

Fund: United Malaysia Fund Class A

As at 30 June 2022

Performance Update

For the month of June, the Fund registered a return of -5.92%

In June, global equities were in negative territory as markets reacted towards the US Fed's decision to hike its benchmark interest rates by 75bps. US inflation data for May came in higher than market's expectations at 8.6% yoy as shelter, food and energy prices soared. Investors are concerned about monetary policy tightening and the impact on economic growth. US Treasury yield closed above the 3% mark while the DXY Index gained 2.9%.

The FBM KLCI Index fell by 8% mom to close at 1,444 points. The decline in Malaysian equities was driven by a hawkish US Fed, rising costs and a decline in crude palm oil prices. Crude palm oil futures fell 22% to close at RM4,910/MT in June. Foreign investors turned net seller for the first month in 2022. Meanwhile, the worst performing sectors were energy, plantation and healthcare.

Domestically, Malaysia is facing some inflationary pressure as the government introduced a higher ceiling price for standard chicken at RM9.40/kg (+RM0.50/kg). On the flip side, the government has decided to maintain electricity and water tariffs for 2H22 in Peninsular Malaysia through subsidies. The Minister of Finance said the total amount of government subsidies is expected to reach RM80bn as it provides various subsidies including petrol, diesel, cooking oil, flour and electricity. The Malaysian Ringgit weakened against the US Dollar by 0.7%.

During the month, the key equity contributors to the Fund performance were Dufu, AMMB and Guan Chong. On the other hand, the key equity detractors to performance during the month were Hibiscus, Kpower and Datasonic. Hibiscus's share price dropped due to weakness in oil price.

Strategy Moving Forward

In the near term, the market is expected continue to be influenced by tightening monetary policy, elevated inflation, and slowing economic growth. We have raised some cash earlier on and would redeploy it when there is greater clarity on the global market. We see Malaysia as a relatively defensive market and is benefitting from reopening. We prefer value/reopening over growth, favoring financials and consumer.

Stock Commentary

Stocks	Country	Sector	Remarks
MR DIY	Malaysia	Consumer Discretionary	<ul style="list-style-type: none"> Strong earnings growth driven by store expansion and consumption growth.
Berjaya Food	Malaysia	Consumer Products & Services	<ul style="list-style-type: none"> Benefit from reopening and cost cutting measures.
CIMB	Malaysia	Financials	<ul style="list-style-type: none"> Beneficiary of reopening and rising interest rates.
Genting Malaysia	Malaysia	Consumer Products & Services	<ul style="list-style-type: none"> Expect visitor numbers to recover with borders reopening.
RHB	Malaysia	Financials	<ul style="list-style-type: none"> Beneficiary of reopening and rising interest rates.

Income Distribution

Date	Yield
21 January 2022	2.15%

Fund Classes

Fund Classes
MYR Class

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