

## Market Review and Outlook

### Equity Market Review

US markets continued its positive streak with the Dow Jones Industrial Average Index, S&P 500 Index, and Nasdaq Composite Index rising 0.1%, 1.8%, and 2.6% respectively. However, the Fed Yield Curve inverted, spooking investors as such inversion normally precedes a recession. Over to the European Union, the central bank decided to keep rates at 0% and announced a new series of long-term lending operation to increase liquidity and counter the slow growing economy while the U.K. parliament rejected the EU withdrawal agreement for the third time, setting the motion for a no deal Brexit on April 12.

MSCI Asia ex-Japan Index was up 1.58% in March with best performers being India (+7.8%), Shanghai (+5.1%), and Philippines (+2.8%) while worst performers were Malaysia (-3.75%), followed by Korea (-2.5%), and Thailand (-0.9%). Asian equities enjoyed a broad-based rally on a better than expected dovish Fed, positive trade talk sentiments and China's stimulus measures. China will cut taxes and fees for all companies by nearly CNY2 trillion in 2019 and VAT for manufacturing sector will be cut to 13% from 16% as part of measures to support the slowing economy.

Locally, the FBM Small Cap remained resilient with a +1.3% month-on-month (M-o-M) gain, outperforming the main market. February Consumer Price Index was up 0.2% M-o-M, underpinned by rise in pump prices as Bank Negara Malaysia kept Overnight Policy Rate unchanged at 3.25%, and RM7.9 billion Goods and Services Tax (GST) and income tax has been refunded as at end-February. The government has paid CCCC RM200 million in interests for the RM55 billion loan taken for the East Coast Rail Link Project (ECRL). Foreigners remain net sellers in March with RM1.6 billion outflows, bringing year-to-date (YTD) outflow to RM1.3 billion. Materials outperformed on potential slowdown in aluminium supply growth while telcos outperformed on potential asset sales. Industrial benefitted on the potential ECRL revival as consumer discretionary, financial and utilities underperformed. On the commodities front, Brent Crude Oil rose 3.6% M-o-M to USD68.39/bbl from OPEC over-delivery, Iran and Venezuela sanctions tightening. Meanwhile, CPO price declined slightly by 0.7% to RM2,106 per metric ton. MYR weakened by 0.4% against USD to 4.082. 10-yr MGS was 13bps lower M-o-M post Moody's reaffirmation of Malaysia's credit rating at A3.

### Equity Market Outlook

Better than expected Chinese economic data, coupled with the more dovish tone from the US Fed suggests that macro conditions are improving. We are cautiously optimistic on the market but will closely monitor the on-going US-China trade talks for signs of progress. The two sides will meet again soon, which could imply a deal as early as late April. On the Brexit front, all eyes will be on 12 April as the curtain of a nearly 3 year journey come to a close.

### Equity Fund Strategy

On the local front, domestic and foreign investors will be watching out for new developments from the on-going Parliament sitting, release of Felda White Paper, multi-tier levy system for foreign workers and power sector market structure reform plan. A slew of weak corporate earnings are expected in the upcoming results, hence we focus on stock picking for outperformance regardless of sector.

#### FUND OBJECTIVE

Aims to provide consistent annual returns and medium to long-term capital appreciation by investing in Malaysian securities with global reach.

#### Fund Category/Type

Equity / Growth

#### Launch Date

09 November 2007

#### Trustee

CIMB Commerce Trustee Berhad

#### Benchmark

FTSE Bursa Malaysia Top 100 Index

#### Designated Fund Manager

Christopher Kok Keng Fai

#### Sales Charge

Max 5.50%

#### Annual Management Fee

1.80% p.a.

#### Annual Trustee Fee

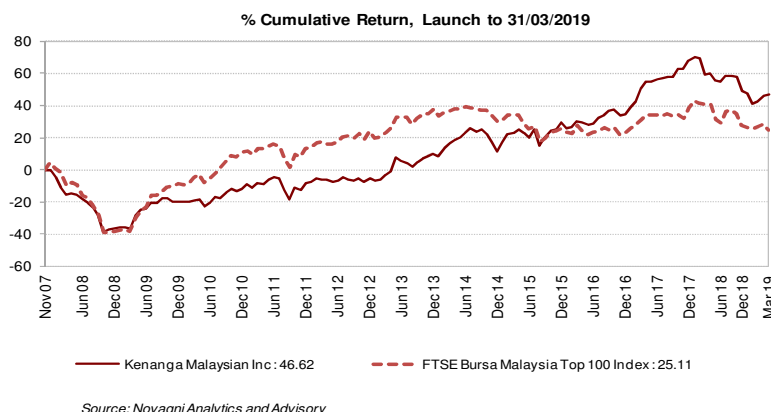
0.05% p.a.

