Kenanga

Kenanga Investors

March 2024
Market Review and Outlook

Equity (Global) Market Review

In US, the Nasdaq, S&P500 and Dow Jones were up 6.1%, 5.2%, 2.2% month-on-month (MoM) in February respectively. The US market is fueled by stronger growth and falling tail risks, with 2024 Gross Domestic Product (GDP) now expected to grow 2.1%. US services labor market remains strong with wage growth above trend, leading to consumer spending delivering a positive surprise. Further, January US producer-price index rose 0.3% MoM, which is considerably higher than the increase of 0.1% MoM forecasted, led by strength in the services Purchasing Managers Index (PMI). Subsequently, reported 4Q23 EPS grew 10% YoY with earnings more than 7% above expectations, led mainly by the technology sector.

In Europe, the Euro STOXX 50 was up 4.9% MoM in February. Inflation in February eased to 2.6% versus 2.8% in January but still higher than the expected 2.5%, while core inflation stripping out energy, food, alcohol and tobacco was 3.1%, above the 2.9% expected. The European Central Bank (ECB) is expected to keep rates on hold in the upcoming March meeting and reiterate its commitment to remain data-dependent.

In Asia, all markets recorded positive returns in the month except Singapore which was down 0.4% MoM from weaker January manufacturing production that rose 1.1% YoY undershooting expectations for a 3.7% YoY expansion as the electronics sector retreated. Japan's Nikkei Index was up 7.9% MoM in local currency beating the MSCI Asia ex-Japan return up 5.5% MoM, largely driven by weaker yen and Japan's exit from deflation. Taiwan surged 6.0% MoM, as the ongoing global AI optimism reaffirmed strong corporate earnings, and helped drive further upside in the IT sector. Korea rallied 5.8% MoM driven by foreign inflows as the government's value up program gained traction. Meanwhile, Indonesia gained 1.5% MoM led by financials as market proxies, after the conclusion of the Presidential election assured investors about policy continuity. India gained 1.0% MoM as lackluster interim budget reduced hope for consumption upside, and financials continued to struggle with margin pressure.

The best performing major equity markets in February was the Shanghai Shenzhen CSI300 Index and the Hang Seng China Enterprise Index, both up 9.4% and 9.3% MoM in local currency respectively. Factors contributing to positive market performance include easier monetary policy (5-year LPR cut by -25bps to 3.95%), corporate share buybacks, and net inflow into A-share from SOEs. Key sectors that contributed to the outperformance were IT, healthcare and consumer discretionary. Further, the government is providing direct funding through Pledged Supplementary Lending (PSL) to policy banks to support affordable housing, urban village development, and public infrastructure.

In commodities, Brent crude oil prices grew 2.3% MoM to close the month of February at USD83.6/bbl as positive US economic growth and signs of Chinese stimulus boosted demand expectations, while Middle East supply concerns added support. Meanwhile, Crude Palm Oil (CPO) increased 4.5% MoM to close at RM3,970/ton given the expectations of low output as well as rebound in export demand.

Equity (Global) Market Outlook

Markets expect the Federal Open Market Committee (FOMC) to keep rates unchanged and possibly shift to cutting rates in 2H24, with a similar pattern expected in the Eurozone. Easier monetary conditions globally are expected to support growth and liquidity, thus improving the outlook for equities. However, markets could remain volatile as the growth slowdown takes hold in major regions such as the US, Europe and China. Meanwhile in Asia, China's additional fiscal stimulus has been supportive but further measures are necessary to revive the property market and restore market confidence.

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Strictly for Clients of Kenanga Investors

Equity (Global) Fund Strategy

Our asset allocation strategy currently maintains a somewhat neutral stance, influenced by our fundamentally positive outlook on the markets, yet we hold some cash reserves to capitalize on potential market volatility. We remain positive on the USA, as tech companies benefit from the AI theme and economic growth remains resilient. Later in the year, emerging markets could outperform as global interest rates decline and the US dollar weakens. Presently, our focus is predominantly on selective stock picking, aiming to capitalize on a broadening out of returns following last year's significant rally in large-cap stocks within the US market.

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Kenanga Global Islamic Fund

March 2024

3-year Fund Volatility
10.6
Moderate
Lipper Analytics
10 Feb 2024

FUND OBJECTIVE

Aims to achieve steady capital growth and income distribution (incidental) over the medium to long-term period by investing in a diversified portfolio in accordance with accepted Shariah principles.

