

Asia Pacific Market Review

In the US, reported new daily COVID-19 cases have been on a declining trend since the beginning of the month. That being said, the percentage of positive COVID-19 tests remains above the WHO's recommended limit for reopening in 27 US states. Politically, negotiations on a new COVID-19 relief bill continued to stall in Washington while the official nomination of Donald Trump had been announced for the Republican party's Presidential candidacy. Economically, US manufacturing and service PMIs had beaten expectations with IHS market readings of 53.1 and 54.8 respectively. In terms of monetary policy, the Fed announced a shift to average inflation targeting confirming that monetary policy will remain supportive for the foreseeable future. Overall, the S&P 500 and the NASDAQ rallied to new highs exceeding pre COVID-19 levels by rising 7.2% and 9.7% respectively over the month.

Over in Europe, there was a surge in COVID-19 cases in several countries, including France and Spain, tracing close to levels seen at the height of the pandemic in March and April. European risk assets continued to benefit from the European Council agreement in July to establish a €750 billion European Union (EU) recovery fund. Looking into China, negatives were the escalating US-China tension as the US further added 38 Huawei-affiliated companies to the Entity List and tightened the financial scrutiny over ADRs. Nonetheless, China's economic front continued to draw most of the attention with July's activity data confirming continuous economic recovery albeit moderating momentum. The Caixin manufacturing PMI rose to 53.1 reaching a new high since February 2011. On the other hand, non-manufacturing PMI continued rising steadily into August to 55.2. Overall, both the SHCOMP and SHSZ300 rose 4.5% respectively.

On commodities, Brent and WTI crude continued to post their fourth monthly gains of 4.6% and 5.8% respectively with oil demand driven by expected economic activity recovery while OPEC+ continued with their agreed production cuts on the supply side. CPO prices followed in tandem rising 4.1% for the month. Gold prices started the month strong peaking at \$2,063 but then experienced its worst day decline in 7 years plunging 5.7% to \$1,911. The precious metal then traded sideways closing 1% lower over the month at \$1,967.

Locally, it was a down month for Malaysian equities as the FBMKLCI and FBM100 slide 4.9% and 3.3% respectively in local currency effectively wiping out the previous month's gains. This was attributed to a negative month for the gloves sector which could be due to investors locking in gains amidst rising vaccine news flows. Overall, in USD, the MSCI Asia ex-Japan rose 3.4% for the month with outperformers being India (+ 4.9%), China (+4.5%) and South Korea (+4%). Underperformers for the month were Malaysia (-3.2%), Thailand (-0.7%) and Taiwan (-0.68%).

Asia Pacific Market Outlook & Fund Strategy

Equities are expected to remain volatile as the pace of economic recovery remains fragile and uneven, while COVID-19 still poses a risk. Further escalation of US-China geopolitical tensions ahead of the US presidential elections will also continue to weigh on sentiment. Nevertheless, asset prices could remain buoyed as policymakers remain supportive with aggressive fiscal support and liquidity programs.

We continue to remain selective and prefer sectors and geographies that see more resilient growth. Geographically, we maintain an overweight in North Asia given improving economic data out of China and decent recovery from COVID-19. Sector wise, we maintain an overweight in tech and internet names due to strong earnings growth and also favour cyclicals and commodity stocks that benefit from China's rebound and improving commodity prices. We maintain a trading bias to take advantage of market volatility in the near term.

FUND OBJECTIVE

Aims to provide capital appreciation over the long-term (over 5 years) by investing in equities and equity related securities of companies in the Asia Pacific region.

Fund Category/Type

Equity / Growth

Launch Date

11 July 2013

Trustee

RHB Trustees Berhad

Benchmark

Compounded Return of 10% p.a.

Designated Fund Manager

Lee Sook Yee

Sales Charge

Max 5.50%

Annual Management Fee

1.75% p.a.

