

Equity Market Review

March 2025 was an exceptionally turbulent month with the Dow Jones, S&P 500, and Nasdaq plunging 4.2%, 5.8%, and 8.2% month-on-month (MoM). Anticipation of President Trump's aggressive tariff strategy, coupled with mixed economic signals rattled investor confidence. Market participants grew increasingly cautious with consumer sentiment at near 2½ year lows. The Federal Reserve (Fed) kept rates steady at 4.5% for a second straight month and provided economic projections forecasting slower growth and higher inflation by year end. Fed Chair Powell also highlighted that the economy is progressing at a steady pace with solid labour market conditions, and acknowledged that albeit elevated, inflation has moderated over the past year.

Europe was not immune to tariff concerns, with STOXX slipping 3.9% MoM. Worries over US-driven global economic instability and tariff-induced disruption created heightened volatility. However, by late March, relative stability in defensive sectors provided support to the European markets.

In Asia, MSCI Asia ex-Japan dipped marginally by 0.2% MoM. Gainers were India (SENSEX: +5.8% MoM) and Hong Kong (HSCEI: +1.2% MoM; HIS: +0.8% MoM). China was relatively flattish, with SHCOMP rising 0.5% MoM and SHSZ300 falling 0.1% MoM. Decliners were Taiwan (TWSE: -10.2% MoM), Japan (Nikkei 225: -4.1% MoM), Australia (ASX 200: -4.0% MoM), and Korea (KOSPI: -2.0% MoM). The US-China trade war escalates, as President Trump increased tariffs on all Chinese imports to 20% in retaliation to Beijing for failing to halt shipments of fentanyl to the US, and China responded immediately by announcing additional tariffs of 10%-15% on certain US imports. This led to significant selloffs in export-intensive sectors towards the end of the month.

ASEAN equities grew 1.0% MoM as gains in Indonesia (JCI: +3.8% MoM), Philippines (PCOMP: +3.1% MoM), and Singapore (SST: +2.0% MoM) were offset by declines in Thailand (SET: -3.8% MoM) and Malaysia (KLCI: -3.9% MoM).

Malaysia's equity market remains under pressure, as the FBM KLCI (-3.9% MoM), FBM 100 (-3.4% MoM), FBM Shariah (-2.5% MoM), and FBM Small Cap (-2.1% MoM) continue their downtrend. Energy and Utilities were the only sectors to buck the downtrend, while Telco, Financials, and Healthcare recorded the steepest losses. March also saw foreign outflows every single trading day, totalling RM4.6 billion – the largest since Feb 2020 at RM5.6 billion which were due to pandemic lockdown. Notable news flow includes USD250 million partnership with ARM Holdings to establish an ASEAN and Oceania base of operations, potential mechanism for the targeted RON95 fuel subsidy rationalisation, and Bank Negara Malaysia (BNM) maintained Overnight Policy Rate (OPR) at 3.0% as widely expected.

Amongst commodities, Brent Crude Oil grew 2.1% MoM to USD74.7 per barrel amid mounting concerns about tighter global supply following US's threat of tariffs on nations buying Venezuelan crude. Anticipation of OPEC+ to unwind voluntary production cuts in April also influenced prices. Meanwhile, crude palm oil (CPO) declined 3.0% MoM to RM4.419 per ton largely attributed to seasonal production recovery from March onwards while major importers were scaling back their orders for palm oil amid trade uncertainties and competition from alternative vegetable oils.

Equity Market Outlook & Fund Strategy

The new tariff policies, if sustained, represent a blow to global trade and a significant risk to the global outlook, with many economists raising their probability of a global economic recession by year end to >50%. Additionally, the impact of the proposed tariffs to US GDP is estimated at a reduction of about 100 basis points (bps) while core PCE could rise by 100bps-150bps to nearly 5% in 2025 and 4.2% in 2026.

Market Review and Outlook

The focus in the near term will shift to bilateral negotiations and retaliations, with the escalation between the US and China a key factor to watch. In the near-term, the Fed is likely to monitor the situation before making any moves as it has to balance between higher inflation in the short term and anticipated weaker growth from the tariff shock.

In light of the increased external uncertainties, Malaysia's GDP growth and corporate earnings are subject to likelihood of downward revision. Particularly, the export oriented sectors are expected to bear the brunt of the direct US tariffs, as well as the spill over effects from escalating tensions and second-order demand destruction. On the other hand, domestic oriented sectors are relatively more insulated.

Given the growth outlook, we are focused more on stock picking going forward. We still like sectors such as financials, construction, property, new energy, utilities and healthcare.

FUND OBJECTIVE

Aims to provide consistent annual returns and medium to long-term capital appreciation.

