PORTFOLIO MANAGERS' VIEWS

5 May 2022

MALAYSIA & REGIONAL

1. THE WEEK IN REVIEW (25-29 April 2022): Developments in two unrelated sectors are worth noting in this week's edition as they brought investments in the "old" and "new" economies into the fray.

Firstly in the "old economy", Indonesia's policy decision to ban palm oil exports in its entirety reverberated across the world, including Malaysia. Earlier in the week, Indonesia planned to bar only raw materials used for cooking oil, but decided to ban all palm oil products a few days later. This policy u-turn came just before the start of the Eid Mubarak, presumably to manage inflation in Indonesia as the consumption of cooking oils rise during the festive period. Globally, the edible oil market is going through a supply crunch that originated from the Russia-Ukraine conflict. As the two warring countries are the top-two producers of sunflower oil in the world, other edible oils like crude palm oil has seen prices rise.

The second development (in the "new economy") relates to a Malaysian global provider of semiconductor assembly and test services that reported record sales and net profit in the recent March quarter. Its revenue in US Dollar terms rose by 10% to the highest March-quarter sales in the company's history. The higher sales came from higher volumes as well as higher average selling prices, underscoring the robustness of the technology sector from a fundamental standpoint.

MALAYSIA & REGIONAL

2. STRATEGY & OUTLOOK: At a recent online engagement, a major Malaysian plantation company is of the view that the high crude palm oil (CPO) prices are likely to persist into year 2023 although the CPO spot price has already risen 44% in the first four months of 2022. Despite the FTSE Bursa Malaysia Palm Oil Plantations Index gaining 40% YTD, we believe the Malaysian CPO equity sector has more upside potential.

(1) Malaysia is the world's second largest producer, accounting for one-quarter of the world's CPO supply. (2) The upstream plantation sectors is one of the best proxy to the ongoing Russia-Ukraine war, high inflation and US Dollar strength (this stems from higher policy rates to combat inflation – see the outcome of the stronger USD against the MYR in Exhibit 2). (3) Selected upstream CPO producers are in mature company life-cycle stages and may offer high dividend payouts from the high CPO prices due to limited capital expenditures

In local and regional portfolios, we remain invested in Malaysian upstream CPO producers but are significantly underweight in the technology sector. In tech, we have reduced our exposures since the start of the year, although we still like the sector as evidenced by the Malaysian tech company's quarterly results. Our studies have shown that tech has returned positively in 7 out of the last 9 years in Malaysia. After returning 40% in 2021 (KLCI 0.3%), the KLCI Tech index has fallen 26% YTD vs. the KLCI's 4%. In the Asia ex-Japan (AXJP) region, the MSCI AXJP IT index gained 10% in 2021 against the broader MSCI AXJP index (-5%). However, YTD April, the regional tech index has fallen 21% against the regional benchmark's -13%. Despite the sharp reversals in tech equities this year, the Malaysian tech sector price-earnings ratio (PER) of 21x on a one-year forward basis is still not compelling yet as it is valued above the KLCI's 2022 PER of 15.3x is below its 5Y average of 16.3x. The broader market's valuation remains fair, with price-to-book ratio of 1.5x (below its 5-year average of 1.6x) and dividend yield of 3.9% (+1SD above its 5-year average of 3.5% (historically 3-4%)).

