

### OnePRS Review

The month of November started off with the Bank of England raising UK interest rates for first time since 2007. The Bank of England raised rates by 25bps but the Pound still fell as gloomy forecasts for growth appeared to rule out the prospect of steep increases in the cost of credit before 2020. As largely expected, President Donald Trump has named Jerome Powell as the next Federal Reserve Chairman. Minutes of the recent FOMC meeting raised probability of a December rate hike to close to 100% despite subdued inflation. U.S. equities posted its first weekly loss in more than two months in November, but quickly continued their rallies to new highs on the back of stronger corporate earnings and a hopeful reality to the tax reform plan.

Back in Asia, the Chinese government opened up access to the financial service sector and will gradually remove the limit of foreign ownership stakes in the next 3-5 years. Authorities issued a consultation paper on regulating China's asset management business and the MOF announced import tariffs reduction for consumer goods with new tax rates take effective on 1 Dec. Insurance (+5.3%) remains the best performing sector in China, benefiting from the rising bond yields. Bank of Korea raises interest rates for first time in six years, marking a likely turning point for Asian central banks to gradually pursue a tightening monetary policy following the Fed's move to increase its interest rates at the end of 2015.

Domestically, Malaysia's Q3 GDP expanded by 6.2% yoy compared to a 5.8% growth in 2Q17. The stellar performance was driven by robust domestic demand, particularly private sector spending. Bank Negara kept rates unchanged but surprised the market with a hawkish guidance, signaling that a rate hike may be on the cards. KLCI closed weaker at -1.72% in November, despite stronger-than-expected 3Q17 GDP growth, and MYR strengthening by 3.5%. Foreign investors continued to reduce exposure, with RM0.1bn net outflows. YTD foreign investors were net buyers of RM9.8bn, vs net sellers of RM3.2bn in 2016. Despite a 3.6% rise in Brent crude oil price to US\$64/bbl, the energy sector (Sapura Energy-led) underperformed. Construction companies underperformed on worries of foreign contractors' dominance after a change in MRT 3 PDP format to turnkey contractor with mandatory funding. Healthcare outperformed, led by Hartalega on higher demand led by China's mandatory closure of vinyl glove plants. Average daily value traded on Bursa in Nov fell 9% to RM2.47bn.

On the fixed income side, the yield spread continued to narrow as the 2-year US Treasury yield increased by 18 bps over the past month to 1.78% while the 10-year yield increased by 3 bps to 2.41%, due to the concern expressed in the FOMC minutes over inflation which created uncertainty regarding planned future rate hikes in 2018. Local government bonds' yield curve fell as sentiment in the bond market continued to be supported by the stronger Ringgit and robust 3Q GDP data seen this month. At month end closing, the 3-, 5-, 7- and 10-year benchmark MGS yields settled at 3.40% (-5 bps), 3.60% (-7 bps), 3.91% (-3 bps) and 3.89% (-5 bps) respectively. Trading activities for the benchmark local government bonds dipped as trading volume eased to RM38.99 billion, compared to RM58.69 billion the month prior.

In the case of the secondary corporate bonds market however, trading activities dipped compared to the previous month. During the month, total trading volume stood at RM12.09 billion compared to previous month's RM15.59 billion. The yield spread continued to narrow as the 2-year US Treasury yield increased by 18 bps over the past month to 1.78% while the 10-year yield increased by 3 bps to 2.41%, due to the concern expressed in the FOMC minutes over inflation which created uncertainty regarding planned future rate hikes in 2018. The Ringgit strengthened by 3.33% to 4.0910 against the US Dollar, supported by robust 3Q GDP growth rate, exceeding market expectations by 0.5% y-o-y and heightened expectations of BNM raising rates around 1Q 2018.

### OnePRS Outlook

Dec has historically been the best month of the year for the KLCI with aggressive window dressing activities and we believe this could again be the case this year given how Malaysia has underperformed the region. The recent decline in market could be due to lack of catalysts and uncertainty ahead of GE14, which is widely expected to be held in 1H18. There will be some changes to the constituents that form the KLCI index as we head into 2018. Following the semi-annual review and Sime Darby demerger, it was announced that the new members of the KLCI constituents will be Sime Darby Plantation, Nestle and Press Metal. These stocks will replace Westports, BAT and IJM.

Bank Negara Malaysia (BNM) decided to maintain its key policy rate – the Overnight Policy Rate (OPR) – at 3% during its meeting on November 9, 2017. In its statement, BNM said that the current policy stance remains accommodative but added that it “may consider reviewing the current degree of monetary accommodation”, which we think may lead to an interest rate hike by 25 bps as early as in the first quarter of 2018. In elaborating on its decision, BNM viewed the global economy favourably, stressing that it foresees sustained growth in 2018.

### 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**

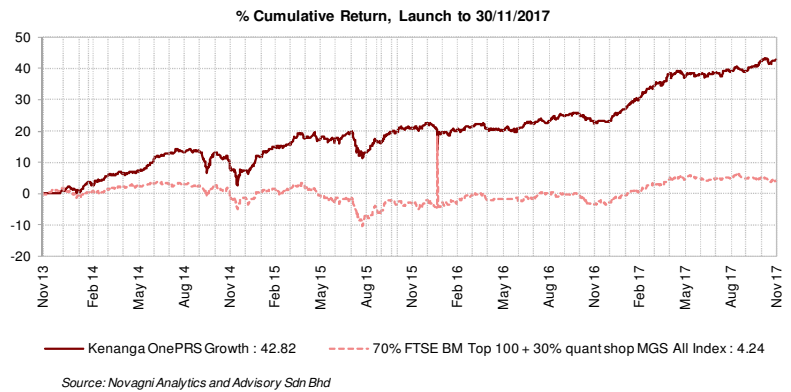
0.015% p.a.

**Redemption Charge**

Nil

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 (%)<sup>#</sup>**

Period	Fund	Benchmark
1 month	0.37	-0.74
6 months	4.05	-0.34
1 year	16.42	8.19
3 years	28.99	2.99
5 years	-	-
Since Launch	42.82	4.24

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

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

<sup>#</sup> Source: Novagni Analytics and Advisory Sdn Bhd ; Lipper, 30 November 2017

**FUND SIZE \***

RM 49.64 million

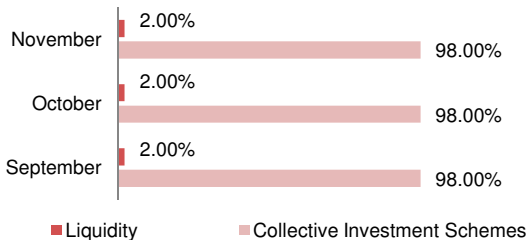
**NAV PER UNIT \***

RM 0.7141

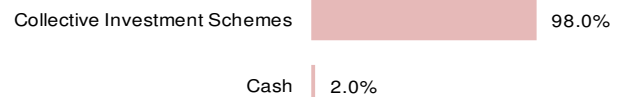
**HISTORICAL FUND PRICE \***

	Since Inception	Date
Highest	RM 0.7160	6-Nov-17
Lowest	RM 0.4998	16-Dec-13

**ASSET ALLOCATION \***



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



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

1 KENANGA GROWTH FUND	69.08%
2 KENANGA BOND FUND	28.92%

**DISTRIBUTION HISTORY**

Not Applicable

\* Source: Kenanga Investors Berhad, 30 November 2017

The Kenanga First Replacement Disclosure Document ("DD") in relation to the OnePRS Scheme dated 28 October 2014, 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. 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 interest rate risk, liquidity risk, credit/default risk, stock-specific risk, derivatives risk and collective investment scheme risk.