Fund Category/Type

Equity / Growth

Launch Date

26 November 1996

Trustee

CIMB Commerce Trustee Berhad

Benchmark

FTSE Bursa Malaysia Top 100 Index

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.

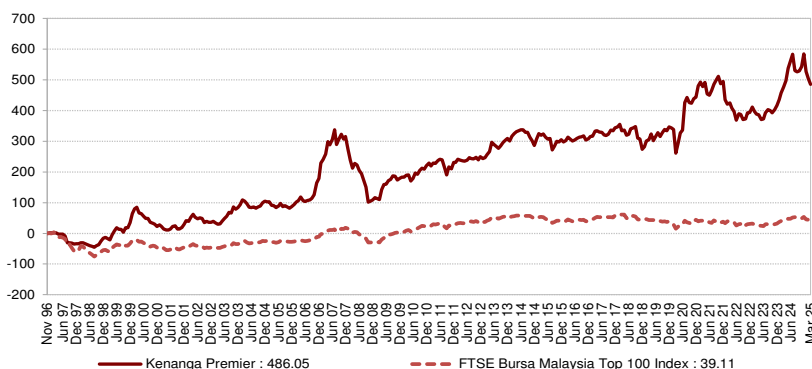
Redemption Charge

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 (%)

% Cumulative Return, Launch to 31/03/2025



Source: Novagni Analytics and Advisory

CUMULATIVE FUND PERFORMANCE (%)#

Period	Fund	Benchmark
1 month	-3.05	-3.42
6 months	-6.40	-7.64
1 year	1.59	-1.02
3 years	11.58	0.33
5 years	62.03	21.13
Since Launch	486.05	39.11

Source: Lipper, 31 March 2025

CALENDAR YEAR FUND PERFORMANCE (%)#

Period	Fund	Benchmark
2024	32.36	16.98
2023	4.70	0.63
2022	-16.86	-5.40
2021	9.17	-4.23
2020	21.82	3.49

FUND SIZE *

RM 87.11 million

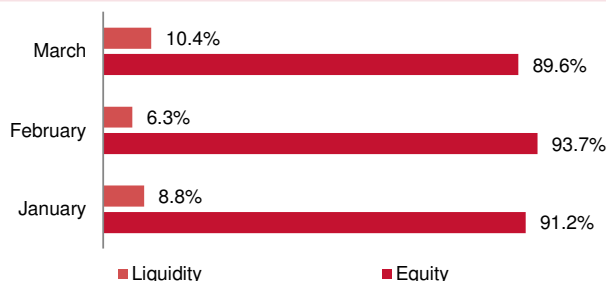
NAV PER UNIT *

RM 0.4036

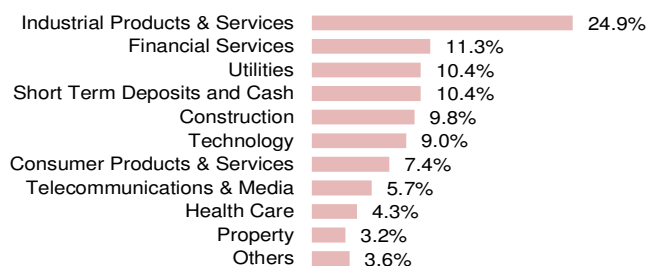
HISTORICAL FUND PRICE *

	Since Inception	Date
Highest	RM 1.0400	29-Jun-99
Lowest	RM 0.2692	19-Mar-20

ASSET ALLOCATION (% NAV) *



SECTOR ALLOCATION (% NAV) *



TOP EQUITY HOLDINGS (% NAV) *

1	KELINGTON GROUP BHD	4.7%
2	FRONTKEN CORPORATION BHD	3.4%
3	CIMB GROUP HOLDINGS BHD	3.2%
4	SUNWAY BHD	3.1%
5	TENAGA NASIONAL BHD	3.1%

DISTRIBUTION HISTORY *

Date	Gross Distribution		
	RM	Yield (%)	Unit Split
15-Apr-22	4.00 sen	10.20%	-
9-Apr-21	6.35 sen	12.03%	-
16-May-16	3.58 sen	9.26%	-

* Source: Kenanga Investors Berhad, 31 March 2025

Based on the fund's portfolio returns as at 10 March 2025, the Volatility Factor (VF) for this fund is 12.82 and is classified as "High". (Source: Lipper). "High" includes funds with VF that are above 11.955 and less than or equal to 16.355 (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. For investors who invest via the EPF Member Investment Scheme ("EPF MIS"), the cooling-off period shall be subject to EPF's terms and conditions, and any refund pursuant to the exercise of the cooling-off right will be credited back into your EPF accounts. 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 and country risk. Kenanga Investors Berhad 199501024358 (353563-P)