Malaysia enjoys an enviable market leading position in the global capital market with its spectrum of unique offerings. In the fixed income market, Malaysia has the largest bond market in ASEAN and is amongst the top three countries with the highest bonds outstanding in Asia. Home to the highest number of public listed companies (PLCs) in ASEAN, Malaysia also hosts the largest unit trust industry and continues to lead the market in the global sukuk market.

In recognition of the significant achievements in the Malaysian capital market, Malaysia was upgraded to an Advanced Emerging Market in the FTSE Global Equity Index Series in 2013. Against this backdrop, Capital Markets Malaysia (CMM) was established by the Securities Commission Malaysia to optimise further development and internationalisation of Malaysia’s capital market. CMM focuses its efforts on the four primary pillars of the market: Equities, Fixed Income, Asset Management and Alternative Assets. Furthermore, CMM highlights the importance and relevance of the Islamic Capital Market (ICM) and Sustainable and Responsible Investment (SRI) framework which cut across all pillars and market segments to enable the expansion of the spectrum of product offerings to issuers and investors in the Malaysian capital market.

As one of the most developed economies in Southeast Asia, Malaysia offers many opportunities for capital market investment growth. A strong governance infrastructure, coupled with intuitive government support, enables an efficient marketplace that has naturally become a global marketplace for niche areas like fixed income and Islamic capital products. Moreover, Malaysia’s leading role in the development of the ASEAN regional bloc and the Trans-Pacific Partnership (TPP), presents an opportunity for strong growth potential in the near future. Accordingly, the Malaysian market is an ideal platform for PLCs and small- to medium-sized companies seeking innovative and wide-reaching modes of capital formation. Investors, in turn, can be confident of generating sustainable long-term investment returns that will be driven by stable long-term growth prospects in the commodities, manufacturing and services industries. Lastly, a growing region driven by a young population and exponential growth potential makes Malaysia and ASEAN a favourable choice compared to more mature markets.

The sustainable, inclusive and innovative nature of the Malaysian capital market is poised to continue to optimise economic growth. CMM leads the charge in positioning Malaysia as one of the world’s favoured destinations for investments and fundraising by providing valuable insights from authorities while supporting issuers and investors in accessing the full spectrum of instruments and maintaining an independent dedication to industry advancement.

SECURITIES COMMISSION MALAYSIA (SC)

The Securities Commission Malaysia (SC), a statutory body reporting to the Minister of Finance, Malaysia, was established under the Securities Commission Act 1993. It is the sole regulatory agency for the regulation and development of capital markets. The SC has direct responsibility for supervising and monitoring the activities of market institutions, including the exchanges and clearing houses, and regulating all persons licensed under the Capital Markets and Services Act 2007. More information about the SC is available on its website at www.sc.com.my.
MALAYSIA’S ECONOMY

DIVERSITY
Malaysia has a diversified economy and is a leading exporter of electrical appliances, electronic parts and components, palm oil, and natural gas.

STABILITY
Malaysia has matured from an emerging market into an advanced emerging market, creating niche areas of expertise and providing stable long-term growth.

OPPORTUNITIES
With Malaysia’s chairmanship of ASEAN and the establishment of the ASEAN Economic Community (AEC) in 2015, economic integration amongst ASEAN members will be a key focus with a target for a single market and production base, which will provide ample growth opportunities for investors in Malaysia within and beyond the ASEAN community.

GDP by Sector
RM1,063 billion
(2015)
Building on the strength of a globally competitive manufacturing base, Malaysia has now realigned itself into a service-driven economy.

Major Exports
RM780 billion
(2015)
Historically a commodities-driven economy, Malaysia now has a balanced export portfolio. Malaysia’s commodities industry exports account for only 26% of total exports.
Global Rankings

Malaysia continues to be globally recognised as a competitive business focused country.

GDP Annual Growth

Malaysia’s GDP growth outpaced ASEAN-5 GDP growth rate in the last 2 years.

