

PORTFOLIO MANAGERS' VIEWS



31 May 2022

MALAYSIA & REGIONAL

1. THE WEEK IN REVIEW (24-28 May 2022): Last week, Malaysia Airports Holdings Berhad (MAHB) issued the traffic snapshot for April 2022. Passenger traffic movements in the KL International Airport (KLIA) and other airports in Malaysia totaled 2.78m in April, a 8% MoM decline compared to 3.03m in March due largely to a 15% fall in total domestic travel from 2.61m to 2.22m passengers over the same period. The fall in domestic travel can be attributed to the Ramadan month in April. Importantly, the opening of borders from 1 April 2022 saw international passenger movement jump 53% in a month to 643,000 in April, and year-to-date, a 94% increase to 1.61m international passengers. This increase marks a strong turning point after Malaysia recorded just 0.13m arrivals in year 2021 when borders were closed, and 26.1m arrivals in 2019 before the COVID-19 pandemic hit in early 2020. Pre-pandemic, tourist arrivals hovered at 26m annually in each of the five years from 2015-2019, with per capita expenditure of RM2,700-RM3,300 (source: Tourism Malaysia).

2. STRATEGY & OUTLOOK: While the contribution of tourist receipts to the economy was just 5% before the pandemic, the impact of local movements have greater significance to the GDP. Easing of movement controls has seen improvements in the services sector, which made up 53% of Malaysia's GDP in Q1 2022. Double-digit jumps in were seen in retail (+11% YoY), accommodation (+87%), restaurants (+20%) and transportation (+27%). Out of the sectors above, retail is the fifth-highest in terms of contribution to Malaysia's services sector (14% share) and accounts for 8% of GDP. Our findings of retail companies in Malaysia are consistent with the improved landscape. A retail apparel operator had just reported a 25% YoY rise in sales in its latest Q1 2022 results, whereas a beverage producer and a leisure services company posted sales increases of 23% and 176% respectively in the same period. The economic reopening theme remains in play, supported by easing of movements and the return of domestic consumption. Our Malaysian and regional fund are invested in a number of stocks that benefit from the resurgence in domestic movement and spending.

