

For Immediate Release
8 April 2021

PNB Records Resilient Financial Performance Amidst Challenging 2020
Significant Payoffs from Transformative Strategies Implemented

- Permodalan Nasional Berhad (PNB) today disclosed its annual report for the financial year ended 31 December 2020 (FY2020) which reflected a resilient financial performance that withstood highly adverse conditions and amidst unprecedented challenges. The institution also shared progress updates on its Strategic Plan 2020-2022, also known as Focus 4, as well as the outlook for the year ahead.
- Strategies implemented under Focus 4 have enabled PNB to strengthen its financial position and continue delivering competitive returns during FY2020. PNB's Assets Under Management (AUM) grew by 3.4% to RM322.6 billion and total Units in Circulation (UIC) rose to 264.0 billion units, with more than 200,000 new account registrations recorded during the year.
- With the steadfast commitment in upholding its mandate, PNB paid out a total of RM11.1 billion in income distribution and bonus to its unit holders during the year despite the economic and market uncertainties exacerbated by the COVID-19 pandemic. With this amount, PNB has distributed a total cumulative income distribution of RM211.3 billion to its 14.5 million unit holders since inception.
- PNB has made great progress in its diversification initiative, aimed towards building an investment portfolio that is better able to weather the volatile and uncertain conditions in the markets. International investments formed 12.0% of the portfolio at the end of 2020, as compared to 8.5% in 2019. Significant payoff from this diversification was seen especially for the year 2020, where international assets contributed 25.5% of overall income to the funds.
- FY2020 also saw the institution becoming more dynamic and agile, with the implementation of organisational transformation initiatives which have further strengthened PNB's ability to perform efficiently under extraordinary circumstances. The higher leverage on technology and digitalisation equips PNB to always be in a state of readiness and possess the ability to navigate uncertainties with an all-weather investment portfolio, as well as expanded capabilities in terms of digital technology and human capital.

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FY2020 PERFORMANCE REVIEW

The unprecedented challenges in 2020 of dealing with a multi-faceted global crisis of health, economic and market conditions that has never been experienced before, has compelled corporates the world over to re-look and re-engineer their operational processes to safeguard the sustainability of their businesses. Having manoeuvred through several economic crises before, PNB promptly activated its Business Continuity Plan upon the announcement of the Movement Control Order (MCO) to curb the spread of the coronavirus in March 2020. Subsequently, the institution launched its Flexible Work Arrangement (FWA) framework to facilitate its workforce and to maintain productivity under the extraordinary circumstances by leveraging on digital technology and virtual collaborative platforms.

PNB Group Chairman, Tan Sri Dr. Zeti Aziz said during the virtual media briefing, “The year 2020 was the most tumultuous in our history but significant payoffs were gained from the transformative strategies that were implemented since 2018. PNB has managed to weather the highly challenging investment climate and was able to deliver three encouraging achievements in 2020. We sustained a relatively resilient financial performance, made significant progress in our portfolio diversification efforts and further improved our unit holders’ experience and value, particularly on the digital platforms. As a result, PNB has successfully increased our Assets Under Management to RM322.6 billion and continued to deliver competitive returns amounting to a payout of RM11.1 billion during the year.”

“PNB has also made great strides to forge ahead towards becoming a distinctive world-class investment house. In addition to the new strategies for the diversification into a wider universe of asset classes in the domestic market, our entry in international markets has also progressively increased. We are now also integrating the sustainability agenda into our investments,” she elaborated further.

With these transformative changes, PNB has successfully achieved three key results in FY2020 as follows:

Resilient Financial Performance Amidst a Challenging Landscape

Against the unparalleled extreme circumstances, PNB has successfully grown its **Assets Under Management (AUM)** by 3.4% from RM312.0 billion in the financial year ended 31 December 2019 (FY2019) to **RM322.6 billion** in FY2020. **Units in Circulation (UIC)** for all 15 funds also rose by 4.0% to reach **264.0 billion units**, as it welcomed more than 200,000 new account holders during the year, taking the total number of accounts to 14.5 million.

PNB also continued to generate competitive returns for its unit holders, disbursing **RM11.1 billion in income distribution and bonuses during FY2020**. This amount takes PNB's **total cumulative income distribution since inception to RM211.3 billion**, reflecting a 5.5% increase from the preceding year's RM200.2 billion.