Note:
(1) 2015 ASEAN-5 GDP growth is an IMF estimate
(2) Malaysia GDP (RM billion) and all GDP growth rates at constant 2010 prices
A key measure of the capital market is the extent to which it facilitates capital formation as well as income growth through the ability of individuals to benefit from opportunities in the capital market, be it directly or indirectly.

The Malaysian capital market has evolved significantly over the years, building expertise in the asset management segment and reinforcing its lead in the fixed income segment through its niche position as a leader in Islamic capital market products. It is now steadfastly being recognised as an international marketplace for both investors and issuers.

Global Connections

This sustained growth in the Malaysian capital market reflects a resilient and thereby stable market that is able to withstand global economic and financial challenges. In addition, regulators of the market have built international connectivity that further enhances the international perspective of the Malaysian market.
EQUITY

Malaysian Equity Market Known for its Stability and Resilience

Each MSCI Risk Weighted index reweights all the constituents of a cap weighted MSCI parent index so that stocks with lower historical return variance are given higher index weights. By emphasizing low volatility stocks in this way, the MSCI Risk Weighted Indices historically produce higher return and lower realized volatility compared to their respective parent MSCI indices, while maintaining reasonable liquidity and capacity. In general, MSCI Risk Weighted Indices tend to have a bias towards stocks with lower volatility.

MSCI Asia Pacific Risk Weighted Index
(as at 29 Feb 2016)

MSCI Asia Pacific ex Japan Risk Weighted Index
(as at 29 Feb 2016)

Market Capitalisation in ASEAN
(USD billion, as at 31 Dec 2015)

2nd largest equity market in Asean.

Singapore Exchange 640.0
Bursa Malaysia 383.0
Indonesia SE 353.3
The Stock Exchange of Thailand 348.8
Philippines SE 238.8
HoChiMinh SE 51.9
Funds Raised from Secondary Market in ASEAN

(USD billion, as at 31 Dec 2015)

Bursa Malaysia Profile

Market Capitalisation

(USD billion, as at 31 Dec 2015)

Sectors Listed by Market Cap
USD383 billion, 903 PLCs

(Dec 2015)

Domestic/Foreign Ownership by Market Cap
USD383 billion

(Dec 2015)
Overview of Asian Countries’ Fixed Income Market

(10% currency bonds as a % of GDP as at 30 Sep 2015)

Malaysian Fixed Income Market

(RM billion)

Global Sukuk Market

(USD billion)
FUND MANAGEMENT

Assets under Management (AuM) Growth

(RM billion, as at 31 Dec 2015)

<table>
<thead>
<tr>
<th>Year</th>
<th>Islamic</th>
<th>Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>377</td>
<td>87%</td>
</tr>
<tr>
<td>2011</td>
<td>424</td>
<td>85%</td>
</tr>
<tr>
<td>2012</td>
<td>505</td>
<td>84%</td>
</tr>
<tr>
<td>2013</td>
<td>588</td>
<td>83%</td>
</tr>
<tr>
<td>2014</td>
<td>630</td>
<td>82%</td>
</tr>
<tr>
<td>2015</td>
<td>668</td>
<td>80%</td>
</tr>
</tbody>
</table>

12.1% CAGR 2010 - 2015

- Phenomenal growth rate
- 20% of total AuM is Shariah compliant

AuM Asset Allocation

RM668 billion
(as at 31 Dec 2015)

- Fast growing industry with phenomenal growth rate
- Experience in both conventional and Islamic
- Varied product investment experience

RM668 billion (as at 31 Dec 2015)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Trust</td>
<td>52%</td>
</tr>
<tr>
<td>Corporate</td>
<td>13%</td>
</tr>
<tr>
<td>EPF</td>
<td>12%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>0.6%</td>
</tr>
<tr>
<td>Individual</td>
<td>0.1%</td>
</tr>
<tr>
<td>Private Pension</td>
<td>7%</td>
</tr>
<tr>
<td>Charitable Bodies</td>
<td>15%</td>
</tr>
<tr>
<td>Others</td>
<td>1%</td>
</tr>
</tbody>
</table>

Global Islamic AuM by Domicile USD60.2 billion
(as at 30 Sep 2015)

- 2nd largest Islamic AuM globally.

