



# NEWSLETTER

Prepared by:  
**KON MEE HWA**  
Principal Assistant Director, BPAN

## Portfolio Investment

✓ Cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets (BPM6, para 6.54)

✓ Equity securities included in portfolio investment cover listed and unlisted shares when **the investor owns less than 10%** of the total equity in a unit

✓ The characteristic feature of securities is their negotiability. That is, their legal ownership is ready transferable from one unit to another unit by delivery or endorsement.

✓ Negotiable instruments are designed to be traded on organized markets (BPM6, para 5.15).

✓ Portfolio investment provides a direct way to access financial markets, and it can provide liquidity and flexibility

✓ Can be bought and sold  
✓ Often many holders/ owners over their life (BPM6, para 6.54)

✓ Which makes it a efficient, flexible way of raising and investing money  
✓ Money not tied/ locked up  
✓ Investor doesn't need to get involved in management  
✓ Often very liquid

✓ Offer a range of risks and return trade-offs

### Resident in Malaysia

#### RESIDENT

A person who has stayed in Malaysia for at least one year; and  
A company or institution located/ operating in Malaysia where its centre of predominant economic interest in Malaysia

### Non-Resident in Malaysia

#### NON-RESIDENT

Any individual, enterprise or other organisation ordinarily domiciled in a country other than Malaysia.

#### Determination of Non-Resident Status

Under the definition of international manual such as European System of Accounts 2010 and System of National Accounts 2008, a non-resident is a person who usually **stayed in a country for less than a year, regardless of citizenship or nationality.**



## COMPONENTS

### ✓ Equity securities

### ✓ Investment Fund Shares

Issued by investment funds and unit trusts to raise funds

### ✓ Debt Securities

e.g.: Debt Securities - bonds/ notes/ money market instruments

## Equity and Investment Fund Shares

- **Equity** comprises all instruments and records that acknowledge claims on the residual value of a corporation or quasicorporation, after the claims of all creditors have been met. Equity is treated as a liability of the issuing institutional unit.
- **Investment funds** are collective investment undertakings through which investors pool funds for investment in financial and/or nonfinancial assets. These funds raise funds by issuing shares (or units/ participations). Investment funds include money market funds (MMF) and non-MMF.

## Debt Securities

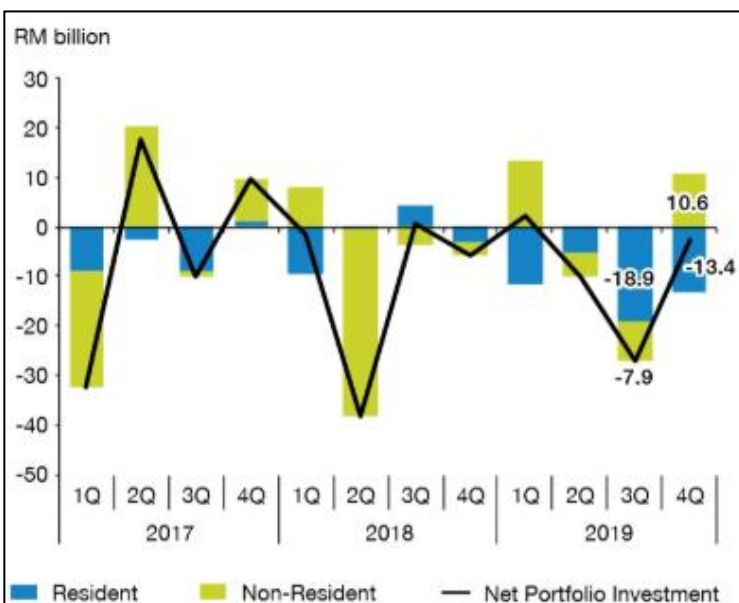
- **Debt securities** are negotiable instruments serving as evidence of a debt (BPM6, para 5.44)
- They include bills, bonds, certificates of deposit, commercial paper, debentures, asset-backed securities, and similar instruments normally traded in the financial markets
- Debt securities include some specific instruments such as asset backed securities, index-linked securities