MALAYSIA

Exhibit 1: FBM KLCI and FBM Shariah Index

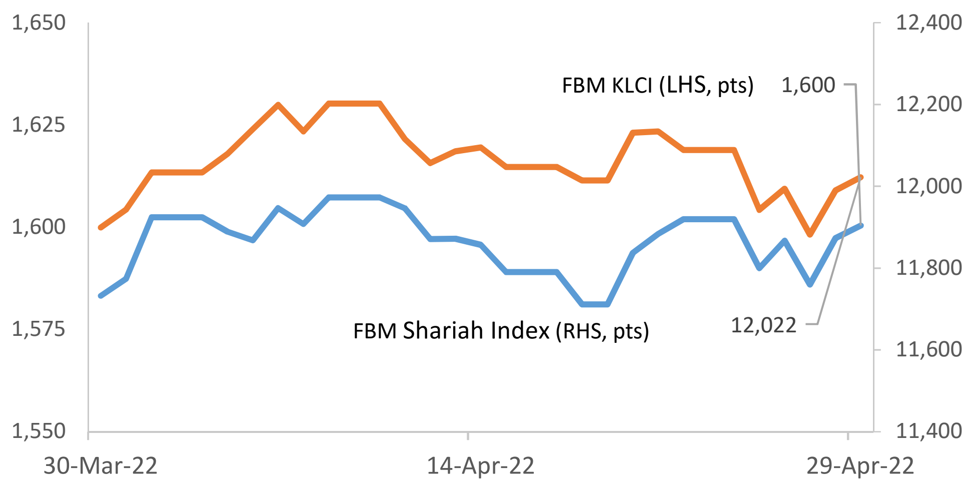


Exhibit 2: USDMYR FX

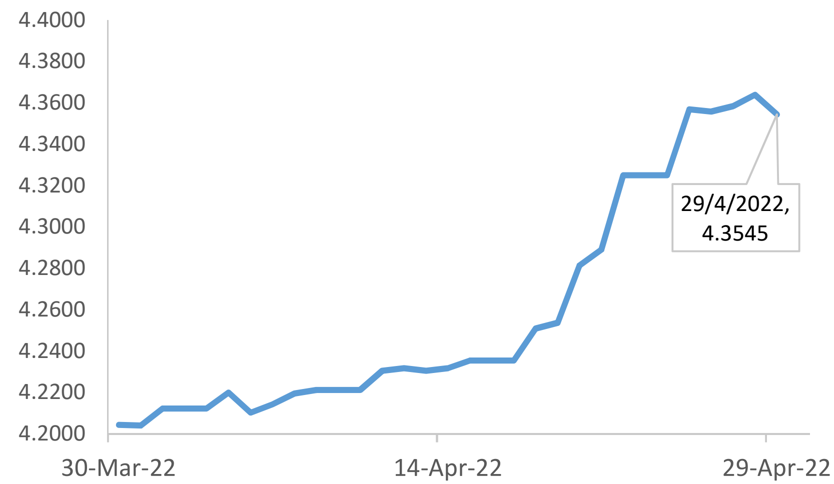


Exhibit 3: Sector Performance Indices (1 Week, %)

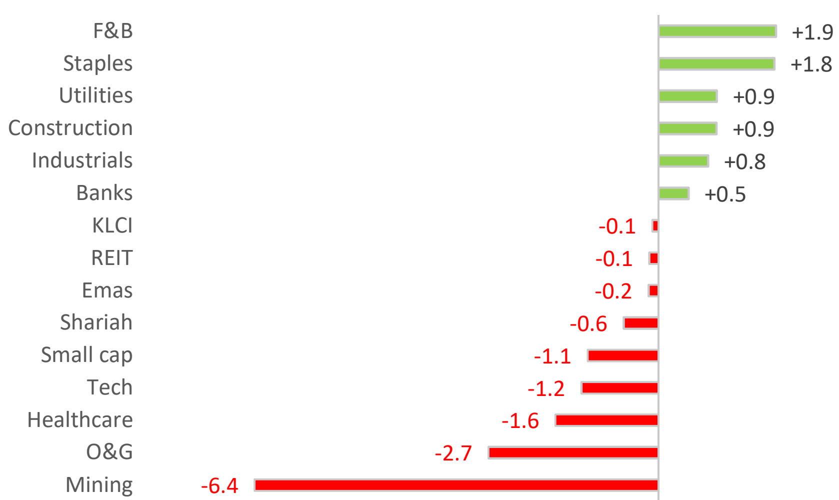
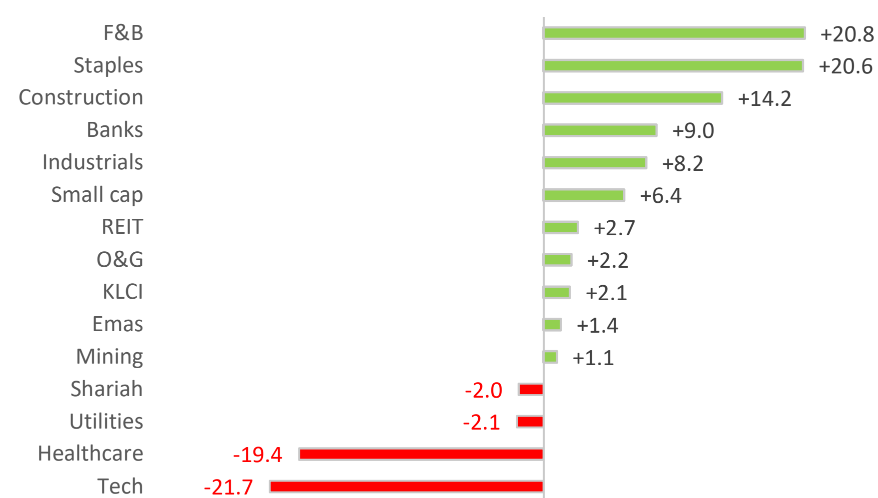