Saudi Arabia: 28%
Malaysia: 41%
Jersey Island: 5%
USA: 5%
Luxembourg: 5%
Kuwait: 2%
South Africa: 2%
Pakistan: 2%
Others: 9%

International Industry Presence

Aberdeen Asset Management
Goldman Sachs
Amundi Malaysia
Nomura Asset Management
BNP Paribas Asset Management
Threadneedle Investments
Franklin Templeton Investments

Key international players have based operations out of Malaysia since 2005.
**ISLAMIC CAPITAL MARKET**

**Total Islamic Assets**

(RM billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Cap</th>
<th>Sukuk</th>
<th>Total</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,053</td>
<td>28%</td>
<td>72%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>1,160</td>
<td>30%</td>
<td>70%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>1,422</td>
<td>33%</td>
<td>67%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1,557</td>
<td>33%</td>
<td>67%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1,604</td>
<td>36%</td>
<td>64%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1,694</td>
<td>36%</td>
<td>64%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

10.0% CAGR 2010 - 2015

**Islamic Equity**

- 74% listed companies are Shariah compliant
- 64% market capitalisation of Shariah compliant stocks

**Sukuk**

- 54% market share of global sukuk outstanding
- 53% market share of global sukuk issuance

**Islamic Unit Trust**

- RM52b Net Asset Value
- 193 Shariah compliant unit trust funds launched

The leading exchange in ASEAN for Shariah compliant investment

Global leader in Shariah compliant unit trust
Malaysia is a Leader in Several Islamic Capital Initiatives

- First Japanese sukuk issued in Malaysia and in the world by Bank of Tokyo-Mitsubishi UFJ. USD500 million
- First sukuk issued by Turkish lender, Turkiye Finans. RM800 million
- World’s single largest sukuk issuance by PLUS. RM30.6 billion
- Khazanah Nasional issues exchangeable sukuk that is first to be priced at a negative yield and first Malaysian equity-linked deal since 2010. USD357.8 million
- Innovative RMB sukuk issuing air-time voucher by Axiata Group Bhd
- First RM-denominated sukuk by Islamic Development Bank. RM1 billion
- First exchangeable USD sukuk by Khazanah Nasional. 6x oversubscribed, USD750 million
- First supranational RM-denominated sukuk by International Finance Corporation, a privately owned unit of the World Bank. RM500 million
- First global corporate USD sukuk by Kumpulan Guthrie. USD150 million
- Large-scale bond issuance by Petronas. USD5 billion
- Largest Ringgit bond issuance in a single tenure by Cagamas. RM60 billion
- First Sustainable and Responsible Investment (SRI) sukuk issued and rated globally by Khazanah. RM1 billion
- SGD exchangeable sukuk by Khazanah Nasional. SGD600 million
- USD Emas sukuk by Sime Darby. USD800 million
- World’s first China Renminbi-denominated ‘Emas’ sukuk by Khazanah Nasional. RMB500 million (RM246 million)
- First global subordinated sukuk by Maybank. 7x oversubscribed, USD300 million
- First Islamic Residential Mortgage Backed Securities by Cagamas. 5.4x oversubscribed, RM1.8 billion
- First sovereign USD sukuk by the Government of Malaysia. 2x oversubscribed, USD600 million
- First RM-denominated sukuk by Shell, a foreign multinational company. RM125 million

Note: ‘Emas’ is Malaysia’s designation for foreign currency denominated bonds and sukuk originating from Malaysia in the global capital market.
SOURCES
The various statistical and other information cited in this publication was gathered from international financial and economic institutions, national statistical offices and other publicly available industrial intelligence services. Principal sources for the Capital Markets Malaysia factsheet include Securities Commission Malaysia (SC), Bursa Malaysia, Bank Negara Malaysia (BNM), The World Federation of Exchanges (WFE), Malaysian External Trade Development Corporation (MATRADE), International Monetary Fund (IMF), World Bank Group and AsianBondsOnline (ADB).