

## BUSINESS REVIEW

## AmInvestment Bank

## Our Competitive Advantage



TRACY CHEN WEE KENG

Chief Executive Officer  
AmInvestment Bank Berhad

**Debt Markets**

Delivers innovative and customised financing solutions to sovereign, corporate and institutional clients. The team leverages on its proven capabilities in fixed income, derivatives, credit solutions, and advisory services, covering conventional and Islamic financing.

**Corporate Finance**

Provides our corporate clients with the highest levels of deal execution and professional service. We provide an extensive range of corporate and advisory services comprising mergers and acquisitions (M&As), take-overs, restructuring, initial public offerings (IPO), issuance of equity and equity-linked instruments, valuations and independent advisory services.

**Equity Capital Markets**

Mainly deals with the marketing, sales and distribution of equities in the primary and secondary markets of listed securities of public listed companies that are traded on a stock exchange and unlisted securities of private/public companies that are not traded on a stock exchange. We leverage on our established distribution network and close relationships with fund managers, investors and research analysts to provide timely market intelligence in the origination of primary market transactions and in the structuring and managing of the marketing and distribution of both primary and secondary equity offerings.

**Equity Markets**

Offers our customers a wide range of equity and equity-related products and services such as share trading, share margin financing, custodial services, derivatives and futures broking. Our clientele includes asset management companies, insurance companies, corporates, retail investors and foreign brokers. We are a leading Participating Organisation in the institutional-investor segment having been awarded 2nd Runner-Up Best Institutional Equities Participating Organisation Investment Bank for two consecutive years (2022 and 2021).

**Private Banking (AmPrivate)**

Provides high-net-worth clients with customised investment solutions in accordance with investor risk profile, both discretionary and non-discretionary (both in Malaysian Ringgit and foreign currencies).

**Fund Management (AmInvest)**

Manages a broad range of investment mandates, wholesale and unit trust funds across the risk-return spectrum for individuals, corporations and institutions. Fund Management also offers Private Retirement Schemes and Exchange-Traded Funds (ETFs). We manage active in-house mandates in our time zone such as active Asian equities, Asian bonds and Global sukuk; and partner with "best of breed" global fund managers to provide actively-managed funds in other time zones, regions, asset classes and themes.

## BUSINESS REVIEW AmInvestment Bank

### PERFORMANCE OVERVIEW

AmInvestment Bank (AmInvestment) registered lower income and profit for the year under review as a result of the market experiencing significantly lower share trading activity and fewer origination and corporate advisory activities. Nevertheless, there were some bright spots as debt market activity was more robust and both our fund management and private banking units maintained solid AUM numbers. Total income was RM321.9 million, declining from RM347.4 million while PAT was RM101.3 million, 29.4% lower than the RM143.5 million recorded in FY2022. During the financial year, AmInvestment achieved a significant margin loan growth of 44.4% from RM1,150 million last year to RM1,661 million as at 31 March 2023.