Source: IMF Statistics Department

## Debt Securities : Examples

- **Long-term debt securities** include:
  - Convertible bonds into equity
  - Nonparticipating preferred stocks
  - Zero-coupon and other deep-discounted bonds
  - Indexed bonds
  - Assets-backed securities
- **Short-term debt securities** include:
  - Treasury bills
  - bankers' acceptances
  - Certificates of deposit
  - Commercial paper

## Performance of Portfolio Investment for Q4 2019

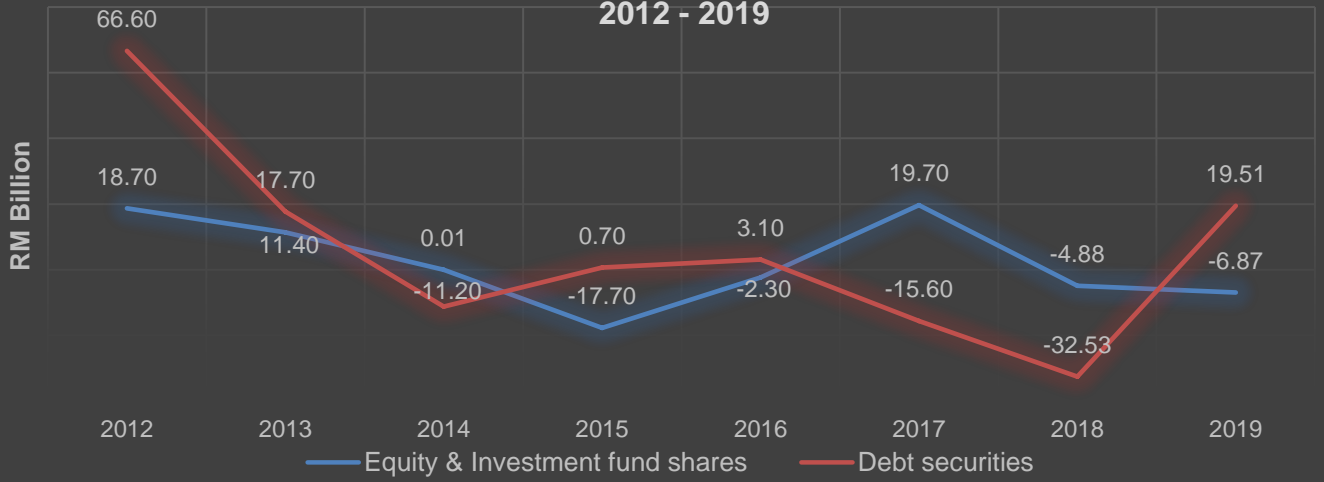


For fourth quarter 2019, portfolio investment account registered a smaller net outflow of RM2.8 billion, following more moderate outflows from resident investors and a return of non-resident portfolio investments. For non-residents, improved investor sentiments amid positive developments in trade negotiations led to a net inflow of RM10.6 billion into domestic debt securities (3Q 2019: -RM7.9 billion). Portfolio liabilities investment for year 2019 was RM11.0 billion (2018: RM-35.3 billion).

