

OnePRS Review

Asian markets continued to perform well in June with key indices reaching all-time high. As a widely expected move, US Fed raised interest rates for the second time in 2017 by 25bps after upgrading GDP growth forecast to 2.2% and unemployment rate to 4.3% for 2017. Sector wise, technology suffered a minor sell down in June as investors rotate into financial and energy stocks for value.

In China, June PMI was 51.7, higher than expectation and May numbers. Another two symbolic milestones in June including MSCI unveiled plans to include A-shares into its benchmark Emerging Market Index beginning 2018, as well as the long awaited Bond Connect that opens up China's capital account to international investors. It shows the central government's support for Hong Kong market.

Malaysian stocks started the month well but gave back some gains before the Hari Raya break. On YTD, FBMKLCI and FBM100 gained 7.4% and 9.4% respectively in MYR terms. June net foreign inflows of RM300m brought 1H17 net inflows to RM10.6b. In its bi-annual Global Economic Prospects, World Bank upgraded Malaysia's GDP growth forecast for 2017-2019 to 4.9%, 4.9% and 5% respectively.

The Ringgit weakened by 0.27% against the US Dollar (USD) over the month continually pulled down by tepid Brent crude oil prices and higher 5-year credit default swap (CDS). In May, producer prices accelerated to 8.0% y-o-y from 7.5% y-o-y in April mainly due to elevated costs in agriculture, forestry and fishing, manufacturing and water supply. Meanwhile, M3 money supply, also known as broad money, rose by 4.7% y-o-y in May 2017 compared to 4.4% y-o-y in April, its fastest growth since June 2015, reflecting a pickup in economic activity.

Local government bond yield curve moved upwards due to the weaker Ringgit, soft oil prices and higher 5-year CDS. Trading was also tepid due to the Raya holidays. At month end, the 3-, 5-, 7- and 10-year benchmark MGS yields settled at 3.39% (+10 bps), 3.62% (+6 bps), 3.90% (+9 bps) and 3.91% (+5 bps) respectively.

Trading activities were light this month due to the Raya holidays compared to the previous month where benchmark local government bonds registered a trading volume of RM49.95 billion compared to the previous month's value of RM63.24 billion.

The secondary corporate bonds market however recorded more trading activities compared to last month. During the month, total trading volume was higher at RM15.85 billion compared to last month's RM12.41 billion.

There was no Monetary Policy Committee (MPC) meeting scheduled in the month of June.

OnePRS Outlook

Political risk has abated substantially with French election now behind us. On the upcoming German election in September, polls are suggesting that Frau Merkel is likely to gain power with a decent majority. This would mean another meaningful step forward for Eurozone reform. Also, Draghi hinted that ECB might look to slow its pace of monthly asset purchases to EUR40b from the start of 2018 while Japan and China are expected to see modest slowdown in 2H. Hence we continue to advocate a defensive portfolio strategy focusing on growth stocks with positive earnings revision as well as quality high yielders. We also look to progressively trim stocks that have rallied without commensurate earnings and fundamental improvement.

On the domestic front, we continue to explore selective themes including infrastructure related, cyclical earnings recovery, reform & restructuring, exporters and tech laggards.

Market Review and Outlook

We maintain our view of no OPR change in 2017. Domestic economic indicators remain broadly stable. The acceleration in 1Q2017 GDP growth removes any thought of OPR cut this year and the expected slowdown in CPI y-o-y after peaking at 5.1% in March reaffirms that the jump in inflation was cost-push and low-base effect.

However, the 10-year MGS yield at sub-3.90% level we think is becoming unattractive to domestic investors, especially for the absolute yield seekers or investors with liability matching mandates. Additional downward shift of the MGS curve will likely be met with increasing profit taking interest, so more resistance, in our view.