Annual Trustee Fee

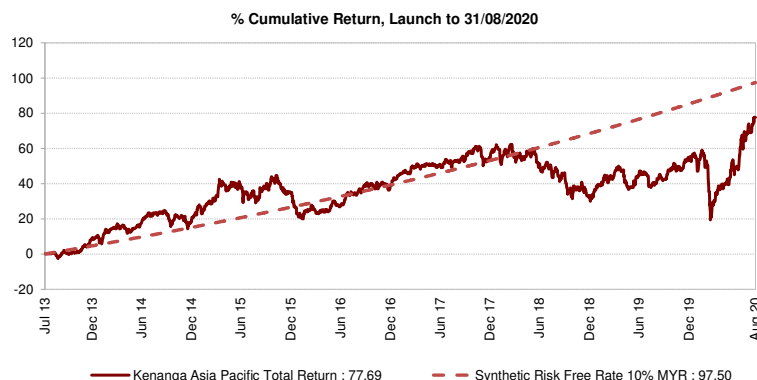
0.07% p.a.

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: Novagni Analytics and Advisory

CUMULATIVE FUND PERFORMANCE (%) #

Period	Fund	Benchmark
1 month	5.64	0.81
6 months	19.00	4.92
1 year	26.29	10.00
3 years	15.87	33.11
5 years	34.09	61.08
Since Launch	77.69	97.50

Source: Novagni Analytics and Advisory; Lipper, 31 August 2020

CALENDAR YEAR FUND PERFORMANCE (%) #

Period	Fund	Benchmark
2019	15.12	10.00
2018	-14.04	10.00
2017	11.61	10.00
2016	2.81	10.00
2015	13.02	10.00

FUND SIZE *

RM 169.34 million

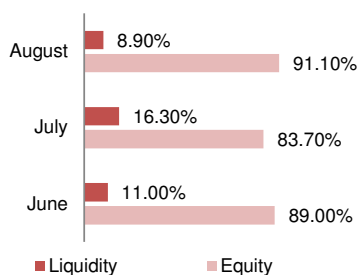
NAV PER UNIT *

RM 1.7769

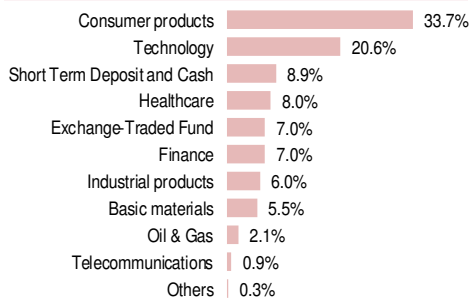
HISTORICAL FUND PRICE *

	Since Inception	Date
Highest	RM 1.7777	27-Aug-20
Lowest	RM 0.9732	28-Aug-13

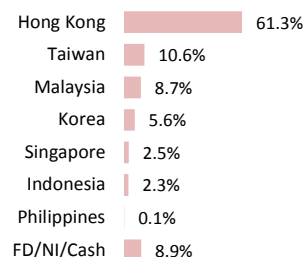
ASSET ALLOCATION (% NAV) *



SECTOR ALLOCATION (% NAV) *



COUNTRY AND CASH ALLOCATION (% NAV) *



TOP EQUITY HOLDINGS (% NAV) *

1 ALIBABA GROUP HOLDING LTD	8.50%
2 TENCENT HOLDINGS LTD	5.97%
3 TAIWAN SEMICONDUCTOR MANUFACTURING	5.08%
4 JD.COM INC - CL A	4.86%
5 MEITUAN DIANPING-CLASS B	4.81%

DISTRIBUTION HISTORY

Not Applicable

* Source: Kenanga Investors Berhad, 31 August 2020

Based on the fund's portfolio returns as at 10 August 2020, the Volatility Factor (VF) for this fund is 15.41 and is classified as "High". (Source: Lipper). "High" includes funds with VF that are above 13.725 and less than or equal to 16.675 (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 risk, currency risk, country risk, settlement risk and warrant and convertible loan stock risk.