

Fund: United Malaysia Fund Class A

As at 31 August 2022

Performance Update

For the month of August, the Fund registered a return of 2.05%, which outperformed its benchmark of 0.88%.

It was a mixed month for global equities with declines skewed to the United States and mainland China. US equities declined in August after Jerome Powell's hawkish comments at the Jackson Hole conference. Meanwhile, mainland China's south-western metropolis of Chengdu placed 21m people under lockdown as the country continues to practice its stringent zero-COVID policy. In August, the US 10-year Treasury yield rose to 3.19% from 2.65% in July.

On the local front, the FBM KLCI Index gained 1.3% mom to close at 1,512 points. Foreign investors continued to be net buyers in Malaysian equities in August amounting to RM2bn, an increase from net buying of RM175m in July. The best performing sectors were energy, utilities and telecommunications while the worst performing sectors were healthcare, technology and REITs.

Malaysia's 2Q22 GDP grew 8.9% yoy fueled by a recovery in domestic demand amid a normalizing economy and the reopening of its international borders. This brought the cumulative 1H22 GDP growth to 6.9% yoy, at the upper end of Bank Negara Malaysia's forecast. The central bank maintained its 2022 GDP forecast at 5.3-6.3%, with a bias to the upper end of its projection range.

During the month, the key equity contributors to the Fund performance were SFP Tech, Cnergenz and Hengyuan. SFP Tech reported strong earnings growth from trade diversion into Malaysia. Meanwhile, Cnergenz reported strong machine orders from reopening of ASEAN countries. On the other hand, the crude oil refiner attributed the remarkable achievement to its improved refining margin, contributed by better cracks for motor gasoline (mogas), gasoil and jet fuel, as well as stockholding gains fuelled by market sentiments over the oil supply and demand imbalance. On the heel of this, quarterly earnings per share of Hengyuan shot up to 222.49 sen versus a loss per share of 19.79 sen last year, the group's bourse filing showed.

In contrast, the key equity detractors to performance during the month were PIE Industrial, AME Elite and Hartalega. AME Elite detracted due to the listing of AME REIT while Hartalega's share price dropped due to decline in ASP.

News Article

<https://www.theedgemarkets.com/article/hengyuan-refining-posts-record-net-profit-2q-declares-10-sen-dividend>

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.

Stock Commentary

Stocks	Country	Sector	Remarks
CIMB	Malaysia	Financials	<ul style="list-style-type: none"> Beneficiary of reopening and rising interest rates.
Berjaya Food	Malaysia	Consumer Products & Services	<ul style="list-style-type: none"> Benefit from reopening and cost cutting measures.
Genting Malaysia	Malaysia	Consumer Products & Services	<ul style="list-style-type: none"> Expect visitor numbers to recover with borders reopening.
TM	Malaysia	Telecommunications & Media	<ul style="list-style-type: none"> Expect new subscriber growth, pent-up demand for data centres and cloud services for industry demands (public and enterprise), and development of 4G and 5G network infrastructure.
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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