Fund Category/Type
Equity (Islamic) / Growth

Launch Date
15 August 2002

Trustee
Universal Trustee (Malaysia) Berhad

Benchmark
Dow Jones Islamic Market World Index

Designated Fund Manager
Lee Sook Yee

Sales Charge
Max 5.50%

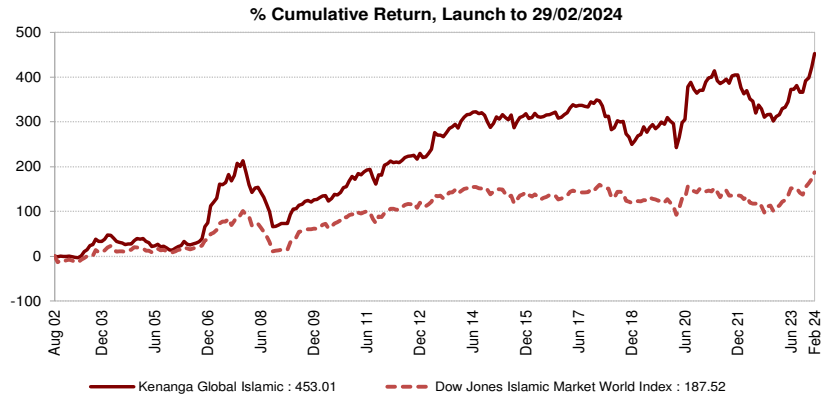
Annual Management Fee
1.90% p.a.

Annual Trustee Fee
0.08% 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: Novagni Analytics and Advisory

CUMULATIVE FUND PERFORMANCE (%)#

Period	Fund	Benchmark
1 month	5.98	5.61
6 months	14.92	14.22
1 year	32.78	34.74
3 years	10.99	16.38
5 years	49.98	28.75
Since Launch	453.01	187.52

CALENDAR YEAR FUND PERFORMANCE (%)#

Period	Fund	Benchmark
2023	23.93	30.99
2022	-20.33	-20.83
2021	7.16	-5.76
2020	14.92	10.14
2019	17.11	3.85

 # Source : Lipper, 29 February 2024
The Fund's benchmark has been changed from FTSE Bursa Malaysia Emas Shariah to Dow Jones Islamic Market World Index on 28 June 2021.

FUND SIZE *

RM 67.69 million

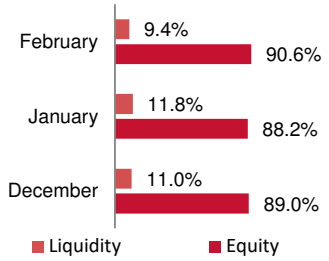
NAV PER UNIT *

RM 0.6287

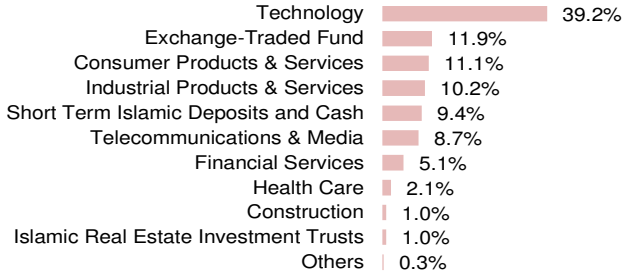
HISTORICAL FUND PRICE *

	Since Inception	Date
Highest	RM 0.9560	26-Jul-07
Lowest	RM 0.4166	6-Dec-05

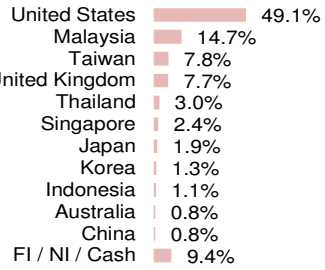
ASSET ALLOCATION (% NAV) *



SECTOR ALLOCATION (% NAV) *



COUNTRY AND CASH ALLOCATION (% NAV) *



TOP EQUITY HOLDINGS (% NAV) *

1	MICROSOFT CORPORATION	8.3%
2	NVIDIA CORP	6.4%
3	APPLE INC	5.7%
4	ALCHIP TECHNOLOGIES LIMITED	5.0%
5	ISHARES MSCI USA ISLAMIC UCITS ETF	4.3%

DISTRIBUTION HISTORY *

	Gross Distribution		
Date	RM	Yield (%)	Unit Split
15-Apr-22	3.25 sen	5.91%	-
9-Apr-21	8.48 sen	11.96%	-
16-May-16	5.73 sen	9.29%	-

** Source: Kenanga Investors Berhad, 29 February 2024*

Based on the fund's portfolio returns as at 10 February 2024, the Volatility Factor (VF) for this fund is 10.60 and is classified as "Moderate". (Source: Lipper). "Moderate" includes funds with VF that are above 8.33 and less than or equal to 10.965 (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 are equity and equity-related securities risk, currency risk, country risk and reclassification of Shariah status risk. Kenanga Investors Berhad 199501024358 (353563-P)