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The Future of Investing: Building Financial Resilience Across Generations

Financial 1st

Today, investing goes beyond returns, it is about navigating changing markets, increasing investor expectations and capitalising on new opportunities. We speak to Datuk Wira Ismitz Matthew De Alwis, CEO & Executive Director of Kenanga Investors Berhad on his take on balancing trust, innovation and sustainability as the industry continues to expand.

1. With growing concerns over retirement adequacy in Malaysia, what role do private retirement schemes (PRS), long-term investing, and financial literacy play in securing one's financial situation?

When it comes to investing, a long-term perspective is most ideal. This means investors are focused on consistent future gains. Depending on their risk appetite, age and life stage, a variety of investment classes and vehicles are available.

This is why financial literacy is crucial because it empowers an investor to factor in estimates including lifestyle and/or medical costs, allowing them to have an overview of the funds needed for a secure future. Many believe that their fixed deposits or mandatory retirement savings will be sufficient to last them through retirement. The truth is that the more pockets or avenues of savings one has, the more secure their retirement would be. In this case, PRS serve as a supplementary layer of savings for retirement.

PRS allows investors the flexibility to voluntarily contribute to their PRS fund whenever they wish to and encourages consistent savings through an auto-debit feature. Even if investors prefer more sophisticated investment vehicles, PRS will always be ready to act as a safety net for their overall portfolio.

2. How does Kenanga Investors balance fintech innovation with the credibility and governance expected from an established financial institution?

Today, financial services are challenged by geopolitical tensions, technological disruption, sustainability challenges and complex stakeholders' expectations. But we foresee technological advancements with more AI-driven financial planning tools assisting investors. However, it also brings forth multiple challenges including regulatory and risk, all of which must be governed by a framework supported by key pillars of industry. For operations, we believe technology elevates our advisers and eases our investors towards better investment experiences. Supported by platforms that are transparent and regulated, this process involves gathering and structuring

client data, developing and stress-testing strategies, executing portfolios with discipline and continuously monitoring outcomes as markets and client circumstances evolve. When done well, this infrastructure strengthens the adviser's role as they spend less time on manual processes and more time applying judgement, insight and experience to deliver better client outcomes.

Our emphasis on transparency supports the ESG agenda and strengthens Malaysia's position as a governance-centric nation with credible, accountable financial markets. Our latest digital innovation, Myrra, is a tokenisation platform powered by the Stellar blockchain. Its first deployment tokenised the Kenanga Money Market Fund and Kenanga Islamic Money Market Fund—the first tokenised unit trust funds to go live in Malaysia. By applying blockchain and Distributed Ledger Technology to familiar financial products, we are advancing pragmatic financial innovation, inclusion and greater transparency.

3. How is Kenanga Investors adapting to younger Malaysians seeking global exposure, ETFs and more flexible investment solutions?

As market conditions and investor needs evolved, we expanded our product suite to offer more stable, diversified options. We have broadened our traditional, Islamic and passive investment solutions, with ETFs as a key pillar.

Our journey began with the listing of the Kenanga KLCI Daily (-1x) Inverse ETF and the Kenanga KLCI Daily 2x Leveraged ETF, the first leveraged and inverse ETFs to be benchmarked against the FTSE Bursa KLCI in Malaysia. This was followed by the acquisition of an ETF fund management company and subsequent rebranding to Eq8 Capital Sdn Bhd (Eq8) as our specialised ETF platform. Eq8 went on to launch the EQ8 FTSE Malaysia Enhanced Dividend Waqf ETF, the world's first Waqf-featured ETF which balances capital appreciation, income distribution, and social returns.

We also benefit from the extensive expertise of our holding company, Kenanga Investment Bank Berhad, Malaysia's largest independent investment bank. This advantage allows us to provide a wide range of tools and services, including equity broking, corporate investment banking, Islamic banking, listed derivatives, structured lending, and trade financing. By leveraging our shared strengths, we can deliver flexible, tailored solutions that meet the diverse objectives of our investors.

4. What key changes are you observing among Malaysian and regional investors today for ESG investing?

Malaysia's ESG investing landscape has advanced significantly, supported by regulatory policies and frameworks, increased market participation and a strengthening information architecture. Some of the significant initiatives that were instrumental in embedding ESG considerations are the Sustainable and Responsible Investment Sukuk Framework and the Joint Committee on Climate

Change (JC3). We therefore see larger institutional investors and pension funds taking a long-term interest in investments that can demonstrate both financial returns while abiding by “green” screening. They recognised that ESG factors can materially affect company performance and portfolio returns. In fact, we have observed that Malaysian institutions are beginning to move past plain “ESG filtration” and are looking at creating measurable goods.

Retail investors remain primarily focused on returns and capital preservation, with sustainability considerations often secondary to performance and wealth accumulation. While younger investors show greater ESG awareness, impact investing will likely take time to become mainstream, requiring continued support from regulators, institutional investors and other key market participants to build traction and scale in Malaysia.

5. How do you see ESG and Islamic investing complementing one another moving forward?

The alignment of investments with ethical values has deep roots in Islamic tradition and we see the convergence between Shariah values and ESG principles. Quranic principles such as the prohibition of *riba* and the emphasis on fair dealings, alongside concepts like zakat and waqf, have long shaped the foundations of ethical investing.

Shariah-compliant investing aligns closely with ESG through its emphasis on ethical industries, fair treatment, transparency and responsible stewardship, creating opportunities for approaches that benefit both society and financial performance.

The sources of outperformance in Shariah-compliant ESG investing are multifaceted. By focusing on well-governed companies, these strategies often avoid firms at higher risk of fraud or reputational damage. After parsing out greenwashing, companies with strong ESG profiles tend to be better positioned for long-term success. As we move forward, we expect this convergence to play an increasingly important role in shaping the future of global finance, offering a profitable and purposeful investment path.

6. What do the multiple awards won by Kenanga signify?

We are honoured to be recognised by the likes of Asia Asset Management, LSEG Lipper and IFN Investor for our consistent performance in 2025 despite market volatility. These awards are a benchmark of excellence for investment management, innovation and ESG-driven initiatives across the region. It also reflects our commitment to pursuing quality investment opportunities, supported by our capabilities in constructing diversified portfolios that are both dynamic and resilient. Of particular significance are our efforts in applying impact-investing strategies and considerations to our decision-making and operational processes, approaches that translate into measurable outcomes for our stakeholders.

At the same time, our ability to draw on the expertise from established specialists has allowed us to provide a wider range of alternative products and services that our investors can rely on in today's volatile markets. We aim to continue contributing to innovation, digitalisation and sustainability efforts to advance the Malaysian capital markets whilst delivering consistent performance for our investors.

7. How does Kenanga Investors build portfolios to help investors navigate different market cycles?

Our investment team surpasses our peers by adhering to a firmwide investment philosophy that balances risk-return objectives, risk tolerance, and time horizons. We aim for consistent outperformance over a three- to five-year cycle using bottom-up stock-picking strategies. Our focus is on stocks undervalued relative to intrinsic value, peers, or market valuation. We follow a structured equity investment process, which is built on six key stages: universe identification, idea generation, stock selection, thesis verification, valuation and finally, portfolio construction. As a bottom-up stock picker, Kenanga Investors' main competitive advantage is its disciplined focus and a deep understanding of any given industry and its individual companies. This enables us to weather various market cycles by having a balanced and stable strategy instead of being swayed by market conditions.

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