Benchmarked against the Maybank 12-month Fixed Deposit rate, PNB's **fixed price (FP) funds**, the **Amanah Saham Bumiputera (ASB)** and **ASB 2**, which are for Bumiputera account holders, and **Amanah Saham Malaysia (ASM)**, which is open to all Malaysians, has continued to surpass this benchmark. In fact, both **ASB** and **ASM** have consistently continued to generate positive returns despite the negative performance of the FBM KLCI during five of the recent seven years. For the **variable price (VP) funds**, PNB has also maintained its ability to generate competitive returns as evidenced by the recent positive announcement of double digit returns for three of its VP funds namely **ASN Equity 3 (18.7%)**, **ASN Imbang 2 (17.0%)** and **ASN Sara 1 (10.8%)** for the financial year ended 31 March 2021.

Continued Progress in Diversification Strategies under Focus 4

PNB's diversification efforts since 2018 was further accelerated under Focus 4. In FY2020, **total international assets** increased by 3.5% to account for **12.0%** of overall portfolio that generated a **much larger contribution of 25.5% to gross income**, as compared to 11.6% in FY2019. Out of the 12.0% global assets, 8.7% comprised public equity investments which grew from 5.9% the year before. In terms of group income composition, the **global equities contribution has increased 18-fold between 2017 and 2020**, expanding from RM0.2 billion to RM3.7 billion in FY2020.

Continual Enhancement of Unit Holders' Experience and Value

The year 2020 marked the **30th anniversary of PNB's flagship fund ASB**, which is currently the largest unit trust fund in Malaysia with investments in wide ranging financial assets and major national companies. Since its launch in January 1990, this FP fund has also provided dividend returns and bonus amounting to RM159.6 billion to its unit holders.

The year also saw PNB expand its product range with the launch of **ASN Imbang 3 Global in September 2020**, the **first unit trust fund with global investment focus**. This 15th fund has received positive response, with the investment of more than RM850 million as at March this year. Another innovative product introduced was **Raiz Malaysia, the country's first ever micro-investing mobile application** which automatically rounds up the spending with the debit card and invests the users' spare change into ASNB's VP funds. As at March 2021, Raiz Malaysia had attracted over **220,000 sign-ups** with more than **RM20 million funds under management**.

PNB has also launched **three new services** in FY2020 aimed at further enhancing the overall unit holders' experience. These are the **online withdrawal facility, the online shariah-compliant estate management services** and a **dedicated ASB Loan Helpdesk** to assist those seeking advice on matters related to ASB financing.

Meanwhile, PNB's annual financial literacy programme, Minggu Saham Amanah Malaysia (MSAM), migrated to the digital platform in 2020 and became **Minggu Saham Digital (MSD)**. Having drawn over 3.9 million visitors over the 20 years when this annual event various locations nationwide, the initial digital pilot MSD successfully expanded its reach to **over seven million viewers** on the virtual platform, **by far exceeding the expectations of all involved**.

FOCUS 4 PROGRESS UPDATES

Focus Area 1 – Diversification

PNB has made great progress in its diversification efforts. At the end of FY2020, **international investments formed 12.0% of the portfolio**, which has increased to 8.5% in FY2019. PNB actively participated in global public equities, which grew to 8.7% of our portfolio in FY2020 as compared to 5.9% the preceding year. There was a significant payoff from this diversification arising from the relatively better performance of these investments.

Domestically, PNB also **rebalanced its portfolio** by monetising mature assets. During the year it included the divestment of Menara MIDF in Jalan Raja Chulan, Kuala Lumpur to reduce exposure to the commercial office segment. It also included its entire 23% minority holding in Unilever Malaysia Holdings. This has enabled PNB to unlock its investment value to recycle capital into new investments.

Moving forward, PNB aims to gradually expand this segment of new investments over the long term. **Potential sectors** include **renewable energy** and **5G technology, logistics** and **data centres**, whilst continuing with **buyouts, secondaries** and possibly the **domestic Consumer Discretionary** sector under the private equity portfolio.