Exhibit 4: Sector Performance Indices (Year-to-Date, %)



MALAYSIA

Exhibit 5: Malaysia's Premium/Discount to Asia ex-Japan based on Current PER (%)

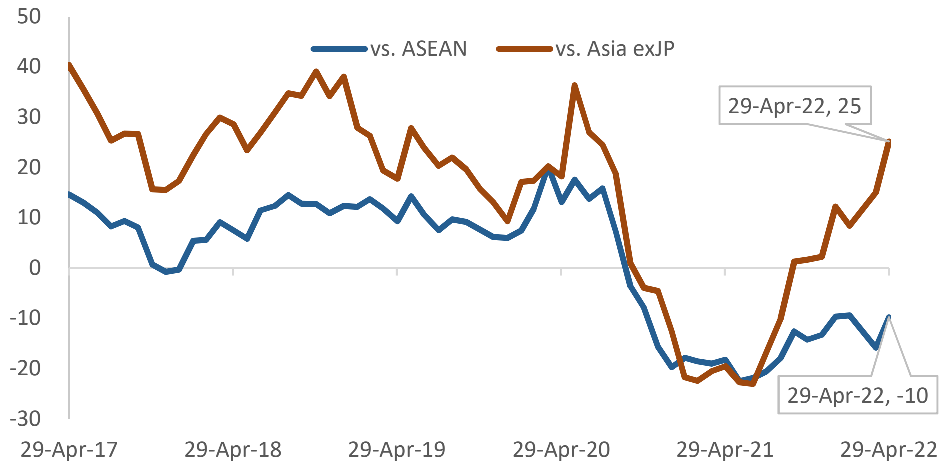


Exhibit 6: KLCI's 2022 Price-Earnings Ratio (PER, x)

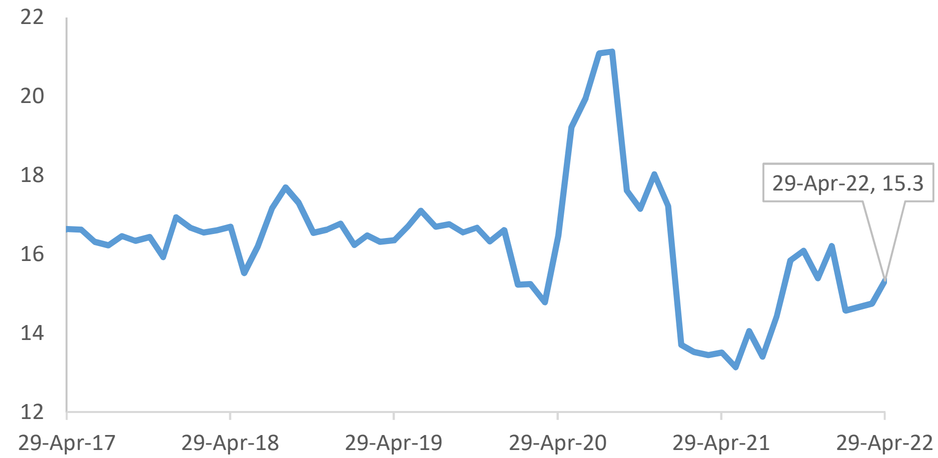
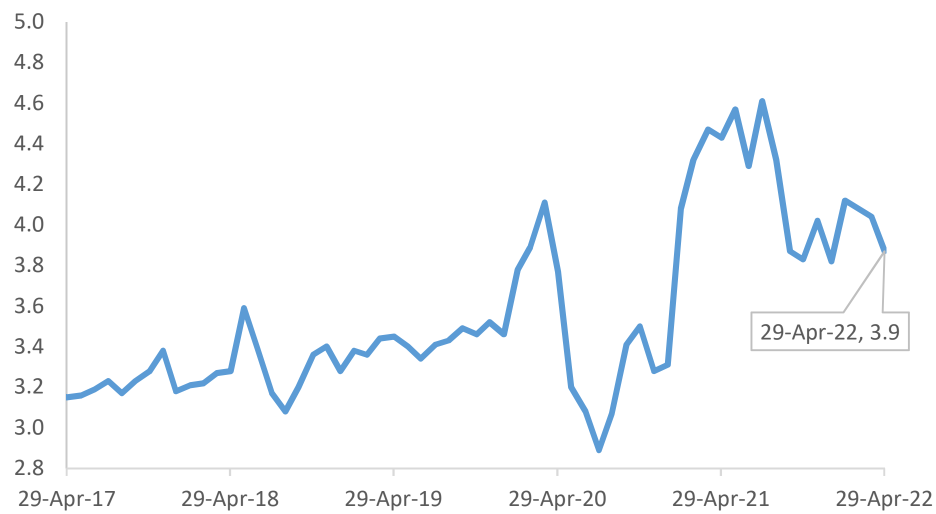