MALAYSIA

Exhibit 1: FBM KLCI and FBM Shariah Index

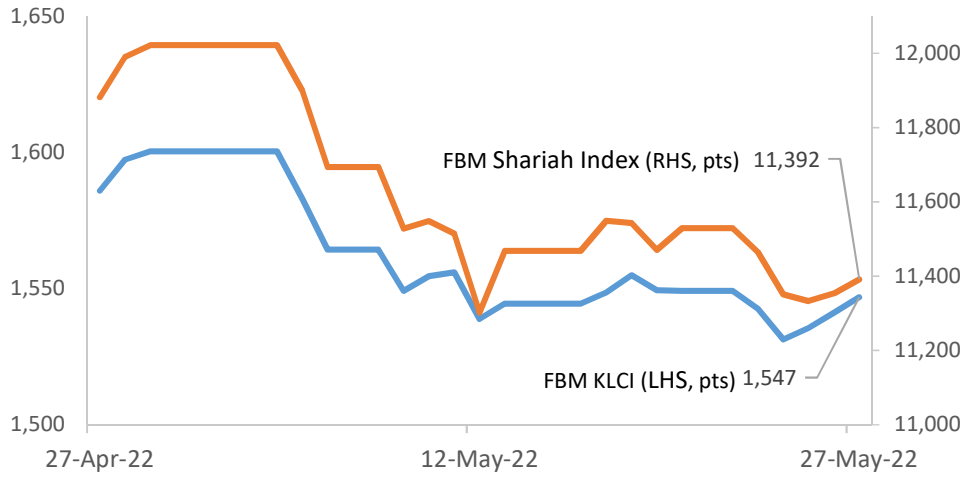


Exhibit 2: USDMYR FX

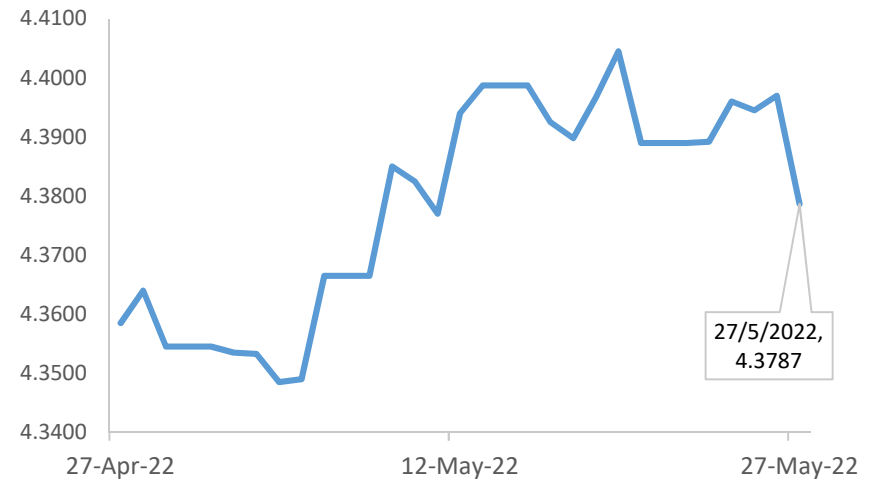


Exhibit 3: Sector Performance Indices (1 Week, %)

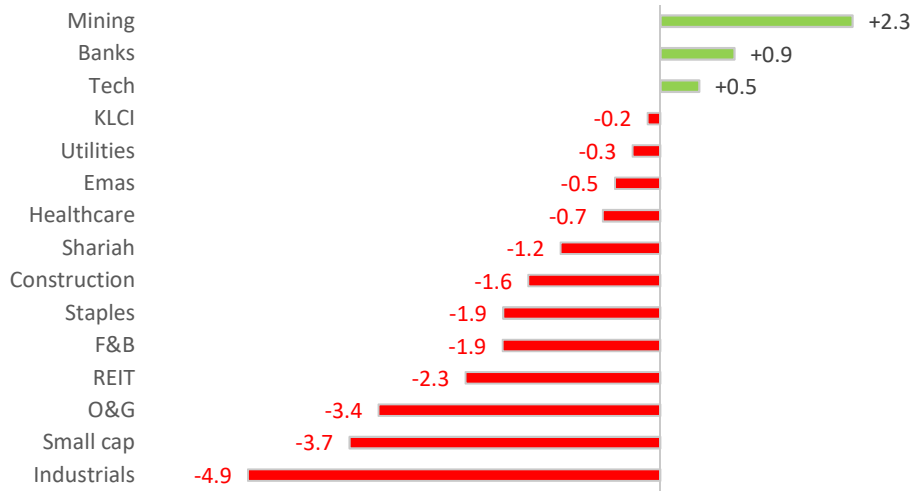
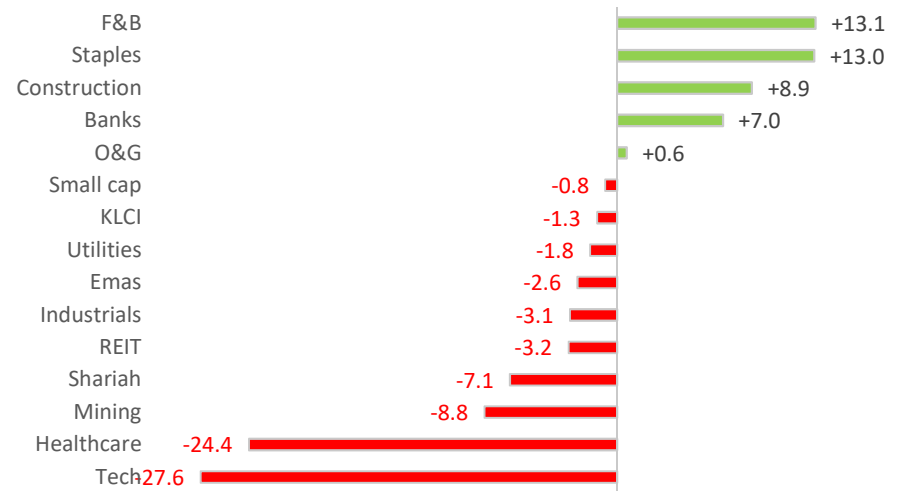


Exhibit 4: Sector Performance Indices (Year-to-Date, %)



