



## PRESS RELEASE

For Immediate Release

4 May 2020

### **PNB Unveils Focus 4** *Strategic Plan 2020-2022 to drive next stage of growth*

- Permodalan Nasional Berhad (PNB) today unveiled its Strategic Plan for 2020-2022 known as “**Focus 4**”, a detailed plan streamlining STRIVE-15 initiatives following its Mid-Term Review.
- Focus 4 outlines the following key areas:
  - **Diversification**: Accelerate portfolio diversification via investments into new asset classes and geographies, including global real estate opportunities with attractive yields;
  - **Value Creation**: Establishment of a proposed stewardship framework for strategic companies;
  - **Risk Management**: Inculcate a robust risk culture by enhancing key elements of enterprise risk management; and
  - **Organisational Transformation**: Improvements in People & Culture, Governance & Processes, Digital and Structure & KPI.
- For the financial year ended 31 December 2019 (FY2019), PNB recorded positive results with its Assets Under Management surpassing the RM300 billion mark to reach RM312.0 billion, and units in circulation increasing by 7.3% to almost 254 billion. PNB also disbursed a total of RM13.2 billion in income distribution and bonus to its unit holders during the year under review, reaching a total cumulative income distribution of RM200 billion for all 14 funds since inception.
- Global diversification efforts yielded positive results in FY2019, with international public equity generating the highest returns and contributing more than 11.6% to overall Gross Income, despite a smaller exposure of 5.9%.

**Kuala Lumpur, 4 May 2020** – Permodalan Nasional Berhad (PNB) today unveiled its Strategic Plan for 2020-2022 known as “Focus 4” to steer the organisation forward for the next three years. The Plan has been formulated based on the outcomes of the Mid-Term Review conducted in 2019 of the earlier Strategic Plan 2017-2022, known as STRIVE-15. Streamlining the earlier 15 initiatives, Focus 4 outlines the four areas of emphasis for PNB as it advances towards transforming and preparing for future headwinds and evolving market landscapes.

At its first ever virtual media briefing, PNB also announced its performance for the financial year ended 31 December 2019 (FY2019) and shared its outlook for the year ahead.

## **FOCUS 4**

Following the conclusion of the Mid-Term Review of its Strategic Plan 2017-2022 (STRIVE-15), PNB has distilled its focus into four key areas to create the Strategic Plan 2020-2022 or **Focus 4**.

PNB Group Chairman, Tan Sri Dr. Zeti Aziz, said, “The extensive Mid-Term Review enabled PNB to gather critical insights and analyses of our current dynamics, strengthening our strategic direction as PNB advances forward. This has formed the crux of the Focus 4, which articulates four priority areas for PNB to facilitate sustainable growth and unlock value, namely Diversification, Value Creation, Risk Management and Organisational Transformation.”

PNB President and Group Chief Executive, Jalil Rasheed, provided further elaboration on Focus 4, sharing: “Focus 4 reflects a strategic transition from STRIVE-15, whereby PNB was able to strengthen broad fundamentals and put in place the necessary frameworks, to Focus 4 which hones in on specific high-impact areas that are more attuned to the market environment. Adopting a shorter-term three-year approach also provides PNB with the flexibility to be more responsive and adaptable to harness opportunities against the fast-paced backdrop of current times.”

Each Focus 4 key area delineates detailed objectives, with tangible targets in place:

### ***Diversification***

PNB will continue to accelerate portfolio diversification via investments into new asset classes and geographies, including global real estate opportunities with attractive yields. A key target is to tactically increase global exposure to 30% by 2022, from PNB’s current global exposure of 8.5% as of end-2019.

In tandem, to optimise returns amidst the persistent low-yield environment, PNB is continuously reviewing its portfolio with a view to invest in counters with better prospective yields and long-term returns potential, to drive a more efficient use of capital. In the near-term, this includes tapping into prospects offered by current market mispricing. This strategy would also enable PNB to strengthen its cash position in anticipation of market volatility. This will be underpinned by strengthening its existing investment processes and enhancing efficiency of decision-making, with an emphasis on responsiveness to opportunities and risks, taking into consideration the longer term nature of its investment horizon.

### **Value Creation**

In order to bolster the performance of its investee companies and create further value, PNB has established the Stewardship Framework which aims to articulate PNB's philosophy and expectations of the companies within its investment stable, with a view to promoting a performance-driven culture and improving the respective companies' organisational health.

Apart from positioning PNB as a value-adding investor, the framework also sets out the PNB Voting Guidelines which have been developed to institutionalise best governance practices in Malaysia and set clear expectations of investee companies. These will be made available on PNB website [www.pnb.com.my](http://www.pnb.com.my) starting today.