Exhibit 7: KLCI's Price-to-Book Ratio (PBR, x)

Exhibit 8: KLCI's Dividend Yield (DY, %)



REGIONAL

Exhibit 1: Country Performance Indices (1 Week, %)

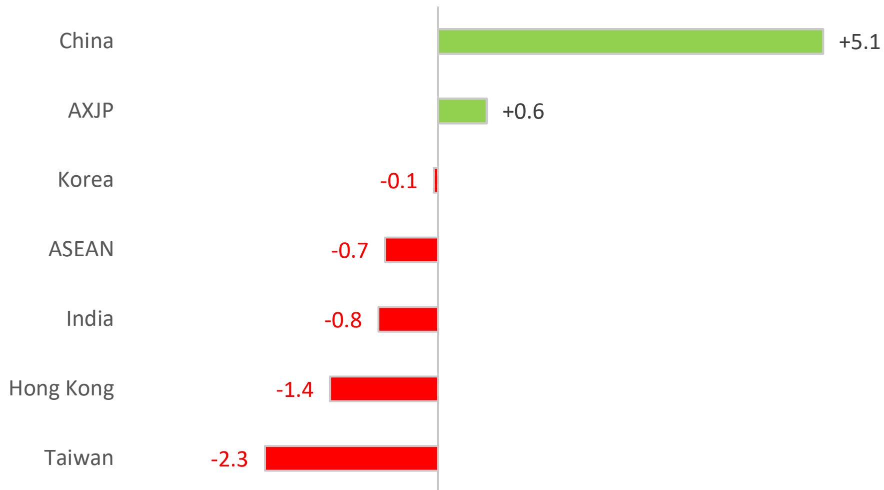


Exhibit 2: Country Performance Indices (Year-to-Date, %)

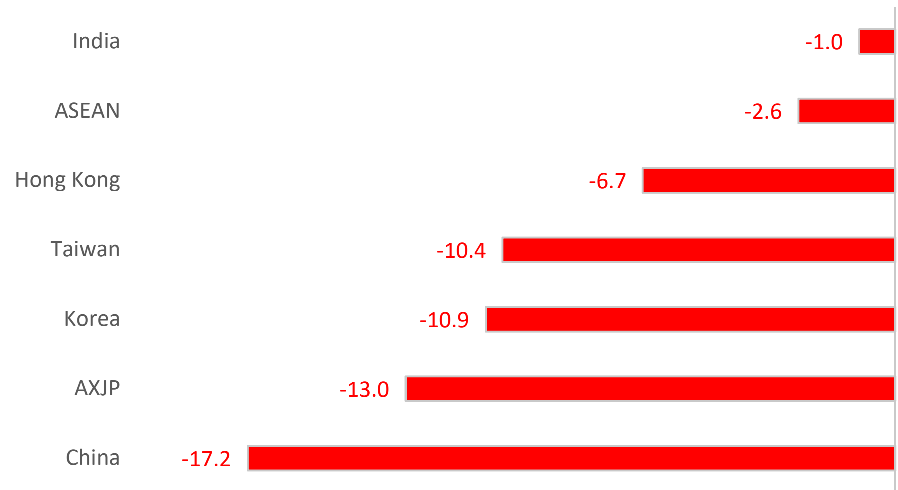


Exhibit 3: Sector Performance Indices (1 Week, %)

