Kenanga Investors

December 2025
Market Review and Outlook

Mixed Assets Market Review

Global equities were muted in November, as the Dow Jones, S&P500 indices rose 0.32% and 0.13% respectively but the Nasdaq declined 1.51% in the US. The decline in the Nasdaq was driven by concerns on the sustainability of AI spending and high valuations. However, fundamental momentum remains strong as high hyperscale capex and Nvidia's revenue reacceleration, given strong bookings into 2026, will support earnings for AI technology hardware. The longest US government shutdown ended on 12 November having caused delays in official economic data releases and increasing reliance on private indicators for markets. Based on ADP data, private sector US employers unexpectedly cut payrolls, down by -32k vs. expected +40k jobs in November amid the government shutdown and raising the probability of a third Fed rate cut for the year in December.

European equities EuroStoxx50 inched up slightly by 0.1% in November but weak PMI reading (Eurozone composite 47) and no clear market catalyst limited gains. Eurozone equities (Stoxx 600, Euro Stoxx 50) were supported by US Federal Reserve (Fed) rate-cut expectations and stable European Central Bank (ECB) policy, but gains were capped by weak manufacturing and political uncertainty due to geopolitical risks. Minutes from the ECB meeting released in November also indicated no hurry to cut rates given a firmer economy and inflation at target. There was continued geopolitical uncertainty as Trump advanced a Russia-Ukraine peace plan but no major escalation from the war.

In Asia, MSCI Asia ex Japan Index declined by 2.9% in November, given concerns over AI spend and valuations. The biggest decliners being Korea (-4.4%) and Japan (-4.1%) month-on-month (MoM); but offset partially by outperformers in Indonesia (+4.2%) and Singapore (+2.2%) MoM. Korea's KOSPI declined on dampened appetite for semiconductor and export cyclicals after prior strength. Japan also declined as positive factors that had driven the prior month's rally such as sentiment over AI spend weakened. China posted modest declines (CSI300 -2.5%, SSE Comp -1.7%) as stocks struggled amid ongoing economic headwinds, with weak manufacturing PMI and sluggish property sector curbing growth. Geopolitical uncertainty eased, with the extension of tariff implementations and export controls post the US-China trade meet in Korea.

In Malaysia, the FBMKLCI, FBM100, FBM Shariah and FBM Small Cap was at -0.3%, -0.5%, -2.0% and -5.7% MoM, respectively. Sector laggards include Technology, Healthcare, and Telecommunication, while Financials, Property and Building materials saw selected gains. Macro fundamentals remained solid, with GDP growth surprising on the upside and inflation staying benign. Reflecting this solid macro environment alongside foreign bond inflows and Fed rate cut expectations, the Ringgit rallied to its strongest level in over a year against the USD.

Commodity prices eased, with Brent crude falling 2.9% MoM to USD 63.2 per barrel. driven by potential supply increases from OPEC+ and ongoing demand concerns. Crude palm oil (CPO) prices declined 2.2% MoM to RM 4,114/MT, weighed down by expectations of higher production and weaker prices for other edible oils in China.

On the fixed income front, US Treasuries (UST) extended gains in November as markets increased expectations of a potential Fed rate cut at the December Federal Open Market Committee (FOMC) meeting, supported by signs of a cooling labour market and bouts of safe haven demand. The combination of softer labour market momentum and lingering uncertainty reinforced market bets on near-term policy easing. Fed officials, however, delivered a mix of hawkish and dovish remarks during the month, leaving investors cautious ahead of the December meeting. Overall, UST ended the month firmer, with the 2Y yield falling 8 basis points (bps) MoM to 3.49% and the 10Y yield easing 7bps MoM to 4.01%. Similarly, Malaysian Government Securities (MGS) strengthened in November, with the 3Y and 10Y yields closing 9bps and 3bps lower MoM at 3.04% and 3.47%

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respectively, supported by renewed foreign inflows amid a stronger Ringgit. Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 2.75% on 6 November, reaffirming confidence in the domestic growth outlook following the stronger-than-expected 5.2% year-on-year (YoY) Gross Domestic Product (GDP) growth in 3Q2025 and benign inflation, which eased to 1.3% YoY in October.

Mixed Assets Market Outlook

Post the US-China trade truce, attention turns to the depth and pace of Fed rate cuts which could support valuations and stimulate demand. Sentiment shifted positively after rate cut probabilities for December turned upwards, driving a late-month recovery in the Nasdaq. The ongoing strength and sustainability of the AI and datacentre build-out theme remain a principal driver of global equities. However, the October FOMC minutes, together with recent Fed communications, highlighted a wide dispersion of views within the Committee ranging from members advocating for a pause to others favouring a rate cut, reinforcing the current monetary policy uncertainty. This lack of consensus, combined with the data vacuum, has constrained market confidence in assessing the monetary policy path and is likely to sustain elevated volatility in US rates markets in the near term.

Malaysia's growth is expected to remain resilient, despite external uncertainties that may pose risks to near-term exports and GDP growth. Infrastructure projects, FDIs and domestic private investment are helping to offset export weakness. Meanwhile, domestic consumption is expected to be supported by accommodative fiscal and monetary policies. Looking ahead, the local bond market is expected to remain well supported by steady reinvestment demand and ample domestic liquidity, although global monetary developments and external market conditions may continue to drive short-term volatility.

Mixed Assets Fund Strategies

A resilient domestic outlook stands in contrasts to a mixed external environment, given lingering tariff-related uncertainties, but with potential improvement in liquidity and capital flows from US rate cuts. Against this backdrop, we continue to favour sectors benefitting from strong thematic drivers such as AI & datacentre buildouts, infrastructure project rollouts, new energy, and a nascent tech upcycle. Key sectors in focus are utilities & renewable energy, infrastructure (including construction and property), technology, and REITs. A bottom-up stock picking approach preferred to identify specific opportunities.

