Date: 16 July 2019

KENANGA INVESTORS BERHAD:

Consistent Outperformance is the Key

Smart Investor (July 2019)

WINNING FUNDS:
Kenanga Growth Fund
Category: *Core Equity – Malaysia*

Kenanga OnePRS Conservative Fund
Category: *Private Retirement Scheme – Conservative*

MOST OUTSTANDING UNIT TRUST FOR 10-YEARS
KENANGA GROWTH FUND

Kenanga Investors Bhd (KIB) is a wholly-owned subsidiary of Kenanga Investment Bank Bhd. KIB provides investment solutions ranging from collective investment schemes, portfolio management services as well as segregated private mandates and alternative investments for retail, corporate, high net-worth, and institutional clients. KIB executive director/chief executive officer Ismitz Matthew De Alwis talks about his company's fund management philosophy, and why investors should hold on to their unit trusts.

Smart Investor: Share with us your fund management style and philosophy.
Ismitz Matthew De Alwis: We have always believed consistent outperformance comes from the application of a bottom-up stock picking strategy and our strong focus on research, to identify quality stocks which are generally undervalued relative to their intrinsic value, or are clearly undervalued relative to their peers and overall market valuation. By doing this, we seek to consistently generate superior risk adjusted returns, including where the ability for a stock's price to recover after a market downturn is generally quicker than the market.

Can you highlight major changes made to your fund portfolio over the last 12 months?
The past 12 months was characterised by extreme volatility in the equity markets. The fund had therefore maintained a defensive stance with investment level hovering at around 75-85%. The fund continued to stick to its bottom-up stock picking strategy with focus on companies with resilient earnings prospects. We reduced exposure to construction, property and materials sector due to government review of infrastructure projects and slower property launches, while increasing exposure into dividend yield stocks in expectation of monetary easing on a slower growth environment.

How will the global economic uncertainties affect your investment decisions?
The market in general has been bearish in the past 12 months, impacted by macro events such as trade wars, rising rates in the US and uncertainties post GE14. We started the year with a view that markets should rebound as valuation has turned attractive. Although this played out up to end April, the short-term outlook has become more cloudy given the escalation of recent trade tensions. We think an eventual compromise between

the US and China over a trade deal could be a re-rating catalyst. Domestically, more government pump priming efforts would be a positive for the economy and stock markets.

How can investors get value amidst the uncertainty in equity markets?
Investors need to be mindful investment instruments such as unit trusts are for mid-to-long term horizons and so, we advise them to hold onto these instruments to realise the targeted returns at the end of their investment period. This is why investors need to invest in stocks with good fundamentals / sound undervalued counters that are able to reap long-term profits instead of chasing short-term gains often associated with “word on the street” type of investing. Diversify your investments as a portfolio constructed of different kinds of assets will most likely yield higher long-term returns and lowers risk of any individual holding.

ENDS

Article Source:
Smart Investor (July 2019)

INTERVIEW

KENANGA INVESTORS BHD

CONSISTENT OUTPERFORMANCE IS THE KEY

Ismitz Matthew De Alwis, Executive Director & CEO of Kenanga Investors

Award Category	Winner Fund
• Core Equity – Malaysia	**Kenanga Growth Fund**
• Private Retirement Scheme – Conservative	**Kenanga OnePRS Conservative Fund**

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kenanga

Kenanga Investors

FSMOne Recommended Unit Trusts Awards 2019/20

OUR COMMENTS

Kenanga Growth Fund has been featured on our list of recommended funds under the Core Equity - Malaysia category since 2010. Based on our methodology which determines the fund's overall ranking by assessing performance (60% weighting), risk and expense ratio (20% weighting each), the fund topped the list and ranked fourth out of thirty-four funds in this category.

From a performance point of view, the fund registered a remarkable long-term performance track record. Its performance track record topped its peers within the growth-oriented Malaysia equity category. Aside from delivering decent performance, the fund exhibited lower downside risks in terms of both downside volatility and maximum drawdown compared to that of peer average over the past five years. In terms of management expenses, the fund is the sixth lowest among its peers.

Over the years, the fund has been consistent with its investment strategy. The fund manager adopts a bottom-up stock picking strategy with focus on undervalued stocks whose fundamentals are deemed superior and sustainable. The fund manager prefers to 'kick the tires' on the ground by interviewing corporate managements and have a thorough understanding of the business model, management quality, certainty of earnings growth and the potential risks of the companies the fund invests in.

Going forward, the fund manager is of the view that there will be an eventual compromise between the US and China that could be a rerating catalyst for equities. Domestically, the fund manager sees the current pump priming efforts by the government as a tailwind for the economy and stock markets. Oversold sectors such as the small-cap space, technology and exporter in particular, could resume their rebound once the earnings growth stories become more discerning to investors.

Growth-seeking investors who are looking to invest in Malaysian equity funds may consider including this fund into their portfolio because of its outstanding historical performance and decent resiliency during market downturns. There is little to no currency risk as the fund is invested wholly in Malaysian equities. However, investors should be aware of the risk of being overly concentrated in home country investments.

Commentary is based on data as of end-April 2019, unless stated otherwise.
All returns are based on NAV prices, adjusted for dividends re-invested and in MYR terms.

FUNDS INFO

Fund Manager: Lee Sook Yee

Fund Size (as of end-April 2019): MYR1,428.89 million

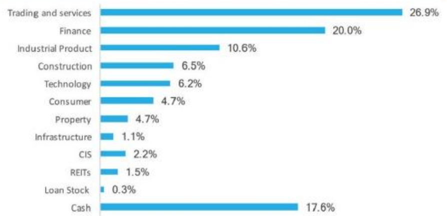
FSMOne Risk Classification: 8-High Risk

Source: FSMOne and Kenanga Investors Berhad

PRICE INDEXED PERFORMANCE OVER THE LAST 3 YEARS AS OF END APRIL 2019

Source: FSMOne and Kenanga Investors Berhad
Performance figures are based on NAV prices, adjusted for dividends re-invested and in MYR

SECTOR ALLOCATION AS OF END APRIL 2019



Source: Kenanga Investors Berhad

PERFORMANCE AS OF END APRIL 2019

PERIOD	2014	2015	2016	2017	2018
Calendar Year Return	9.3%	20.9%	-0.1%	25.8%	-18.1%
PERIOD	**1 MONTH**	**3 MONTHS**	**6 MONTHS**	**1 YEAR**	**3 YEARS**
Cumulative Return	2.4%	5.0%	1.4%	-6.7%	12.3%
Annualised Return	N/A	N/A	1.4%	-6.7%	3.9%

Source: Performance figures are based on NAV prices, adjusted for dividends re-invested, in MYR and compiled by FSMOne