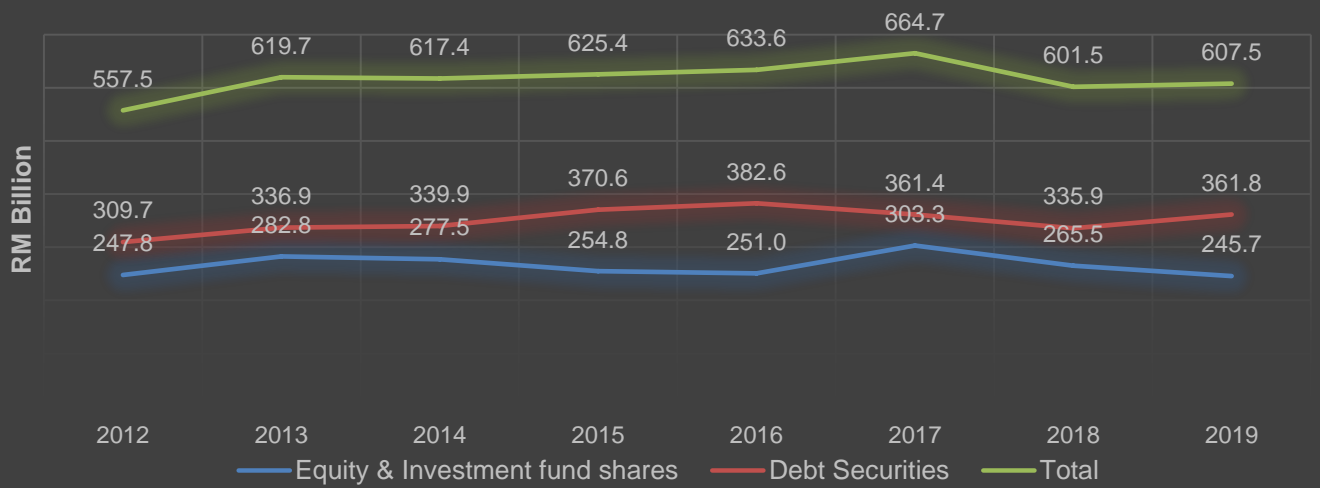
Source: Department of Statistics Malaysia and Bank Negara Malaysia

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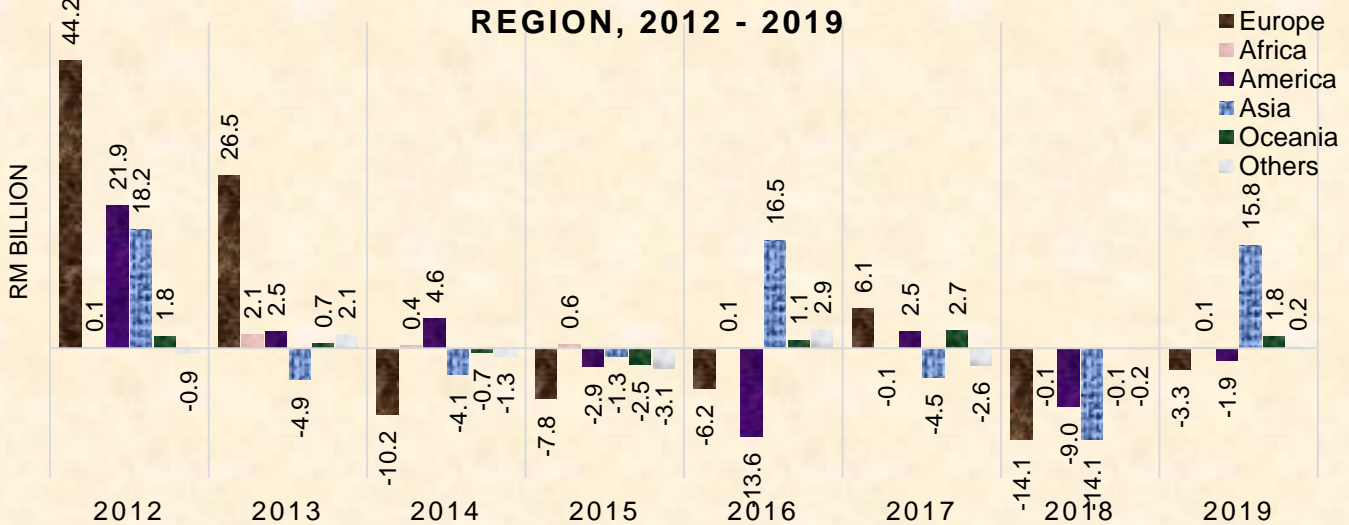
## Net Flows of Portfolio Investment in Malaysia by Component, 2012 - 2019



## Portfolio Investment Position in Malaysia by Component, 2012 - 2019



## NET FLOWS OF PORTFOLIO INVESTMENT IN MALAYSIA BY REGION, 2012 - 2019



Source: Department of Statistics Malaysia

**DISCLAIMER: The article in this newsletter is the initiative of DOSM officers based on ad-hoc observation and collection of brief information in the field during the Movement Control Order. It does not meet the country's official statistics released standards. Therefore, the content of this newsletter cannot be interpreted as DOSM's official statistics.**