

Equity Market Review

The US markets marked their fourth straight monthly advance in May as economic data such as lower unemployment claims signalled a sustained rebound, outweighing inflation worries. Considerable focus was on the outlook for higher spending that could boost growth, even after the personal consumption expenditures core-price gauge rose 3.1% in April from a year earlier, which is the most in two decades. President Joe Biden issued his first full budget proposal, detailing his ambitions to expand the size and scope of the federal government with more than USD6 trillion in spending over the coming fiscal year. While this raises concern over rising inflation that would boost interest rates sooner than expected, US Treasury Secretary Janet Yellen opined that the inflation will be temporary and not something that is endemic.

In Malaysia, 1Q21 GDP contracted at a slower pace of 0.5% YoY / +2.7% QoQ (vs -3.4% YoY in 4Q20, -5.6% in 2020) despite Movement Control Order 2.0. Bank Negara Malaysia kept the overnight policy rate unchanged at 1.75% on 6 May 2021. However, it stated that the balance of risks to the growth outlook remain tilted to the downside, due mainly to uncertainty over the path of the pandemic as well as potential risks of heightened financial market volatility. New daily Covid-19 cases hit a record high of 9,020 on 29 May. With the current stretched medical resources, these led to the government's decision on 28 May 2021 that the country will be placed under a two-week nationwide lockdown similar to MCO 1.0. The government has since unveiled the country's ninth Covid-19 stimulus package, dubbed PEMERKASA+, to fund three priorities: increasing healthcare capacity, providing relief to households, and supporting businesses. The stimulus package totalled RM40 billion (2.6% of GDP), of which RM5 billion is a direct fiscal injection (0.3% of GDP), taking the cumulative stimulus outlays since the Covid-19 crisis began to RM380 billion.

The KLCI and FBM Shariah Index declined 1.1% and 3.8% respectively in May, while, the FBM Small Cap Index dropped 7.0%. Foreign investors were net sellers of RM0.2 billion in May 2021, taking year-to-date net selling to RM3.0 billion. Prices of Brent crude oil and CPO rose 3.1% and 1.3% to USD69.3 per barrel and RM3,919 per ton respectively over the month. The Ringgit fell 0.9% MoM to 4.13 against the USD in May.

Equity Market Outlook

While the global economy continues on the recovery path lead by developed markets, the risk of a significant pickup in inflation and Covid-19 flareups in some parts of the world could create some volatility.

Nonetheless, accommodative monetary policies by global central banks and strong fiscal stimulus are overall supportive for global equities. We remain buyers on market weakness.

Equity Fund Strategy

We maintain a barbell investment strategy, focusing on recovery/re-opening theme and structural growth themes. For recovery themes, we focus on cyclical sectors such as consumer discretionary (retail and leisure), energy and materials. For structural growth theme, we like sectors such as technology, electronics manufacturing services (EMS) and renewable energy.

FUND OBJECTIVE

Aims to provide unit holders with long-term capital growth by investing principally in equities that comply with Shariah requirements.

Fund Category/Type

Equity (Islamic) / Growth

Launch Date

29 January 2002

Trustee

CIMB Islamic Trustee Berhad

Benchmark

FTSE Bursa Malaysia Emas Shariah Index

Designated Fund Manager

Lee Sook Yee

Sales Charge

Max 5.50%

Annual Management Fee

1.50% p.a.

Annual Trustee Fee

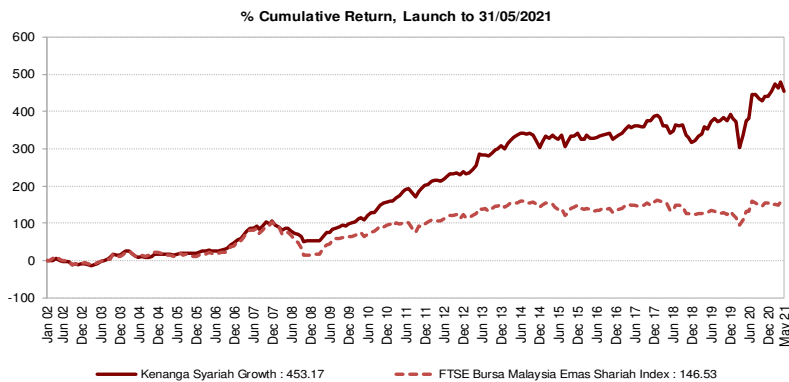
0.05% p.a.

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 (%)



Source: Novagril Analytics and Advisory

CUMULATIVE FUND PERFORMANCE (%) #

Period	Fund	Benchmark
1 month	-4.40	-3.76
6 months	2.60	-2.85
1 year	16.18	6.22
3 years	25.35	4.90
5 years	29.45	7.13
Since Launch	453.17	146.53

Source : Lipper, 31 May 2021

CALENDAR YEAR FUND PERFORMANCE (%) #

Period	Fund	Benchmark
2020	10.10	10.14
2019	18.18	3.85
2018	-14.47	-13.52
2017	12.96	10.72
2016	-2.29	-6.14

FUND SIZE *

RM 464.41 million

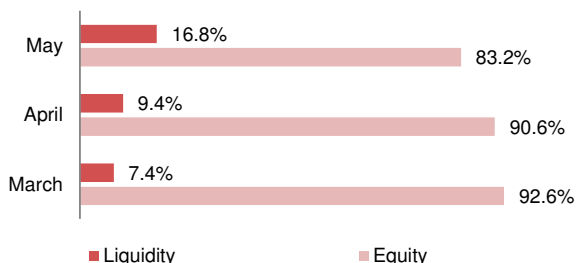
NAV PER UNIT *

RM 1.1822

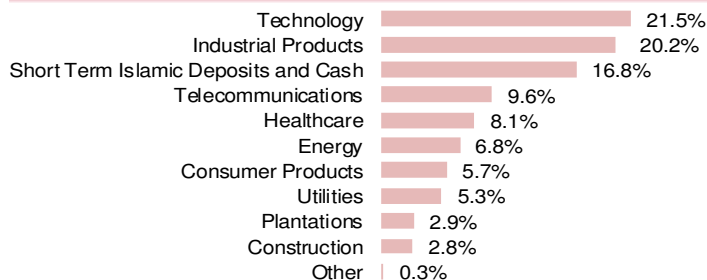
HISTORICAL FUND PRICE *

	Since Inception	Date
Highest	RM 3.0262	4-May-12
Lowest	RM 0.8440	19-Mar-20

ASSET ALLOCATION (% NAV) *



SECTOR ALLOCATION (% NAV) *



TOP EQUITY HOLDINGS (% NAV) *

1	GREATECH TECHNOLOGY BHD	6.28%
2	FRONTKEN CORPORATION BHD	6.11%
3	PRESS METAL ALUMINIUM HOLDINGS BHD	4.41%
4	DUFU TECHNOLOGY CORP BHD	4.38%
5	TENAGA NASIONAL BHD	4.28%

DISTRIBUTION HISTORY *

Gross Distribution			
Date	RM	Yield (%)	Unit Split
9-Apr-21	10.81 sen	8.00%	-
16-May-16	10.11 sen	9.31%	-
26-Feb-15	10.50 sen	5.98%	-

* Source: Kenanga Investors Berhad, 31 May 2021

Based on the fund's portfolio returns as at 10 May 2021, the Volatility Factor (VF) for this fund is 15.97 and is classified as "High". (Source: Lipper). "High" includes funds with VF that are above 14.31 and less than or equal to 17.19 (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 and reclassification of Shariah status risk.