As for fixed income, we will continue to invest in a diversified portfolio of fixed income securities and other permissible investments. Emphasis is placed on credit-worthy issuers of debt and investment-grade fixed income instruments.

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Kenanga Managed Growth Fund

(A Fund under Kenanga OneAnswer™ Investment Funds)

December 2025

kenanga
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- **LSEG Lipper Fund Awards 2025 - Malaysia**
  Mixed Asset MYR Flexible
  Malaysia Provident Fund over 10 Years

3-year Fund Volatility **7.7** Low
Lipper Analytics 11 Nov 2025

FUND OBJECTIVE

Aims to achieve long-term capital growth through diversified investments in equities and bonds.

Fund Category/Type
Balanced / Income & Growth

Launch Date
23 April 2004

Trustee
CIMB Commerce Trustee Berhad

Benchmark
FTSE Bursa Malaysia Top 100 Index (50%) & RAM Quantshop MGS All Index (50%)

Designated Fund Manager
Lee Sook Yee

Sales Charge
Max 6.50%

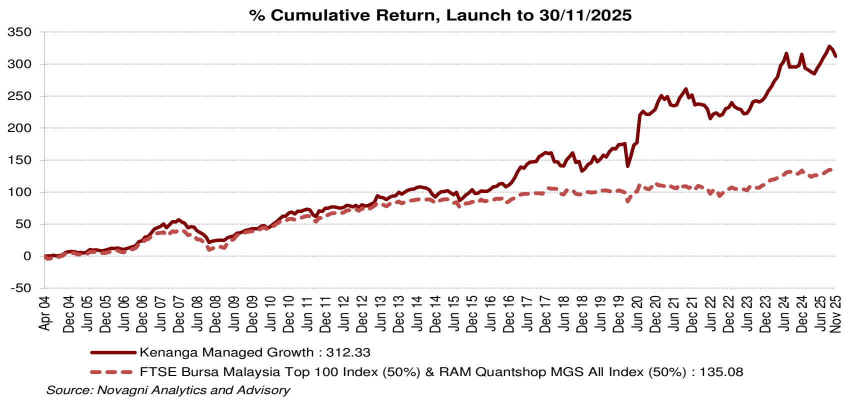
Annual Management Fee
1.55% p.a.

Annual Trustee Fee
0.07% p.a. subject to a minimum of RM9,000

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 (%)



CUMULATIVE FUND PERFORMANCE (%)#

Period	Fund	Benchmark
1 month	-2.51	0.01
6 months	4.90	3.83
1 year	3.69	2.49
3 years	24.88	15.60
5 years	26.78	12.16
Since Launch	312.33	135.08

CALENDAR YEAR FUND PERFORMANCE (%)#

Period	Fund	Benchmark
2024	19.24	10.39
2023	4.82	3.51
2022	-5.54	-2.08
2021	6.83	-2.81
2020	19.98	6.10

 # Source: Novagni Analytics and Advisory, 30 November 2025

DISTRIBUTION HISTORY *

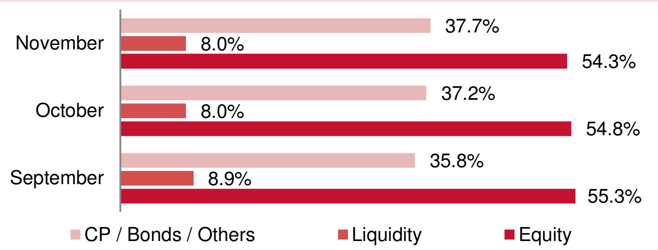
	Gross Distribution		
Date	RM	Yield (%)	Unit Split
15-Apr-22	10.00 sen	8.36%	-
9-Apr-21	13.91 sen	9.97%	-
16-May-16	7.92 sen	9.07%	-

HISTORICAL FUND PRICE *

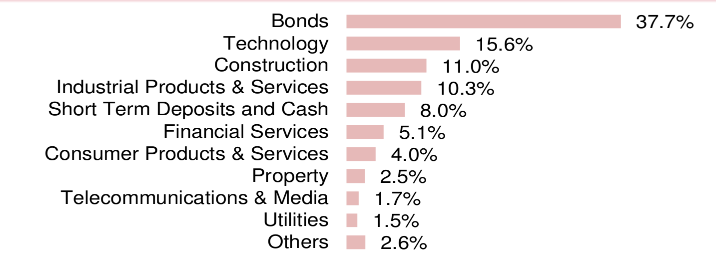
	Since Inception	Date
Highest	RM 1.4211	3-Oct-25
Lowest	RM 0.4677	24-Aug-04

FUND SIZE *	NAV PER UNIT *
RM 41.72 million	RM 1.3420

ASSET ALLOCATION (% NAV) *



SECTOR ALLOCATION (% NAV) *



TOP EQUITY HOLDINGS (% NAV) *

1	ITMAX SYSTEM BHD	4.9%
2	GAMUDA BHD	4.5%
3	CIMB GROUP HOLDINGS BHD	4.0%
4	SOUTHERN CABLE GROUP BHD	3.3%
5	FRONTKEN CORPORATION BHD	2.7%

TOP FIXED INCOME HOLDINGS (% NAV) *

1	RENIKOLA II IMTN 4.200% 29.09.2026 S3	4.9%
2	GII MURABAHAH 6/2015 4.786% 31.10.2035	2.7%
3	BERAPIT IMTN 4.850% 12.11.2036 S10	2.5%
4	YTL POWER IMTN 4.21 20370318	2.5%
5	CIMBI IMTN 4.070% 30.07.2035 - S4 T3	2.5%

** Source: Kenanga Investors Berhad, 30 November 2025*