billion in 1Q 2023. This asset class remained the top income contributor, accounting for 68 percent of total distributable income.

The increase in income is attributed to fund managers’ proactive strategy of realising capital gains during the market rally, capitalising on favourable conditions before the anticipated uncertain environment in the coming quarters.

“Fixed Income instruments continue to be the anchor for the EPF, providing a steady stream of income and mitigating the impact of short-term market volatility.

“This asset class, predominantly Malaysian Government Securities (MGS), contributed 27 percent, or RM5.14 billion, to the total distributable income for

1Q 2024.

“Real estate and infrastructure registered an income of RM220 million in 1Q 2024, while money market instruments generated RM690 million, aligning with the return expectations for these asset classes,” it said.

Investments assets at RM1.19t

As of March 2024, the EPF’s overall investment assets grew to RM1.19 trillion, with overseas investments accounting for 38 percent of the total assets.

“The EPF’s overseas investments, mainly in equities, continued to outperform and add value to the overall return, generating RM9.88 billion in income, representing 51 per cent of the total distributable income,” it said.

Meanwhile, domestic investments account for 62 percent of total assets, primarily invested in Fixed Income instruments, providing long-term income stability through interests and profits.

“The EPF remains committed to supporting and contributing to Malaysia’s economic growth by allocating more than 80 percent of its new annual investment allocation to the domestic market.

“Of the RM19.20 billion total distributable income, RM16.56 billion was generated for Simpanan Konvensional and RM2.64 billion for Simpanan Shariah,” it said.

Zulqarnain expressed EPF's optimism for the domestic economy, which began 2024 on a strong note, with growth accelerating to 4.2 percent in 1Q 2024.

He noted that the labour market remains healthy, with employment and labour force participation rates continuing to rise, and that Malaysia is expected to sustain solid growth in 2024, driven by robust domestic demand and a recovery in exports.

“The outlook for global growth this year has become more positive.

“However, risks remain high due to uncertainty surrounding the impact of monetary policy tightening on growth and financial market stability, China’s property market crisis, as well as geopolitical tensions that could push commodity prices higher and threaten global economic growth.

“EPF will continue to implement robust risk management strategies to identify and mitigate risks associated with international trade and geopolitical developments.

“We will also closely monitor the potential outcome of the US presidential election, which is expected to influence global market movements and sentiment,” he added.

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