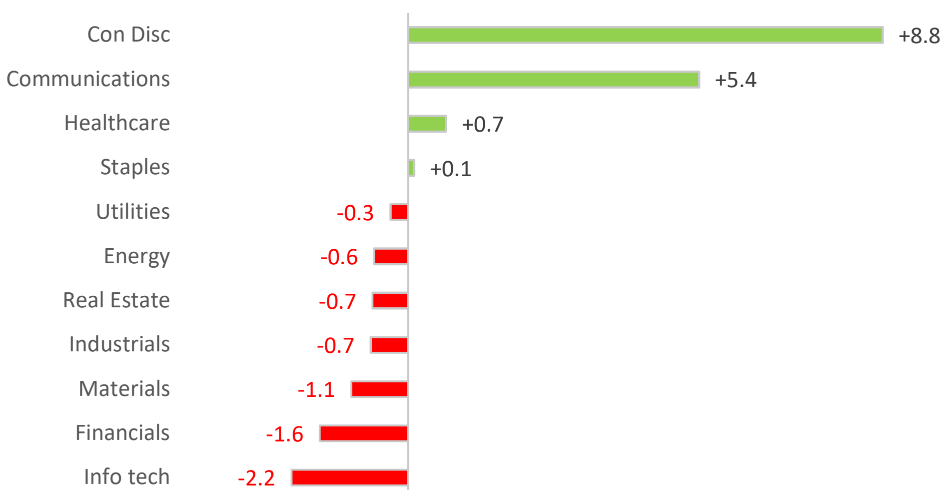
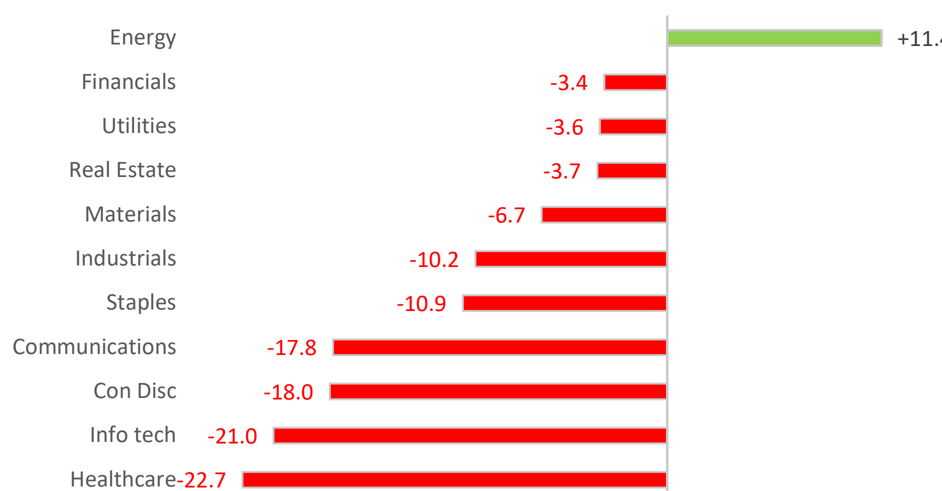