MALAYSIA

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

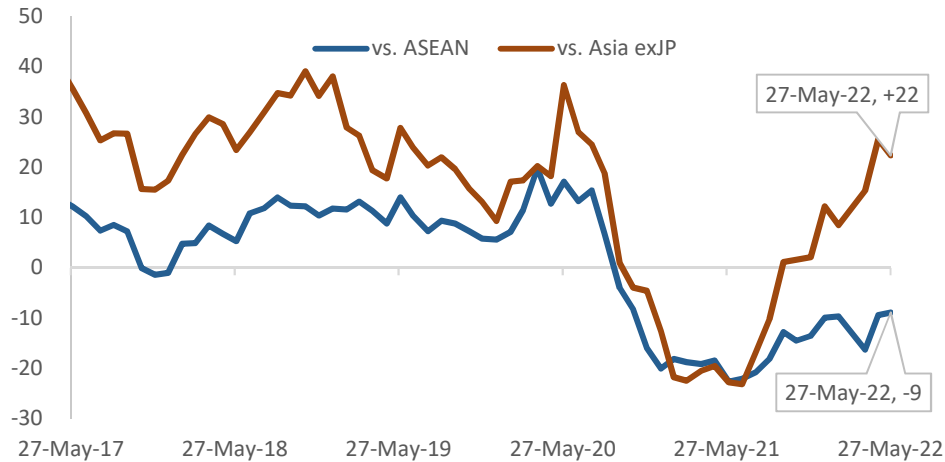


Exhibit 6: KLCI's 2022 Price-Earnings Ratio (PER, x)

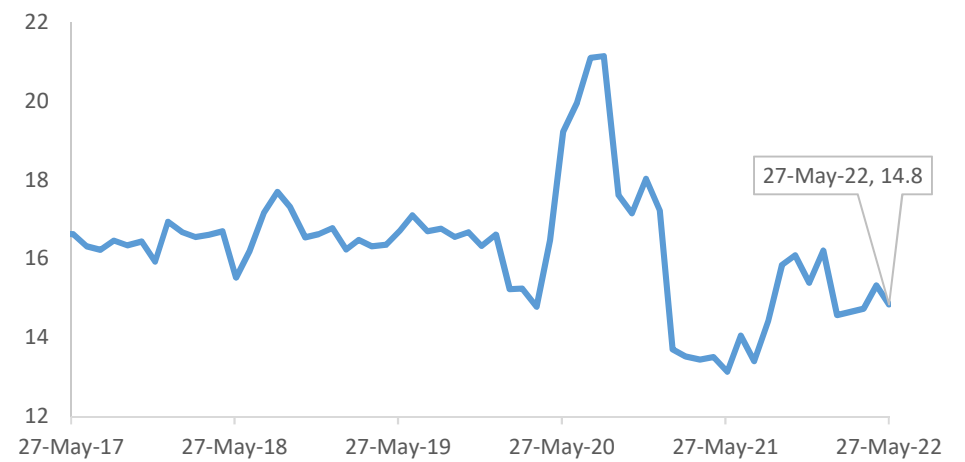


Exhibit 7: KLCI's Price-to-Book Ratio (PBR, x)

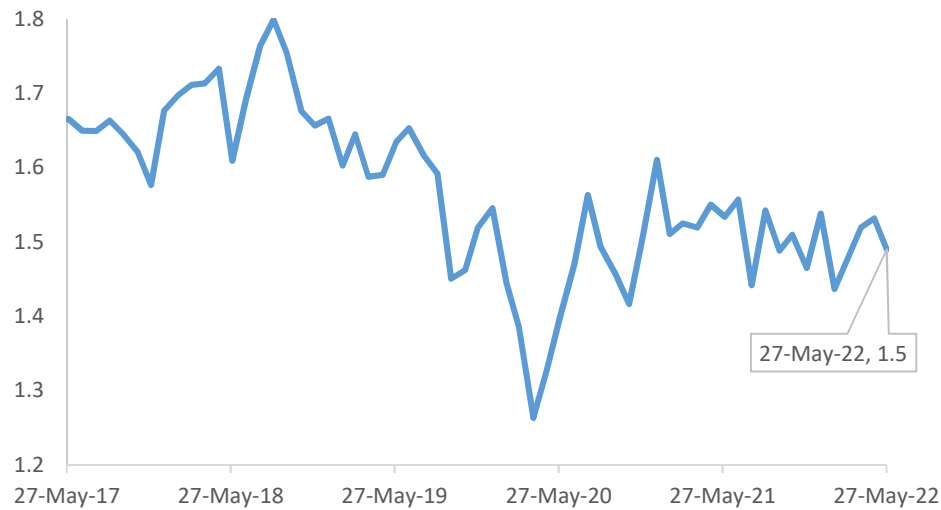


Exhibit 8: KLCI's Dividend Yield (DY, %)