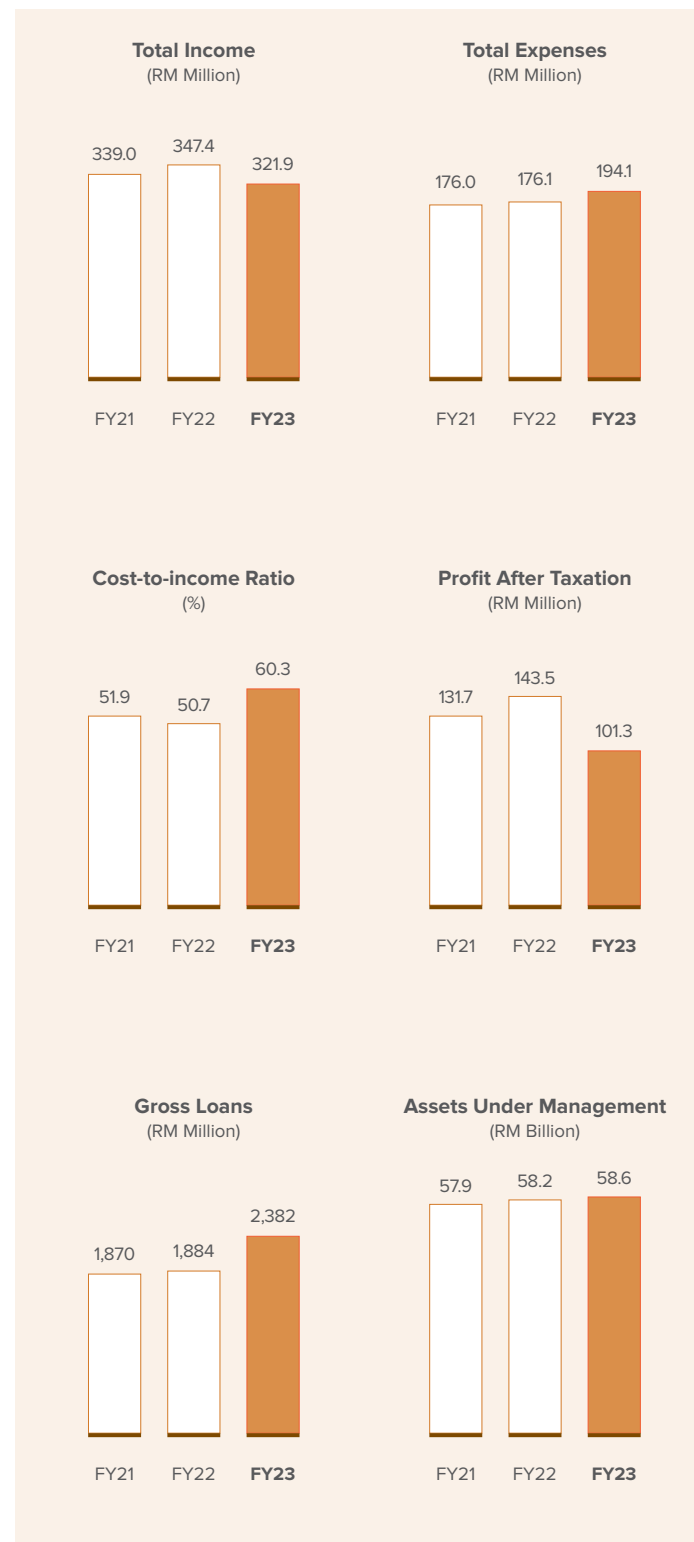
Our Debt Markets team retained its dominance in the Malaysian debt capital markets. On the back of the record market growth in new issuances to RM120 billion in 2022, our market share in the overall Malaysian Bond Market stood firm at 11.7% while our market leading share in the Malaysian Ringgit Sukuk market rose slightly to 10.5% from 10.3% previously. Our strategy of close collaboration with our colleagues across various business lines to provide clients with end-to-end solutions for their growth and financial needs together with the RTCM initiative has borne fruit. On the sustainability front, the Debt Markets team has helped to raise over RM6.5 billion in Green/Sustainability-Linked financing in 2022.

Our Corporate Finance team was able to close out several award-winning advisory deals in FY2023 enabling us to be ranked #2 on Bloomberg's 2022 M&A Malaysia League Table. Further, with the support of the Equity Capital Markets team, more than RM500 million was raised through IPOs and placements despite challenging market conditions.

As for Equity Markets, FY2023 was a challenging year for the domestic equity market with total traded value on Bursa Malaysia shrinking by 32.8% to only RM1.0 trillion from RM1.5 trillion in the preceding financial year. However, our performance was relatively better with only a 9% decline in total traded value to RM56.8 billion in FY2023. In line with the growing investor interest in ESG practices, all equity research reports now carry an ESG rating as a guide to investors on the investee company's ESG credentials.

The Private Banking business achieved its historical high for AUM despite challenging market conditions. This is a result of referrals from collaboration between business units within the AmBank Group and the expansion of its team of client managers. However, several rate hikes by the US Federal Reserve affected its ability to grow the Secured Financing Facility (SFF) business. Meanwhile, the Private Banking business further expanded its product coverage with the inclusion of the Real-Estate SFF and various structured investment ideas to complement its holistic customised investment solutions for its clients.

Our Fund Management business, AmInvest, successfully defended its AUM of RM47.8 million despite regulatory changes that have affected the attractiveness of certain fund types to some segments of investors. Overall, the industry's AUM contracted by 9% over the year, whereas our AUM only declined by 4%. In the year under review, we added new ESG-themed funds and made further headway in embedding ESG practices into our business. For instance, on 31 March 2023, we became signatories to the United Nations-supported Principles for Responsible Investment (UNPRI) which will help guide the incorporation of ESG considerations into our future investment decisions.



