

Fund: United Malaysia Fund Class A

As at 31 May 2022

Performance Update

For the month of May, the Fund registered a return of -1.93%

In May, global equities were mostly mixed as investors focused on US inflation and the US Fed's monetary policy. US inflation data for April came in at an annualized rate of 8.3%, indicating that prices for US goods and services increased at a slower rate mom but still remained elevated. At the same time, US Fed governor, Christopher Waller, advocated for the central bank to raise interest rates at every meeting until inflation is curbed.

The FBM KLCI Index declined by 1.9% to close at 1,570 points. It was a volatile month for Malaysian equities as market sentiment continued to be weighed down by concerns over inflation and US rate hikes. Domestically, Bank Negara Malaysia (BNM) surprised the market with a 25bps OPR hike to 2.00%.

Meanwhile, Malaysia's 1Q22 GDP came in above market expectations with growth of 5% yoy as the economy recovers from the effects of the COVID-19 pandemic. BNM is targeting a growth rate of between 5.3-6.3% in FY22 based on expectations of continued recovery in global demand and higher private sector expenditure. The Malaysian Ringgit weakened against the greenback by 0.5% in May.

During the month, the key equity contributors to the Fund performance were Berjaya Food, Hibiscus and TM. Berjaya Food reported strong set of quarterly results meanwhile, Hibiscus becomes contributor due to rising oil price.

On the other hand, the key equity detractors to performance during the month were Kpower, EcoWorld and TSH Resources. TSH Resources's share price dropped as it reported falling CPO prices.

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. Against this backdrop, we have de-risked the Fund and raised some cash with the view of redeploying it when there is greater clarity on the global market. We see Malaysia as a relatively defensive market and is benefitting from reopening and rising CPO and oil prices. 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.
Datasonic	Malaysia	Technology	<ul style="list-style-type: none"> Expect earnings recovery from pent up demand for passport renewals.

Income Distribution

Date	Yield
21 January 2022	2.15%

Fund Classes

Fund Classes
MYR Class

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