#### Redemption Charge

Nil

All fees and charges payable to the Manager and the Trustee are subject to the goods and services tax /sales and services tax/other taxes of similar nature as may be imposed by the government or other authorities from time to time.

#### FUND PERFORMANCE (%)



#### CUMULATIVE FUND PERFORMANCE (%)<sup>#</sup>

Period	Fund	Benchmark
1 month	0.49	-2.48
6 months	-7.39	-7.53
1 year	-7.79	-11.22
3 years	12.63	-1.82
5 years	25.57	-8.43
Since Launch	46.62	25.11

<sup>#</sup> Source : Lipper, 31 March 2019

#### CALENDAR YEAR FUND PERFORMANCE (%)<sup>#</sup>

Period	Fund	Benchmark
2018	-15.61	-9.28
2017	24.25	12.74
2016	3.98	-2.45
2015	16.75	-2.89
2014	0.91	-6.17

#### FUND SIZE \*

RM 204.44 million

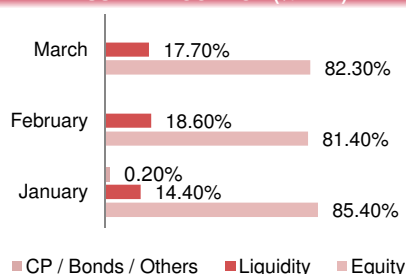
#### NAV PER UNIT \*

RM 0.7331

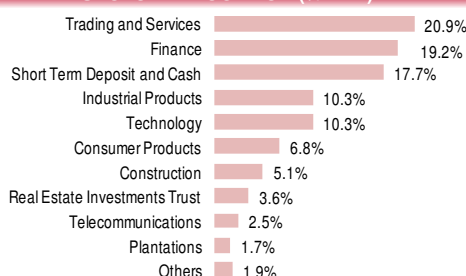
#### HISTORICAL FUND PRICE \*

	Since Inception	Date
Highest	RM 0.8675	8-Jan-18
Lowest	RM 0.2912	29-Oct-08

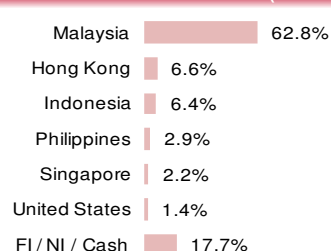
#### ASSET ALLOCATION (% NAV) \*



#### SECTOR ALLOCATION (% NAV) \*



#### COUNTRY AND CASH ALLOCATION (% NAV) \*



#### TOP EQUITY HOLDINGS (% NAV) \*

1	YINSON HOLDINGS BHD	3.90%
2	PENTAMASTER CORP BHD	3.63%
3	MALAYAN BANKING BHD	3.40%
4	FRONTKEN CORP BHD	3.27%
5	TIME DOTCOM BHD	3.24%

#### DISTRIBUTION HISTORY

Not Applicable

\* Source: Kenanga Investors Berhad, 31 March 2019

Based on the fund's portfolio returns as at 10 March 2019, the Volatility Factor (VF) for this fund is 8.48 and is classified as "Moderate". (Source: Lipper). "Moderate" includes funds with VF that are above 6.595 and less than or equal to 8.795 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The Master Prospectus dated 29 March 2019 and the Supplemental Prospectus (if any), its Product Highlights Sheets ("PHS") or Supplemental Disclosure Document ("SDD") (if any) have been registered with the Securities Commission Malaysia, who takes no responsibility for its contents. A copy of the Master Prospectus, Supplemental Prospectus (if any), SDD (if any) and the PHS are obtainable at our offices. Application for Units can only be made on receipt of application form referred to in and accompanying the Master Prospectus and/or Supplemental Prospectus (if any), SDD (if any) and PHS. Investors are advised to read and understand the Master Prospectus, its PHS and any other relevant product disclosure documents involved before investing. Investors are also advised to consider the fees and charges before investing. Unit prices and distributions may go down as well as up. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV. Where a unit split is declared, investors should note that the value of their investment in Malaysian Ringgit will remain unchanged after the distribution of the additional units. A Fund's track record does not guarantee its future performance. Investors are advised to read and understand the contents of the unit trust loan financing risk disclosure statement before deciding to borrow to purchase units. "Cooling-Off Period" or "Cooling-Off Right" is not applicable to EPF Member Investment Scheme (EPF MIS). Kenanga Investors Berhad is committed to preventing Conflict of Interest between its various businesses and activities and between its clients/directors/shareholders and employees by having in place procedures and measures for identifying and properly managing any apparent, potential and perceived Conflict of Interest by making disclosures to Clients, where appropriate. The Manager wishes to highlight the specific risks of the Fund are equity and equity-related securities risk, currency risk and country risk.