

Higher 2024 EPF dividend rate shows resilient economic growth

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The Employees Provident Fund (EPF) has announced an encouraging dividend rate of 6.3 percent for both Simpanan Konvensional and Simpanan Syariah for 2024, marking a strong investment performance.

With a total payout of RM73.24 billion and an 11 percent increase in total investment income to RM74.46 billion, the fund's seven-year high dividend reflects Malaysia's economic resilience and effective portfolio management.

A stronger year for EPF investments

EPF's investment assets grew to RM1,249.71 billion, a 10 percent rise from 2023, fuelled by a combination of portfolio income and increased contributions. The EPF's diversified investment strategy has proven effective, capitalising on both domestic and global market recoveries.

A notable highlight is the 9.9 percent return on investment (ROI) from equities, which contributed RM49.79 billion despite ongoing market volatility. The strong

rebound of the FTSE Bursa Malaysia KLCI (+12.9 percent) further supported these gains, while private equity investments yielded an even higher ROI of 11.33 percent.

Fixed-income instruments remained a stabilising force, contributing RM21.91 billion with an ROI of 4.27 percent. This portfolio's consistent performance underscores EPF's commitment to maintaining steady returns amid fluctuating market conditions.

Meanwhile, real estate and infrastructure investments generated an ROI of 5.13 percent, showing steady returns in a challenging environment.

A globally respected pension fund

Malaysia's EPF is widely regarded as one of the most stable and well-managed pension funds in the world. Its ability to weather economic uncertainties while delivering competitive dividends highlights its strong governance, prudent risk management, and long-term strategic vision.

The fund's Strategic Asset Allocation (SAA) approach ensures a balanced portfolio that mitigates risks and capitalises on growth opportunities, reinforcing its reputation as a trusted retirement savings institution. With consistent performance even in volatile market conditions, EPF remains a benchmark for

pension fund management globally.

Regional comparisons: Among largest pension funds in the world

When compared to pension funds around the world, Malaysia's EPF stands out for its consistently strong returns and prudent investment strategies.

In terms of fund size, EPF was the 13th largest pension fund in the world with US\$247 billion in asset under management, and the fifth largest in Asia, according to Thinking Ahead Institute. EPF's sound portfolio management with a diversified investment strategy has yielded stable returns over the years.

According to Malaysian Economic Association president Yeah Kim Leng, with the 2024 dividend rate nearly double the average fixed deposit rate, EPF's performance is highly commendable - not only for its superior returns but also for its consistency in delivering strong annual gains.

"The fund's resilience and stability amid global uncertainties and financial market turbulence make it the envy of many pension and investment funds, both in Malaysia and abroad," he added.

EPF's ability to sustain competitive dividends, despite economic headwinds, highlights its superior asset management and diversified portfolio.

Macroeconomic and policy drivers

The positive dividend announcement comes on the back of Malaysia's stronger economic growth, which expanded by 5.1 percent in 2024 compared to 3.6 percent in the previous year.

Domestic demand, stable inflation, and government-led initiatives under Budget 2024 and Ekonomi Madani played crucial roles in fostering a conducive investment climate.

Prime Minister Anwar Ibrahim's administration has focused on attracting foreign investment and strengthening economic fundamentals, benefiting institutional investors like EPF.

Finance Minister II Amir Hamzah Azizan commended the EPF's performance, highlighting that the fund's ability to deliver higher dividends reflects Malaysia's strong economic fundamentals and prudent financial management.

"EPF's consistent returns are a testament to Malaysia's resilience in an increasingly complex global economy. The government remains committed to supporting policies that enhance investment opportunities and ensure long-term financial security for Malaysians," he said.

EPF chairperson Mohd Zuki Ali emphasised the importance of strategic investment in sustaining long-term growth. “Alhamdulillah, the EPF has once again demonstrated resilience in navigating market challenges, ensuring sustainable returns for our members,” he stated.

CEO Ahmad Zulqarnain Onn echoed this sentiment, noting that the fund’s diversified investment strategy has played a key role in delivering strong and stable dividends.

Higher dividends: A boost for M’sians and the economy

For Malaysians, the higher dividend rate translates to greater retirement security and better financial well-being. Members will see more substantial growth in their savings, allowing for improved financial stability in their golden years.

Linguist Siti Himawari Khairudin, 50, who like many Malaysians deeply concerned about the sustainability of their retirement savings, expressed joy at the announcement of the dividend rate. “I’m surprised and happy with the news. It’s definitely a boon for us who are inching towards retirement.”

Furthermore, the increased payouts could have a positive ripple effect on the broader economy, as higher disposable income from the new Akaun Fleksibel may boost consumer spending, property investments, and overall economic

activity.

With RM73.24 billion in total payouts entering the economy, sectors such as retail, housing, and small businesses could benefit from increased liquidity, further driving domestic economic growth.

The steady rise in voluntary contributions also indicates growing financial awareness among Malaysians, as more individuals take proactive steps toward securing their future.

“With the EPF dividend nearly double that of average bank fixed deposit rates, I have the impetus to set aside money every month to contribute regularly,” said freelance content creator Chin Chee Leong, 25, who participates in the voluntary EPF contribution scheme i-Saraan.

Navigating future challenges

Looking ahead, the EPF remains cautious of external risks, including geopolitical tensions, inflationary pressures, and market disruptions. However, its SAA framework will continue to play a vital role in ensuring stability and sustainable growth.

With fixed-income instruments providing a foundation for stability and domestic

equities driving returns, EPF appears well-positioned to navigate an uncertain global landscape while maintaining competitive dividends for its members.

Its robust management framework and sound financial planning ensure that members can look forward to sustained long-term growth and enhanced financial security in their retirement savings.

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