

Equity Market Review

US equities rebounded off a weak November, ending the year near record highs alongside most other global markets as markets rationalize the surge in COVID-19 cases with the downward trending death toll. Markets remain hopeful for a progression towards an endemic phase and for economies to remain open. Meanwhile on monetary policy, the Bank of England raised its bank rate to 0.25% alongside the US Federal Reserve's (Fed) decision to conclude asset purchases by March through accelerating the taper of asset purchases to \$30 billion/month as headline inflation in the US accelerated to 6.8% in November.

Asian equities rebounded in tandem with global peers as markets appeared less worried of risks posed by the spread of Omicron, remains confident of ongoing recovery, and continuation of economic expansion. The MSCI Asia ex-Japan rose 1.2% off a weak November bolstered by other Asian markets while China/HK equities failed to stabilize on a 50bps RRR cut as continued concerns of further regulatory crackdown on technology with the HSCEI falling 1.6%. Overall outperformers for the month were Thailand (SET +5.7%), Korea (KOSPI +4.9%) and Taiwan (4.5%) and underperformers for the month were China (HSCEI -1.6%, Philippines (PCOMP -1.1%) and Indonesia (JCI +0.73%).

In Malaysia, local indices outperformed regional peers with the KLCI rising 3.5% and FBM100 2.3%. Despite concerns over the potential impact of flooding in Malaysia on corporate earnings and the Omicron virus' impact on the border reopening plans, the market was strong with help from window-dressing activities as well as a positive reaction to the government's decision on 30 December to extend the tax exemptions on foreign sourced income for individuals and foreign sourced dividend income for corporates for another 5 years (from 1 January 2022 till 31 December 2026). The MOF has also proposed to reinstate a higher cap on the stamp duty limit of RM1,000 effective 1 January 2022 as opposed to the previous proposal to abolish the duty limit.

Commodities rebounded in December as investors appeared less worried about the new Omicron variant which is proving to be milder than prior ones. Brent crude oil ended December at US\$77.8/bbl, up 10.2% and CPO remained flat at RM4,697/metric tonne. Markets are increasingly optimistic about reopening, strong demand recovery, and supply deficits despite OPEC+'s announcement of hiking output by 400,000 barrels per day in January. US crude oil inventories also declined 13.1 million barrels in the month of December.

Equity Market Outlook

Malaysian equities are expected to be supported by a positive macro backdrop as growth recovers from the post pandemic impact. Monetary policy also remains supportive with hikes only expected towards the second half of 2022. Corporate earnings are expected to rebound in line with GDP, although Cukai Makmur will reduce some of the earnings growth for the large caps.

Equity Fund Strategy

We maintain a barbell investment strategy, focusing on recovery/re-opening and structural growth themes. For recovery themes, we focus on cyclical sectors such as consumer discretionary, industrials and materials. For structural growth themes, we prefer sectors such as technology, manufacturing and exporters. We remain buyers on market weakness.

FUND OBJECTIVE

Aims to provide unit holders with long-term capital growth.

Fund Category/Type

Equity / Growth

Launch Date

17 January 2000

Trustee

CIMB Commerce Trustee Berhad

Benchmark

FTSE Bursa Malaysia KLCI

Designated Fund Manager

Lee Sook Yee

Sales Charge

Max 5.50%

Annual Management Fee

1.50% p.a.

Annual Trustee Fee

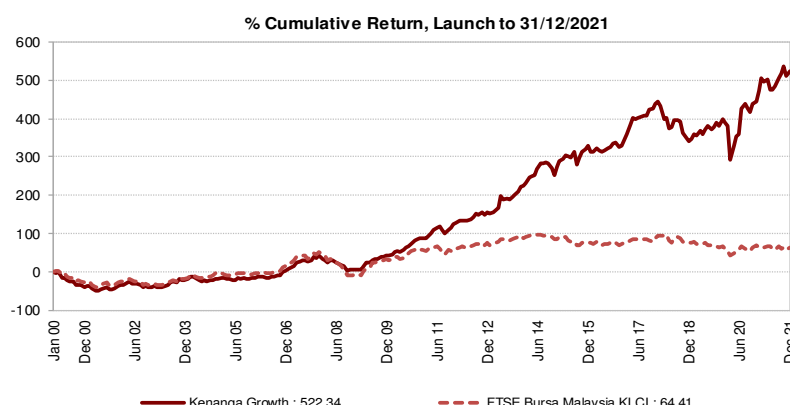
0.05% p.a.