REGIONAL

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



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

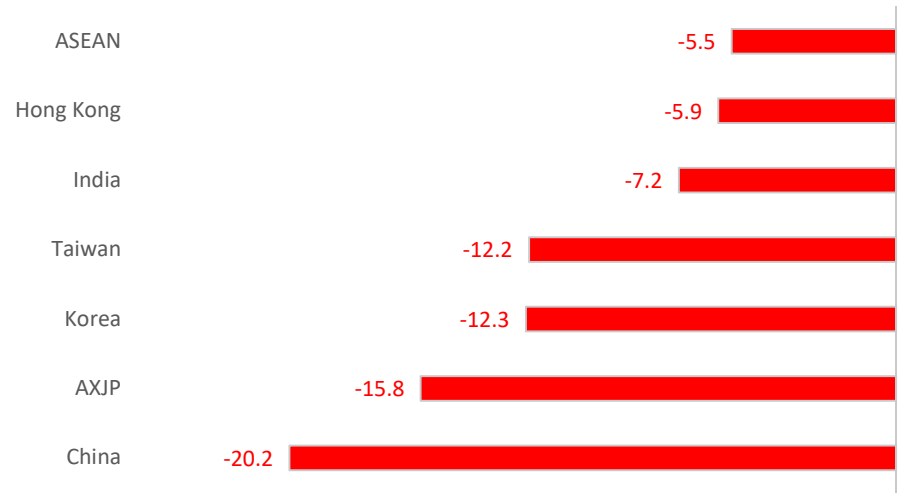


Exhibit 3: MSCI Sector Performance Indices (1 Week, %)