While the supply of government bonds was well absorbed in 1H2017 with decent bid/cover, demand tends to weaken in the second half with lower bid/cover. Unless foreign inflows sustain at a healthy pace, the overall demand may slow. Also, there is competing supply from government-guaranteed bonds. Overall, an upward-biased yield forecasts in 2H2017.

OnePRS Fund Strategy

For all PRS funds; refer to the respective underlying fund(s).

FUND OBJECTIVE

Seeks to provide capital growth.

Fund Category/Type

Core (Growth)

Launch Date

20 November 2013

Trustee

Maybank Trustees Berhad

Benchmark

Composite of All MGS Index (30%) and FBM 100 (70%)

Designated Fund Manager

Lee Sook Yee

Sales Charge

Up to 1.50%

Annual Management Fee

1.55% p.a.

Annual Trustee Fee

0.015% p.a. of the Fund's NAV, subject to a minimum of RM6,000 p.a.

Redemption Charge

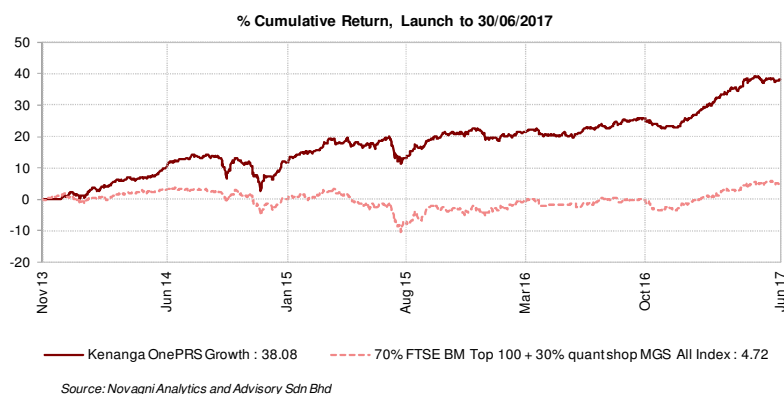
Nil

Initial Offer Price

RM 0.5000

All fees and charges payable to the Manager and the Trustee are subject to GST as may be imposed by the government or other authorities from time to time.

FUND PERFORMANCE (%)



CUMULATIVE FUND PERFORMANCE (%)

Period	Fund	Benchmark
1 month	0.60	0.12
6 months	12.13	7.54
1 year	14.25	6.05
3 years	25.30	1.58
5 years	-	-
Since Launch	38.08	4.72

Source: Novagmi Analytics and Advisory Sdn Bhd ; Lipper, 30 June 2017

CALENDAR YEAR FUND PERFORMANCE (%)

Period	Fund	Benchmark
2016	0.56	-0.69
2015	14.15	-0.53
2014	5.88	-3.22
2013	-	-
2012	-	-

FUND SIZE *

RM39.90 million

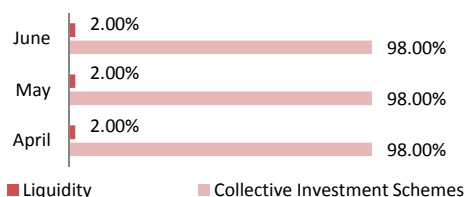
NAV PER UNIT *

RM0.6904

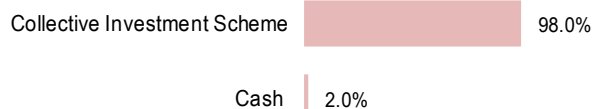
HISTORICAL FUND PRICE *

	Since Inception	Date
Highest	RM 0.6960	22-May-17
Lowest	RM 0.4998	16-Dec-13

ASSET ALLOCATION *



SECTOR ALLOCATION (% NAV) *



TOP HOLDINGS (% NAV) *

1	KENANGA GROWTH FUND	68.99%
2	KENANGA BOND FUND	29.01%

DISTRIBUTION HISTORY

Not Applicable

* Source: Kenanga Investors Berhad, 30 June 2017

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