Focus Area 2 – Value Creation

Under the **Stewardship Framework** established in 2020, PNB issued the **annual shareholder's letter** outlining its views and aspirations for the companies and established the **Strategic Investments Council** to encourage sharing of best practices and aligned interests. PNB also refined the **Voting Guidelines** to promote a transparent investing environment and produced a **Compliance Statement** with the Malaysian Code for Institutional Investors to maintain good corporate governance practices.

The divestment of the entire 56.3% shares in CCM at a 69% premium to the latter's 3-month Volume Weighted Average Price was also part of PNB's portfolio rebalancing efforts. The proceeds of RM292.8 million received by PNB upon completion of the exercise in December 2020 provided it with capital to re-invest in new opportunities.

With more than 60% of its portfolio invested in Malaysian companies, PNB aims to continue assessing their performance and through the Board governance process promote enhanced performance and thereby achieve superior shareholder returns.

Focus Area 3 – Risk Management

The PNB **Risk Culture Framework** formulated in 2020 further strengthened its existing risk management processes. **Transversal Risk Sub-Committees** for Investments, Operation and Technology were set up to identify risks, discuss solutions and submit recommendations to the Risk Management Steering Committee and Risk Management Committee. The **risk management workflow is also now digitised** via an integrated risk management solution, the SAI360.

Focus Area 4 – Organisational Transformation

As part of the organisational transformation in 2020 were the new working arrangements following the movement restrictions brought about by pandemic. PNB was among the earliest organisations in Malaysia to implement a structured **Flexible Work Arrangement (FWA)** framework with the **Work From Home (WFH)** option to support its 1750 team members. Leveraging on Microsoft Teams and Sharepoint, with access to a centralised Knowledge Hub containing key files and data, PNB employees have turned into digital nomads working wherever connectivity permits. As an employer which prioritises its employees' well-being, virtual meetings were encouraged and no more than 25% were on the premises to safeguard the safety of the team as well as visitors to Menara PNB.

The PNB team's strong sense of purpose to deliver returns to its unit holders has kept the organisation focused through the year, and this successfully led to **more than 90% of projects** outlined for the year being **completed or in progress** for completion by year end.

PLAN FOR 2021

For 2021, PNB will remain focused on the **Diversification** and **Value Creation** areas, as well as to further accelerate its **digital transformation** plan. More features will be added to the myASNB mobile application such as goal-based investing and electronic Know Your Customer (eKYC). Unit holders' online experience will also be enhanced through an improved Minggu Saham Digital, as well as new additional digital touchpoints for a wider reach.

PNB President & Group Chief Executive, Ahmad Zulqarnain Onn concluded the media briefing by saying, “PNB will continue to deliver on our mandate while remaining true to who we are, a long-term investor focused on generating sustainable returns to our unit holders. With the organisational transformation initiatives implemented during the year, PNB is now more agile and well-equipped to realise greater potential as we enter the post-COVID-19 era. We will pursue our Focus 4 strategies towards growing our portfolio to do better for the benefit of Bumiputeras and all Malaysians, and for the overall prosperity of the nation.”