## BUSINESS REVIEW

### AmlInvestment Bank

#### KEY INITIATIVES & OUTCOMES

##### Key Initiatives

###### Debt Markets

- Provide debt and project finance advisory to corporate clients and government-linked companies to tap capital markets for funding.
- Continuously promote Green and Sustainability Bonds and Sukuk in line with our ESG aspirations.



##### Outcomes

- Ranked No. 4 with 11.7% market share for Overall Malaysian Bonds/Sukuk for 2022.
- Ranked No. 4 with 10.5% market share for Malaysian Ringgit Sukuk for 2022.
- Acted as a Principal Advisor/Lead Arranger/Lead Manager for major Sukuk and Syndicated Financing deals in 2022, including:
  - > RM5.5 billion AAA Sustainability Sukuk Murabahah for Amanat Lebuhraya Rakyat Berhad.
  - > RM220.0 million Green Syndicated Islamic & Conventional Financing Facilities for JAKS Solar Nibong Tebal Sdn Bhd.
  - > RM360.0 million Subordinated Perpetual Sukuk for Yinson Holdings Berhad.
  - > RM8.0 billion AAA-rated Islamic Medium Term Note issuance for Projek Lebuhraya Usahasama Berhad.
  - > RM4.0 billion Islamic Medium Term Note issuance for Lembaga Pembiayaan Perumahan Sektor Awam.
  - > RM2.0 billion AAA rated Islamic Medium Term Note for Danum Capital Berhad.

###### Corporate Finance & Equity Capital Markets

- Deliver investment banking advice to corporate clients in Wholesale Banking, Business Banking and Mid-Corp sectors to access the capital markets.
- Enhance marketing of IPO and listing of companies on Bursa Securities.
- Collaborate with, and enhance the origination skills of, client coverage teams in Wholesale Banking and Business Banking to deliver effective one-stop financial advisory and funding to corporate clients.
- Maintain a healthy IPO and Placement deal pipeline with a significant number of potential transactions.



- Ranked #2 on Bloomberg's 2022 M&A Malaysia League Table amongst local advisers.
- Principal Adviser, Sponsor, Placement Agent and Underwriter for Vestland Berhad's RM80 million IPO.
- Principal Adviser to Amanat Lebuhraya Rakyat Berhad's RM5.5 billion acquisition of four highway concessionaires.
- Principal Adviser to Fraser & Neave Holdings Berhad's RM489 million acquisition of Coccoland Holdings Berhad.
- Independent Adviser to Digi.com Berhad's RM17.7 billion merger with Celcom Axiata Berhad.
- Other notable involvement in IPO activities includes being a Joint Bookrunner and Joint Underwriter for Cape EMS Berhad which has a deal size of RM233.7 million.
- Facilitated the successful partnership between Kerjaya Prospek Group Bhd and Samsung C&T Corp. Both companies have now collaborated on construction contracts exceeding RM1.0 billion.

###### Equity Markets

- Grow share margin financing to boost interest income.
- Grow market share of total traded value on Bursa Malaysia.



- Total share margin financing outstanding stood at RM1.66 billion as at end of FY2023, representing an increase of 44% year on year.
- Market share increased from 4.16% in FY2022 to 5.63% in FY2023.

###### Private Banking

- Widen investment ideas to generate more investment products to suit the needs of our clients.
- Increase presence of Private Client Managers nationwide to broaden and access the underserved and next-generation High-Net-Worth clients.
- Encourage cross-collaboration amongst various functions in the AmBank Group to expand the reach of products and services.



- AUM grew by 2.24 % in time of global market uncertainty and volatile landscape.
- Risk diversification by advising clients to shift focus to MYR bonds due to lower price volatility.
- Increased clients' global equity exposure via thematic funds/ETF launched by AmlInvest:
  - > New China Sector Index.
  - > AmSingle Bond Series 1.
- Introduced the acceptance of real-estate as collateral for SFF.

###### AmlInvest

- Increased offerings under our Sustainability Series funds catalogue, heeding our group's commitment around sustainability.
- Demonstrated our sustainability commitment by way of effective stewardship.
- Launched three additional new funds to meet market demand.
- Shifted focus to higher margin funds.