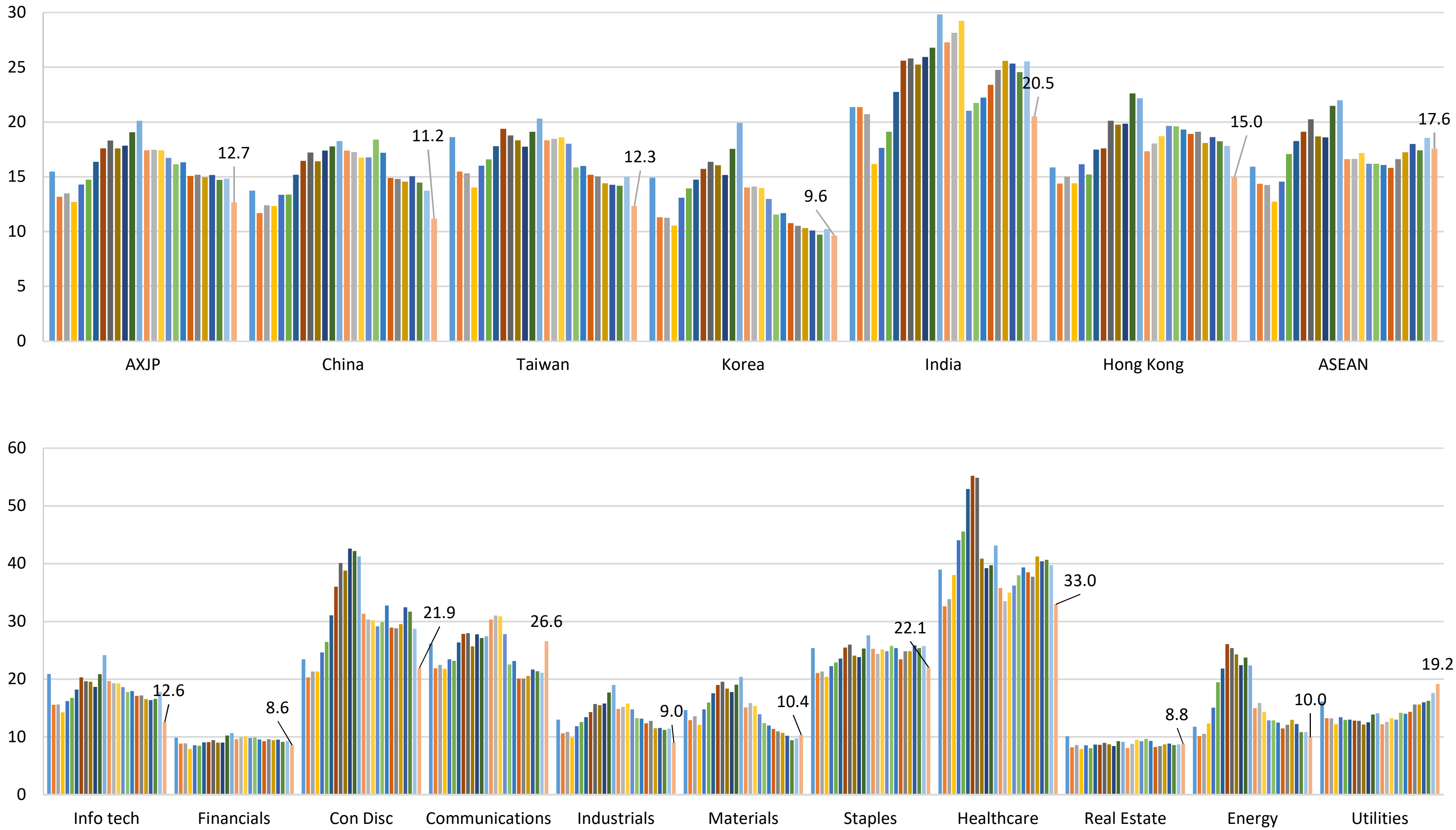