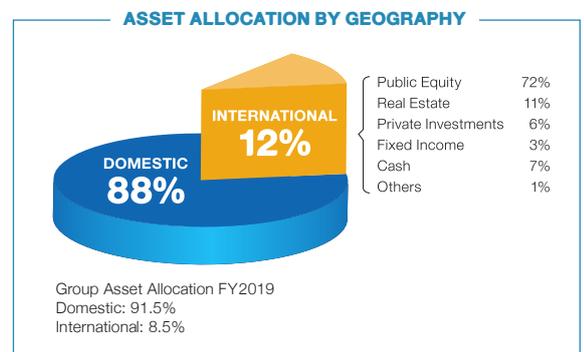
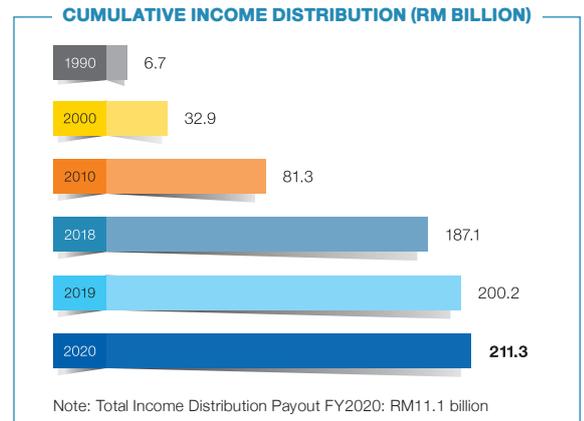
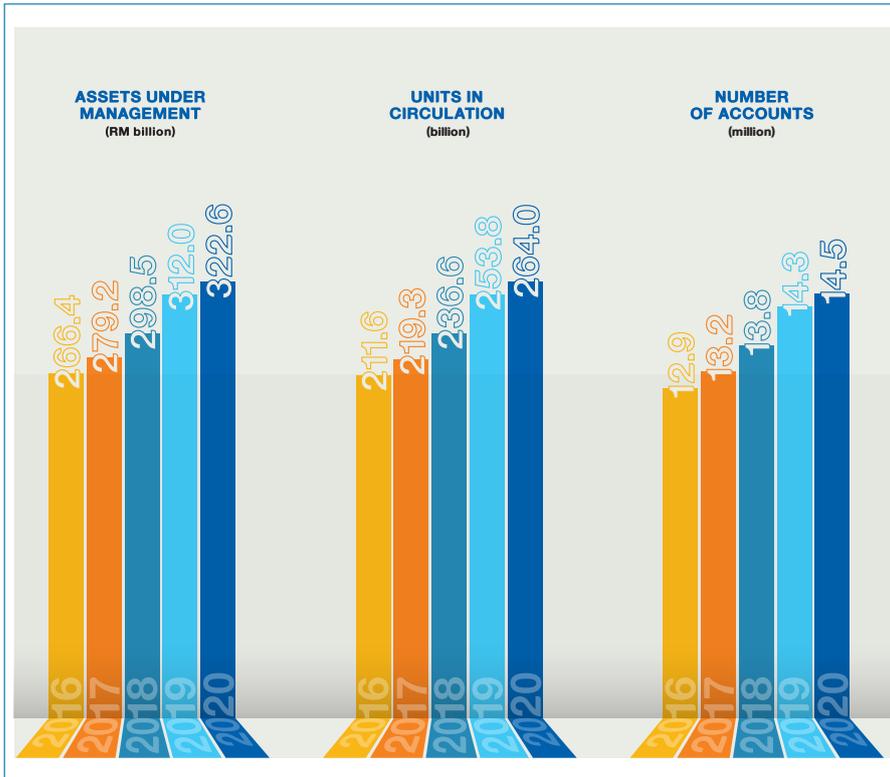
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About Permodalan Nasional Berhad (PNB)

Permodalan Nasional Berhad (PNB) is one of the largest fund management companies in Malaysia with Assets Under Management (AUM) exceeding RM300 billion. PNB's portfolio covers strategic investments in Malaysia's leading corporates, global equities, private investments and real estate. For more information, please visit www.pnb.com.my.

Issued by Permodalan Nasional Berhad

KEY FINANCIAL HIGHLIGHTS ANNUAL REPORT 2020



FOCUS 4 PROGRESS UPDATES

Focus 4 outlines the following high impact areas:



- International Exposure ↑ 12%
- Rebalanced Portfolio
 - Monetised Menara MIDF, Unilever
- Potential sectors for 2021
 - **Public Equity**
 - Renewable Energy
 - 5G Technology
 - **Real Estate**
 - Logistics
 - Data Centres
 - **Private Equity**
 - Buyouts
 - Secondaries
 - Domestic Consumer Discretionary

- **Established Stewardship Framework:**
 - Annual Shareholder's Letter
 - Strategic Investments Council
 - Refined Voting Guidelines
 - Compliance Statement
- **Rebalanced Portfolio**
 - Monetised CCM
- **3-year Aspiration**
 - Outperform Annualised 3-year Total Return of FBM100 for Strategic & Core companies

- **PNB Risk Culture Framework**
- **Transversal Risk Sub-Committees**
- **Digitised risk management workflow via SAI360**

- **Flexible Working Arrangement (FWA) Leveraging on Microsoft Teams and SharePoint -> KNOWLEDGE Hub**
- **< 25% WIO** to safeguard the safety of the team and visitors to Menara PNB
- **> 90%** projects completed or in progress by year end