- Launched two new funds, namely Sustainable Series – Health Fund and Sustainable Series – Sustainable Outcomes Global Equity Fund. We now have a total of five Sustainable Series funds.
- Reengineered and relaunched a sukuk fund, AmBon Islam, and qualified the fund under Securities Commission's SRI category.
- Successfully launched New China Sectors Index Fund, AmSingle Bond Series 1 and AmlIslamic China Equity Fund.
- Less reliance on wholesale unit trust funds and grew short-term bond funds, leading to fund size growing from RM3.5 billion in FY2019 to RM10.6 billion in FY2023 for this category.

**SUSTAINABILITY HIGHLIGHTS**

<b>Sustainability-linked Financing</b>	➤	• > RM5.5 billion AAA Sustainability Sukuk Murabahah for Amanat Lebuhraya Rakyat Berhad.
<b>Supporting Sustainable Investing</b>	➤	• Following the launch of two Sustainable Series funds, AmInvest now has a total of seven SRI funds.

**Awards & Recognition**

**1. Debt Markets**

**The Asset Triple A Islamic Finance Awards 2022**

- Best Asean Sustainability Sukuk: SME Bank RM500 million Asean Sustainability Wakala bi al-istithmar Sukuk issuance (Joint Lead Manager)
- Best Quasi-Sovereign Sukuk: Cagamas RM1.5 billion triple-tranche Commodity Murabaha Sukuk issuance (Lead Manager)
- Best Local Currency Sukuk: Tenaga Nasional RM3 billion four-tranche Wakala Bi Al-Istithmar Sukuk issuance (Book Runner and Lead Manager)

**Alpha Southeast Asia's 16<sup>th</sup> Annual Deal and Solution Awards**

- Best Project Finance Deal of The Year 2022: JAKS Solar Nibong Tebal's RM200 million Syndicated Loan Facilities
- Best Islamic Finance Deal of The Year 2022: Amanat Lebuhraya Rakyat's RM5.5 billion Sustainability Sukuk Murabahah
- Most Innovative Islamic Finance Deal of The Year 2022: Amanat Lebuhraya Rakyat's RM5.5 billion Sustainability Sukuk Murabahah

**IFR Asia Awards 2022**

- Malaysia Capital Markets Deal: Amanat Lebuhraya Rakyat's RM5.5 billion Tawarruq-based Sukuk (Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager)

**IFN Deal of the Year Awards 2022**

- Malaysia Deal of the Year: Amanat Lebuhraya Rakyat's RM5.5 billion Tawarruq-based Sukuk
- Structured Finance Deal of the Year : Amanat Lebuhraya Rakyat's RM5.5 billion Tawarruq-based Sukuk
- Perpetual Deal of the Year: Yinson Holdings's RM1 billion subordinated perpetual Sukuk Wakalah

**Euromoney Islamic Finance Awards 2023**

- Best Islamic Project Finance: Amanat Lebuhraya Rakyat Berhad's RM5.5 billion Sustainability Sukuk Murabahah Programme (Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager)

**Asiamoney Best Securities Houses Awards 2023**

- Best Securities House in Malaysia 2023

## BUSINESS REVIEW

### AmlInvestment Bank

## Awards & Recognition

### 2. Corporate Finance

#### Alpha Southeast Asia's 16<sup>th</sup> Best Financial Institutions Awards

- Best Investment Bank in Malaysia
- Best Small to Mid-Cap Corporate Finance House in Malaysia (3<sup>rd</sup> consecutive year)

#### Asiamoney Best Bank Awards 2022

- Best Corporate Bank, Malaysia

#### The Edge's Best Deals of the Year 2022

- Best Fundraising (Non-IPO) – Yinson Holdings Bhd's RM1.19 billion Rights Issue with Free Warrants
- Best Mergers & Acquisitions (Special Mention) – Merger of the telecommunications operations of Celcom Axiata Bhd and Digi.Com Bhd
- Best Privatisation – Cocoland Holdings Bhd's RM488.15 million Privatisation Exercise by Fraser & Neave Holdings Bhd
- Best Restructuring (Special Mention) – Amanat Lebuhraya Rakyat Bhd's Purchase of Gamuda Bhd's four Highway Concessions: LDP, SPRINT, SMART, Kesas