### **Risk Management**

In line with its five-year Enterprise Risk Management (ERM) Blueprint, PNB aims to inculcate a robust risk culture and infrastructure by focusing on four key ERM elements namely governance, framework and processes, digitalisation and resources. This includes expanding its scope to manage transversal risks which cut across the entire organisation, in view of the growing complexity of today's environment and to further enhance operational efficiency.

To enable this, digital technology platforms will be utilised to develop a centralised system, embedding risk analytics tools and building up the capabilities for automated risk management monitoring and reporting. A structured risk culture framework will also be developed to enhance competencies at all levels.

### **Organisational Transformation**

As part of its long-term aspirations for organisational transformation, PNB has set forth 10 elements for greater institutional effectiveness and excellence, which are grouped into four key interconnected areas for the immediate term: *People & Culture*, *Governance & Process*, *Digital*, and *Structure & KPI*.

*People & Culture* emphasises talent acquisition, development and retention via a highly conducive working environment and talent management framework to promote well-being and career growth, whilst inculcating a more open culture with enhanced communications and outreach initiatives.

*Governance & Process* focuses on robust corporate governance and creating a Knowledge Management Framework to build an efficient knowledge-based organisation. Through PNB's five-year IT Blueprint, digital *technology* is utilised as a key enabler to strengthen efficiencies, supporting the establishment of an optimal *structure and KPIs* aligned with the objectives of the organisation to drive performance.

Jalil elaborated, "With a three-year focus, Focus 4 would ultimately position PNB as an investment institution with a clear and consistent investment philosophy with a diversified portfolio, leading in areas of risk management, high performance and corporate stewardship. Our high-performing people and organisational culture are expected to thrive in a technology-enabled environment and optimal operating model underpinned by best-in-class governance practices, as PNB grows from strength to strength towards realising our vision to become a distinctive world-class investment house."

### **FY2019 PERFORMANCE REVIEW & OUTLOOK AHEAD**

Looking back on 2019, challenging global economic conditions coupled with geopolitical developments had resulted in a volatile and uncertain year. Despite this, PNB was able to sustain the growth of its Assets Under Management, which surpassed the RM300 billion mark to reach RM312.0 billion, with units in circulation increasing by 7.3% to reach almost 254 billion in 2019. PNB also disbursed a total of RM13.2 billion in income distribution and bonus to its unit holders in the year under review, reaching a total cumulative income distribution of RM200 billion for all 14 funds since inception.

Tan Sri Dr. Zeti commented, "This was very much driven by our prudent investment approach in tandem with our recent diversification into new asset classes and global financial markets. International public equity generated the highest returns, contributing more than 11.6% to overall Gross Income in FY2019, despite a small exposure of 5.9%. Our global exposure has also increased from 1.8% or RM4.7 billion in FY2016, to 8.5% or RM26.4 billion in FY2019. Anchored by the focus on fundamentals with line of sight on the longer term, reinforced by our commitment to strong governance and transparency, this enabled us to withstand prevailing economic headwinds. As we move ahead in 2020, our refined Focus 4 approach takes on an even greater relevance in the face of the market upheavals caused by the Covid-19 pandemic."

"Focus 4 aims to ensure that PNB is well-positioned to navigate through these conditions, as it seeks to build our resilience as well as to pave the way for PNB to explore new prospects and to expand our capabilities. Further leveraging on our solid foundation that has been in

place for more than 40 years, and having previously weathered through dark storms and clear skies alike, we remain fully committed to delivering on our mandate to our unit holders in the years to come,” concluded Tan Sri Dr. Zeti.

*-End-*

**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](http://www.pnb.com.my).

**Issued by Permodalan Nasional Berhad**



Sharpening our strategic direction in a more contextualised manner to drive PNB forward via four high-impact areas.

**1 DIVERSIFICATION**

- GEOGRAPHY
- PROCESS
- ASSET CLASS
- KNOWLEDGE TRANSFER

**2 VALUE CREATION**

- STEWARDSHIP FRAMEWORK
- CORPORATE GOVERNANCE
- ACTIVE ENGAGEMENT
- PROXY VOTING

**3 RISK MANAGEMENT**

- ENTERPRISE RISK MANAGEMENT
- PORTFOLIO ANALYTICS
- RISK CULTURE

**4 ORGANISATIONAL TRANSFORMATION**

- PEOPLE & CULTURE
- DIGITAL
- GOVERNANCE & PROCESSES
- STRUCTURE & KPI