Exhibit 4: Sector Performance Indices (Year-to-Date, %)



REGIONAL

Exhibit 5: Year 2022 Price-Earnings Ratio (Dec 2019-Current)



FOREIGN NET FLOWS

Exhibit 6: Selected ASEAN Equity Markets (Net USD mil)

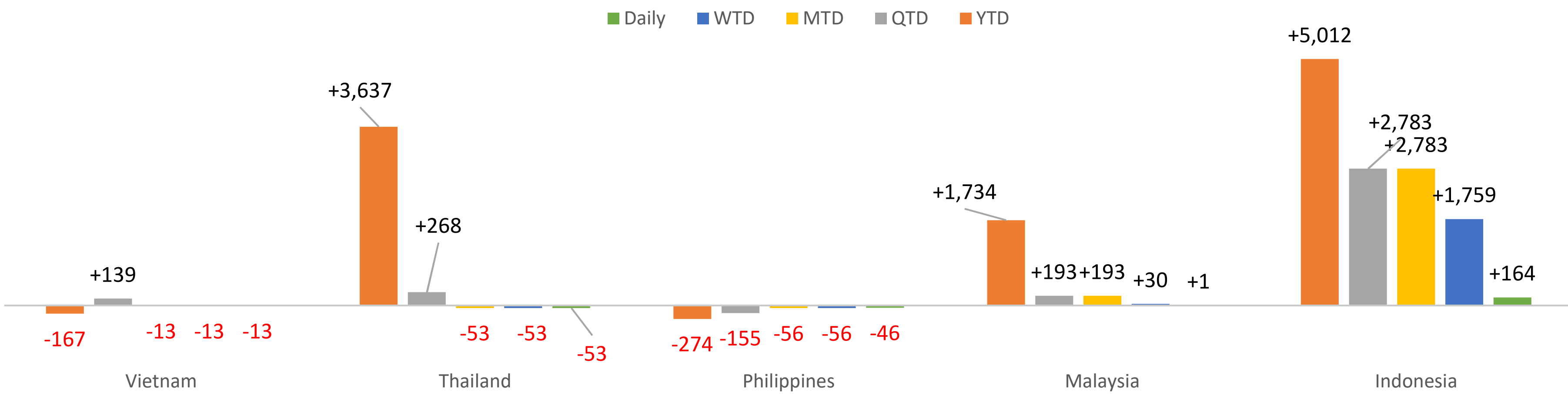
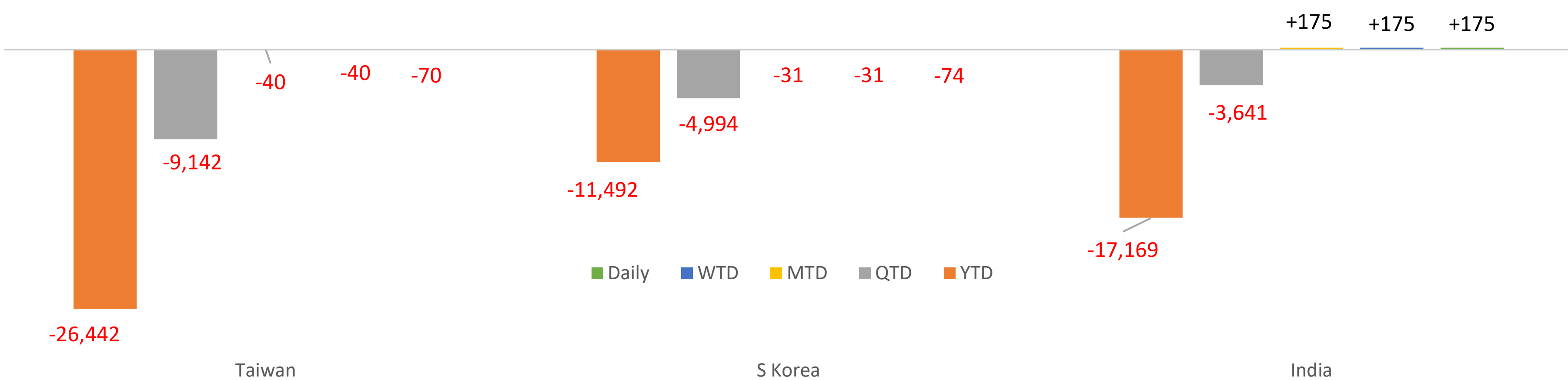


Exhibit 7: Selected North Asian Equity Markets (Net USD mil)



DISCLAIMER

This document is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Fundamental ratings include various financial data from the income statement, balance sheet, and cash flow statement items such as sales, profit, all important ratios, cash flows, working capital, cash conversion cycle and etc. over the past quarters and years. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not indicative of future performance. This document is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this document. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this document. The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Astute Fund Management Berhad ("AFMB") (formerly known as Apex Investment Services Berhad) and consequently no representation is made as to the accuracy or completeness of this document by AFMB and it should not be relied upon as such. Accordingly, AFMB and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this document. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice. This document may contain forward-looking statements which are often but not always identified by the use of words such as " anticipate", "believe", "estimate", intend", "plan", " expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could " or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward-looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. AFMB expressly disclaims any obligation to update or revise any such forward-looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events. AFMB and its officers, directors and employees, including persons involved in the preparation or issuance of this document, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this document, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this document. One or more directors, officers and/or employees of AFMB may be a director of the issuers of the securities mentioned in this document to the extent permitted by law. This document is prepared for the use of AFMB clients, consultants or Representatives and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of AFMB. AFMB and its Representatives accepts no liability whatsoever for the actions of third parties in this respect. This document is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This document is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this document.

This document has not been reviewed by the Securities Commission Malaysia ("SC"), Federation of Investment Managers Malaysia ("FIMM") and Employees Provident Fund ("EPF"). The SC, FIMM and EPF are not liable for this document and are not in any way associated with this document. The SC, FIMM and EPF are not responsible for the contents herein and do not make any representation on the accuracy or completeness of this document, either in whole or in part.

Data, charts and news sources are derived from Bloomberg. Portfolio Managers' Views are from Astute Fund Management Berhad.