#### IFN Deal of the Year Awards 2022

- Equity & IPO Deal of the Year: Farm Fresh's RM1.06 billion IPO

#### Alpha Southeast Asia's 16<sup>th</sup> Annual Deal and Solution Awards

- Best IPO for Retail Investors In Southeast Asia 2022: Farm Fresh's RM1.06 billion IPO
- Best Deal of The Year For Minority Shareholders In Southeast Asia 2022: Farm Fresh's RM1.06 billion IPO

### 3. Equity Markets

- Bursa Excellence Awards 2022 - 2nd Runner Up Best Institutional Equities Participating Organisation Investment Bank
- Bursa Retail Investor Campaign 2022 - Top Dealer Category - Highest Traded Value - ETFs
- Bursa Inter-Varsity Stock Challenge 2022 - Champion (mentored Universiti Utara Malaysia)

### 4. Equity Research

- The Edge Best Call Awards 2022

### 5. AmlInvest

#### Refinitiv Lipper Fund Awards Malaysia 2023

- Best Bond Fund Family Group Over 3 Years (4 consecutive years)

#### The Edge ESG Award 2022

- **Sustainable series - Climate Tech MYR:**  
Best Impact in Climate Action - Gold  
Best Impact in Healthy Ecosystem - Gold  
Best Impact in Resource Security – Gold
- **Sustainable series - Positive Change MYR:**  
Best Impact in Basic Needs - Gold  
Best Impact in Resource Security - Silver  
Best Impact in Human Development – Silver

#### The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2022

- Best ETF Provider, Malaysia

#### Employee Provident Fund's External Fund Managers Awards 2021

- Best Domestic Fixed Income Fund Manager 2021 (2 consecutive years)

#### AsianInvestor Asset Management Awards 2022

- Fund House of the Year Awards, Malaysia

## **BUSINESS REVIEW** **AmInvestment Bank**

### **OUTLOOK**

Debt Markets will continue to implement a dynamic approach in the pursuit of innovative and optimal financing solutions. The Debt Markets team will leverage its debt origination and structuring expertise, built from inclusive market and product knowledge in providing clients with integrated financing solutions.

With prospects of a global recession dampening M&A activity throughout FY2023, Corporate Finance looks ahead to FY2024 by positioning the investment bank to advise winners of the day and those with strong fundamentals who are better positioned to emerge unscathed through any economic uncertainties.

As for the Equity Capital Market, we believe that the market has bottomed out and that market activity will rebound in 2023 as the country regains political stability post general election and as the world embraces the endemic phase of COVID-19. Based on information from regulators, there are now a total of 23 companies seeking to be listed on the Main and ACE Market. We will continue to offer integrated investment banking solutions to our clients and work closely with our Wholesale and Business Banking counterparts to create further awareness on accessing equity markets to our clients.

Equity Markets expects the local equity market to perform better in FY2024 after a lacklustre FY2023 with the domestic economic growth forecast to remain steady at 4.5% YoY coupled with expectations of a return of foreign portfolio funds towards the end of the year. The prospect of a stronger Ringgit and the peaking of interest rates globally are some of the reasons for the more optimistic view on Bursa Malaysia by foreign portfolio investors. In addition, valuations for Bursa Malaysia are at the lower-end of its historical average and this should act as a catalyst for equity investors.

For Private Banking, we are preparing for a global economic slowdown in the second half of 2023 and will be repositioning our asset allocation for clients. Over the medium and long-term, we are looking to increase our equity exposure to balance and complement our bond portfolio, while growing our client manager headcount and expertise to ensure continued AUM growth.

For Fund Management (AmInvest), interest rate hikes and sticky inflation, US and European banking sector turmoil, and geopolitical risks have created uncertainty and may affect investor sentiments, posing challenges to the fund management market. To address these challenges, we will exercise greater diligence on stock picking and closely monitor investee companies' metrics and news flow related to geopolitical risks. We also plan to promote tax-exempt stable NAV fixed income funds to clients and continuously engage with clients to keep them abreast of the market outlook and to build confidence in their existing investments. Additionally, we will continue to introduce more ESG/SRI funds to cater to clients' changing preferences.