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 (%)



Source: Novagnt Analytics and Advisory

CUMULATIVE FUND PERFORMANCE (%)

| Period | Fund | Benchmark |
|--------------|--------|-----------|
| 1 month | 1.90 | 3.54 |
| 6 months | 8.49 | 2.28 |
| 1 year | 14.37 | -3.67 |
| 3 years | 41.32 | -7.28 |
| 5 years | 45.67 | -4.52 |
| Since Launch | 522.34 | 64.41 |

Source : Lipper, 31 December 2021

CALENDAR YEAR FUND PERFORMANCE (%)

| Period | Fund | Benchmark |
|--------|--------|-----------|
| 2021 | 14.37 | -3.67 |
| 2020 | 8.85 | 2.42 |
| 2019 | 13.52 | -6.02 |
| 2018 | -18.08 | -5.91 |
| 2017 | 25.83 | 9.45 |

FUND SIZE *

RM 1,394.25 million

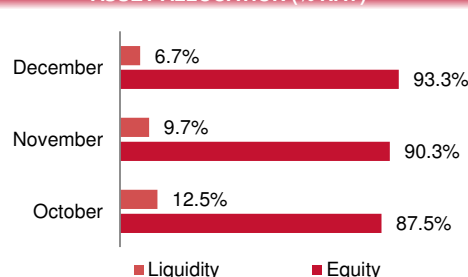
NAV PER UNIT *

RM 1.3336

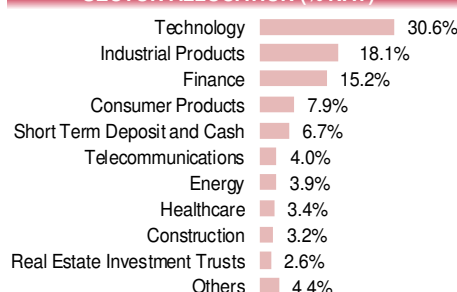
HISTORICAL FUND PRICE *

| | Since Inception | Date |
|---------|-----------------|-----------|
| Highest | RM 2.2536 | 10-May-12 |
| Lowest | RM 0.4700 | 9-Apr-01 |

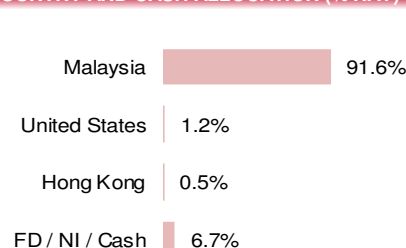
ASSET ALLOCATION (% NAV) *



SECTOR ALLOCATION (% NAV) *



COUNTRY AND CASH ALLOCATION (% NAV) *



TOP EQUITY HOLDINGS (% NAV) *

| | | |
|---|--------------------------------|--------|
| 1 | FRONTKEN CORPORATION BHD | 10.13% |
| 2 | GREATECH TECHNOLOGY BHD | 8.25% |
| 3 | HONG LEONG FINANCIAL GROUP BHD | 3.10% |
| 4 | SUNWAY BHD | 3.06% |
| 5 | RHB BANK BHD | 2.97% |

DISTRIBUTION HISTORY *

| Date | RM | Yield (%) | Unit Split |
|-----------|-----------|-----------|------------|
| 9-Apr-21 | 11.54 sen | 7.96% | - |
| 16-May-16 | 9.82 sen | 9.24% | - |
| 26-Feb-15 | 9.48 sen | 8.66% | - |

* Source: Kenanga Investors Berhad, 31 December 2021

Based on the fund's portfolio returns as at 10 December 2021, the Volatility Factor (VF) for this fund is 17.21 and is classified as "Very High". (Source: Lipper). "Very High" includes funds with VF that are above 17.285 (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. The fund fact sheet has not been reviewed by the SC. 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 is equity and equity-related securities risk.