

OnePRS Review

Global equities were mixed in April as trade war rhetoric continued to dominate headlines despite US announcing its willingness to hold negotiations for a resolution on the escalating trade rift with China; whilst geopolitical advances were seen as North and South Korea pledged to bring a formal end to Korean War. Meanwhile, geopolitical tensions in the Middle East continued to weigh on global equity markets. US markets closed relatively unchanged as investors welcomed positive corporate earnings releases whilst the personal data issues affecting the tech and internet companies lingered on. Nonetheless, risk aversion increased across the board as the 10-year US Treasuries yield rose above 3% for the first time since 2014 amid accelerating inflation expectations. Euro Stoxx index, however, was up 5.20% M-o-M, displaying sign of resiliency as economic data continues to improve and ECB maintains its dovish tone.

China 1Q GDP growth came largely in line with market expectations at 6.8% and PBOC has been accommodative by cutting its reserve requirement rate by 1% in the month of April. However, China's equity market fell slightly with SHComp Index ended lower by 2.73% M-o-M. Beyond trade tensions, US has also imposed a 7 years ban on China's ZTE (2nd largest telecom equipment firm) from purchasing any of US technology. This was exacerbated by concerns over rising yields in US government bonds and the sell-off in technology stocks globally. Meanwhile, the Brent and WTI crude prices rose by 6.22% and 3.56% respectively due to strong demand, potential reimposition sanctions on Iran, and effective supply cuts by OPEC and Russia.

For domestic market, the main theme was centred on GE14 which is going to be held on May 9 after the Prime Minister of Malaysia announced the dissolution of Parliament on April 6. KLCI ended slightly higher by 0.37% M-o-M to 1,870 points. The broader market underperformed the KLCI, with the FBM Small Cap Index fell by 1.86% to 14,579 points and FBM Emas Shariah fell by 0.47% to 13,169 points. Investors have stayed on the sidelines in view of the uncertainty in the run-up to GE14. Average daily value traded on Bursa in April fell 5% M-o-M at MYR2.36 billion. Bursa Malaysia has also implemented the intraday short selling framework on April 16, 2018.

The US Treasury (UST) yields rose across the curve during the month. Following the Federal Open Market Committee (FOMC) minutes and the Fed's Beige Book report which highlighted gradual rate hikes supported by better labour market conditions, above-trend growth and moderate inflationary pressure continued to drive the 2-year UST yield higher by 22bps to 2.49%. Meanwhile, the 10-year UST yield broke the 3.00% levels to peak at 3.03% in the final week of the month, on the back of easing trade and geopolitical tensions, before easing to 2.95% (+21bps M-o-M) at the end of the month.

Moving in tandem with rising UST yields, the 3-year, 5-year, 7-year and 10-year Malaysian Government Securities (MGS) also peaked across the curve at 3.77%, 3.89%, 4.11% and 4.20% before easing to 3.63% (+18bps M-o-M), 3.77%, 3.97% (+14bps M-o-M) and 4.13% (+18bps M-o-M) respectively at the end of the month. Meanwhile, the new 5-year benchmark auction mid-month garnered a relatively low bid-to-cover ratio of 1.56x at an average yield of 3.76%.

As market players stayed on the sidelines following the current uncertainties, the local bond market was rather quiet. For the private debt securities (PDS) segment, trading volume was largely dominated by GG/AAA-segment and followed by AA-segment. As at end-April, total primary PDS issuance decrease by 24% to RM12.4 billion compared with RM16.2 billion in previous month.

Meanwhile, Malaysia international reserves as at April 30, 2018 was reported at USD109.5 billion (equivalent to RM449.23 billion), a USD1.7 billion increase from previous month. These levels of reserves were sufficient to finance 7.5 months of retained imports and 1.1x the short-term external debt.

Market Review and Outlook

In the last Monetary Policy Committee (MPC) meeting in March, Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) steady at 3.25%.