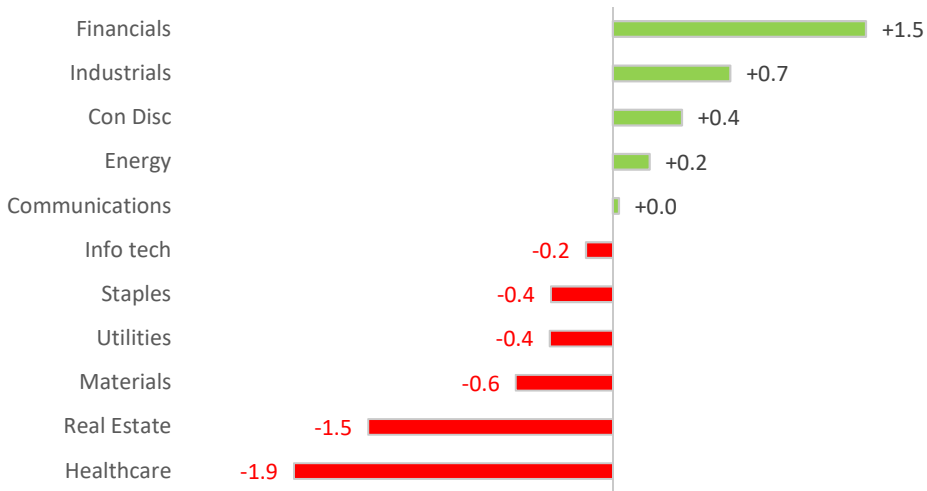
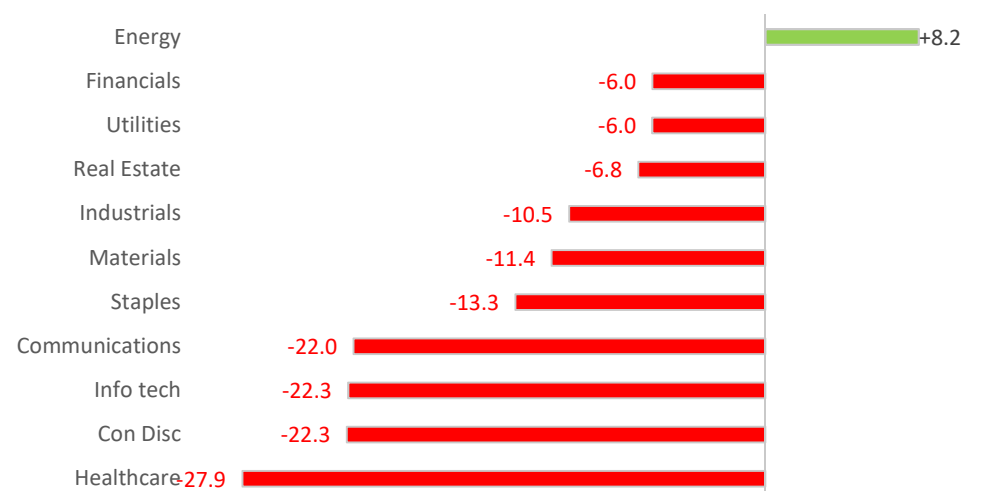
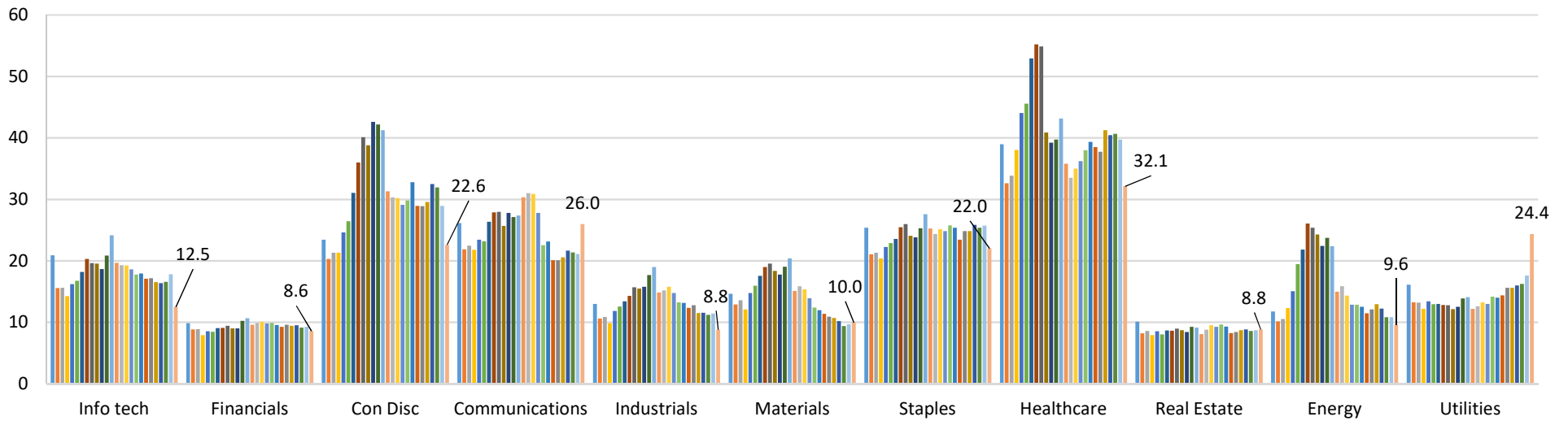
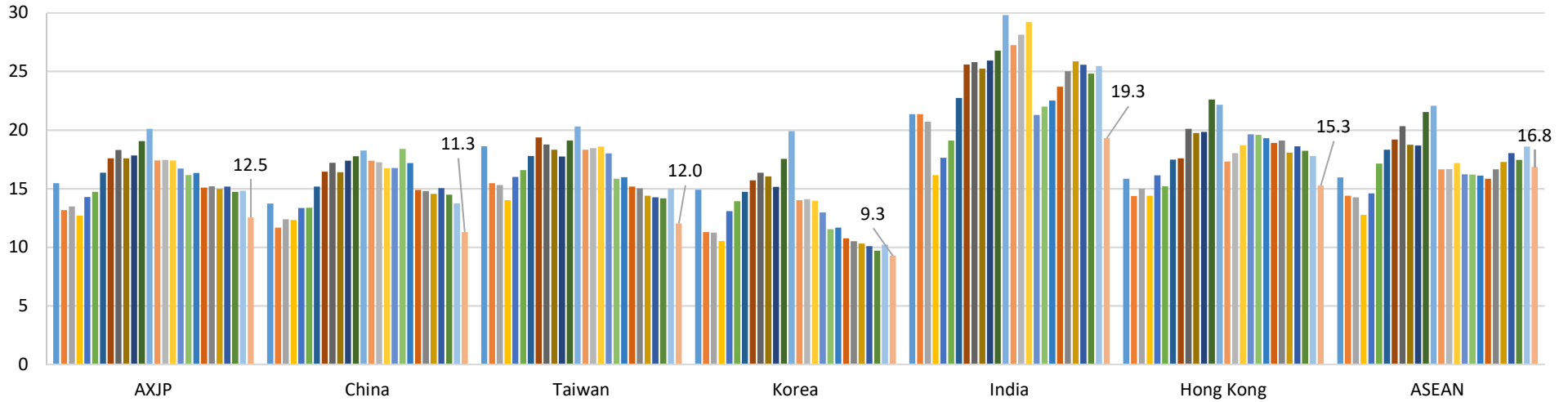