The degree of monetary accommodativeness is consistent with the policy stance at the current level of the OPR. This ensures that the domestic economy continues on a steady growth path amid manageable inflation. The MPC will continue to monitor and assess the balance of risks surrounding the outlook for domestic growth and inflation.

OnePRS Outlook

Whilst the market could remain lackluster in the short term due to election uncertainty, we remain positive on Malaysia post-election as the country should benefit from strong fundamentals, improving commodity prices and currency, rising FDI, China's Belt Road Initiatives, railway construction awards and GLC transformations. Externally, market volatility will remain due to concerns on rising US Treasury yield and Trump's administration proposed trade tariffs. Fortunately, Trump's tax cuts may trigger some optimism in the next reporting season.

Despite outlook for higher US Federal Funds Rate, we do not expect Bank Negara Malaysia to hike interest rates locally this year as inflationary pressures have eased for 3 consecutive months. The Consumer Price Index (CPI) came in lower than expected at 1.3% year-on-year (YoY) in March, down from 1.4% YoY in February.

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

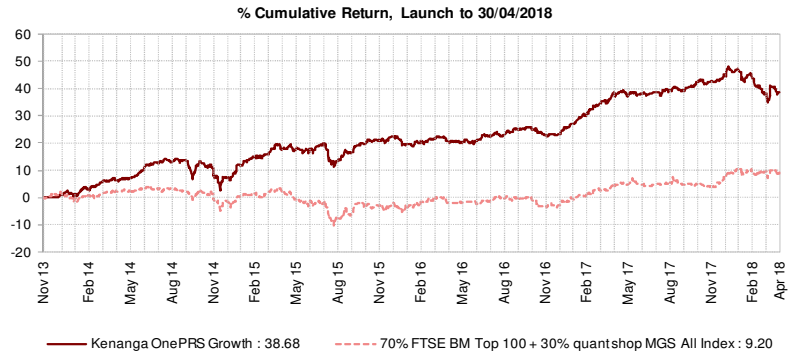
0.015% p.a.

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 (%)



Source: Novagni Analytics and Advisory Sdn Bhd

CUMULATIVE FUND PERFORMANCE (%)[#]

Period	Fund	Benchmark
1 month	0.35	-0.23
6 months	-2.54	3.98
1 year	0.46	4.47
3 years	17.74	7.18
5 years	-	-
Since Launch	38.68	9.20

[#] Source: Novagni Analytics and Advisory Sdn Bhd ; Lipper, 30 April 2018

CALENDAR YEAR FUND PERFORMANCE (%)[#]

Period	Fund	Benchmark
2017	17.83	10.58
2016	0.56	-0.69
2015	14.15	-0.53
2014	5.88	-3.22
2013	-	-

FUND SIZE *

RM 59.04 million

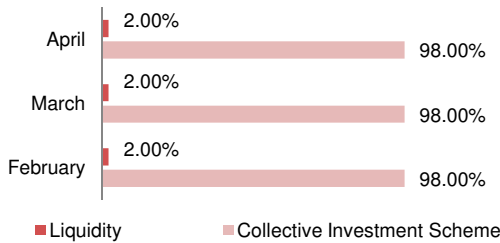
NAV PER UNIT *

RM 0.6934

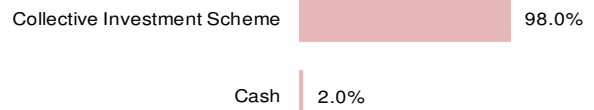
HISTORICAL FUND PRICE *

	Since Inception	Date
Highest	RM 0.7413	8-Jan-18
Lowest	RM 0.4998	16-Dec-13

ASSET ALLOCATION *



SECTOR ALLOCATION (% NAV) *



TOP HOLDINGS (% NAV) *

1 KENANGA GROWTH FUND	69.03%
2 KENANGA BOND FUND	28.97%

DISTRIBUTION HISTORY

Not Applicable

* Source: Kenanga Investors Berhad, 30 April 2018

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.