Exhibit 4: MSCI Sector Performance Indices (Year-to-Date, %)



REGIONAL

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



FOREIGN NET FLOWS

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

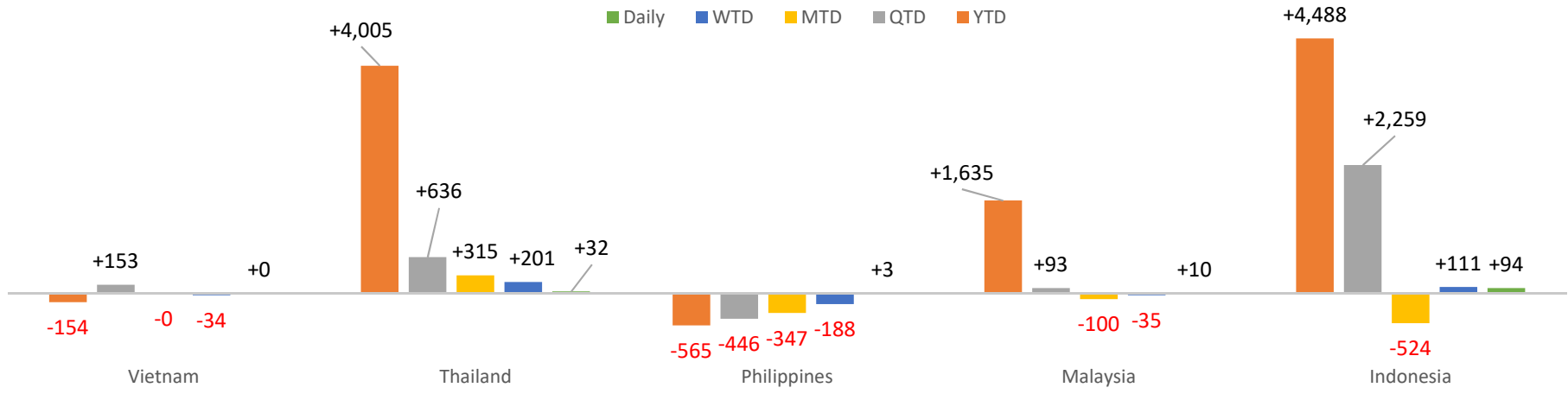
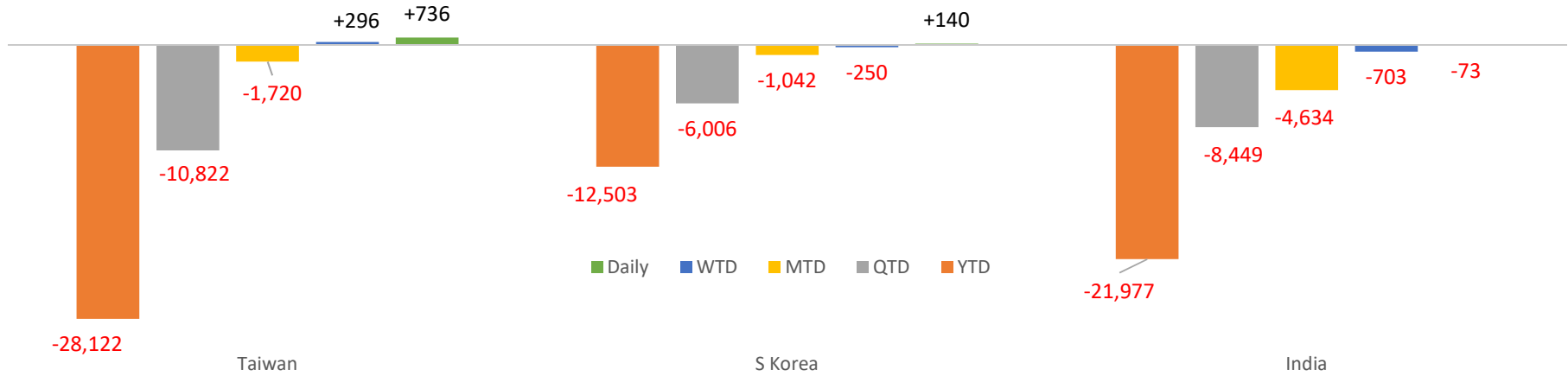


Exhibit 7: Selected North Asian Equity Markets (Net USD mil)



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