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Malaysian market a laggard but gov't funds record gains

Equity value of KWAP's 20 largest holdings in Bursa-listed firms up 8.28% or RM404m in 1H19 — data

BY CHESTER TAY

KUALA LUMPUR: The Malaysian equity market was among the worst-performing markets in the first half of 2019 (1H19) judging by the downward trend of the FBM KLCI. Still, the three big public funds — the Employees Provident Fund (EPF), Permodalan Nasional Bhd (PNB) and its unit trust Skim Amanah Saham Bumiputera, as well as Kumpulan Wang Porsaran (Diperbadankan) (KWAP), recorded some gains on their equity portfolios in the past six months, although barely single digit.

A random check on the top 20 largest holdings by three fund managers shows that most of the stocks recorded gains in 1H19. According to *Bloomberg* data, the equity value of KWAP's 20 largest holdings in Bursa Malaysia-listed companies, with collective market capitalisation of RM4.06 billion as at end-2018, recorded an 8.28% or RM403.85 million appreciation in 1H19, the highest percentage gain among the four institutions.

Among the largest gainers in KWAP's portfolio was Pentamaster Corp Bhd, whose share price gained 57% to RM2.88 on the final trading day of June this year, followed by VS Industry Bhd, which leaped nearly 55% to RM1.10 on June 28.

KWAP owns a 7.3% stake in Pentamaster and 11.8 in VS Industry. Over at the EPF, in terms of absolute value, the equity value of its 20 largest shareholdings in Bursa-listed firms appreciated by RM4.01 billion in 1H19, or 5.72%, against

the market value of RM70.05 billion as at end-2018.

Axiata Group Bhd contributed the largest boost to the provident fund's equity portfolio. The EPF's stake in Axiata has climbed by an estimated RM1.57 billion or 27.5% to RM7.29 billion as at end-June.

The EPF owns a 10% stake in the regional telecommunications giant, which is currently in talks with Telenor on merging the duo's Asian operations.

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EPF's 20 largest holdings in Bursa

SECURITY	STAKE (%)	END-JUNE 2019 HOLDING VALUE (RM ML)	1H2019 CHANGE (RM ML)	% CHANGE	1H2019 PRICE (RM)	1H2019 PRICE CHANGE (%)
Malaysia Building Society Bhd	63.77	3,666.90	(81.46)	(2.17)	0.90	(1.10)
RHB Bank Bhd	41.18	9,230.97	495.40	5.37	5.29	1.13
Dutch Lady Milk Industries Bhd	36.19	1,482.34	46.32	3.23	64.00	138.16
Malaysian Resources Corp Bhd	35.91	1,502.60	531.97	54.81	0.95	0.18
Axiata Group Bhd	16.04	7,291.88	1,573.77	27.52	4.98	0.32
Axis Real Estate Investment Trust	16.01	346.66	37.64	12.18	1.75	4.65
Telekom Malaysia Bhd	15.58	2,341.94	784.55	50.38	4.00	0.51
IJM Corp Bhd	15.52	1,391.89	440.15	48.28	2.40	0.55
Sunway REIT	15.38	847.02	63.41	8.09	1.87	2.95
Tenaga Nasional Bhd	15.33	12,065.74	209.23	1.76	13.84	6.61
Sime Darby Plantation Bhd	14.64	4,958.88	219.62	4.63	4.92	2.24
IJM Plantations Bhd	14.01	181.35	8.64	5.00	1.47	17.02
United Plantations Bhd	13.60	757.36	36.74	5.10	26.80	72.95
Digi.Com Bhd	13.42	5,269.20	573.87	12.22	5.05	0.88
CIMB Group Holdings Bhd	13.26	6,939.42	(302.26)	(4.17)	5.38	(1.78)
Malaysia Airports Holdings Bhd	13.10	1,894.03	32.60	1.79	8.53	26.16
Alliance Bank Malaysia Bhd	13.09	781.95	(52.69)	(6.77)	3.76	(7.10)
Globetronics Technology Bhd	12.91	144.26	(6.89)	(4.56)	1.67	(24.24)
AEON Co (M) Bhd	12.82	304.19	39.60	14.97	1.69	4.27
Malayan Banking Bhd	12.78	12,757.42	(640.47)	(4.78)	8.88	(1.39)
Total		4,009.71	5.72			

Source: Bloomberg

Skim Amanah Saham Bumiputera's 20 largest holdings in Bursa

SECURITY	STAKE (%)	END-JUNE 2019 HOLDING VALUE (RM ML)	1H2019 CHANGE (RM ML)	% CHANGE	1H2019 PRICE (RM)	1H2019 PRICE CHANGE (%)
Sime Darby Property Bhd	43.87	3,073.03	104.42	3.52	1.03	4.46
Sime Darby Plantation Bhd	43.66	14,788.56	654.95	4.63	4.92	3.71
MNRB Holdings Bhd	43.57	364.28	51.80	16.58	1.09	16.58
Alliance Bank Malaysia Bhd	41.43	6,362.75	(994.46)	(15.83)	2.26	(6.90)
Amanah Harta Tanah PNB	41.01	70.37	-	-	0.78	3.86
UMW Holdings Bhd	40.98	2,585.34	(33.51)	(1.28)	5.40	(0.83)
Velesto Energy Bhd	37.92	934.61	373.84	66.67	0.30	66.67
Malayan Banking Bhd	34.65	34,588.77	(1,736.48)	(4.78)	8.88	(3.19)
Sapura Energy Bhd	26.99	1,290.60	821.59	175.17	0.30	5.26
Dutch Lady Milk Industries Bhd	25.26	1,034.65	32.33	3.23	64.00	4.03
S P Setia Bhd Group	24.25	2,122.22	(124.46)	(5.84)	1.64	(6.39)
Asia File Corp Bhd	19.34	300.78	(5.83)	(1.94)	2.41	(3.25)
MMC Corp Bhd	18.16	630.40	171.42	37.35	1.14	42.68
Mesiniaga Bhd	17.76	14.05	1.72	13.91	1.31	13.91
Apollo Food Holdings Bhd	15.17	47.94	3.88	8.02	3.95	8.82
Amway (Malaysia) Holdings Bhd	13.05	130.96	2.15	1.67	6.10	4.65
Axiata Group Bhd	12.00	5,495.27	1,177.38	27.52	4.98	28.12
Capitaland Malaysia Mall Trust	11.96	292.22	733	2.97	1.64	6.96
Telekom Malaysia Bhd	11.84	1,775.76	596.22	50.38	4.00	5.29
Hock Seng Lee Bhd	9.55	70.85	-	-	1.35	1.05
Total		1,704.47	2.30			

Source: Bloomberg

PNB's 20 largest holdings in Bursa

SECURITY	STAKE (%)	END-JUNE 2019 HOLDING VALUE (RM ML)	1H2019 CHANGE (RM ML)	% CHANGE	1H2019 PRICE (RM)	1H2019 PRICE CHANGE (%)
Chemical Co of Malaysia Bhd	48.86	170.23	24.43	16.76	2.09	17.95
Duopharma Biotech Bhd	45.19	409.77	125.62	44.21	1.37	48.59
S P Setia Bhd Group	25.26	2,209.20	(129.65)	(5.90)	2.16	(6.39)
Velesto Energy Bhd	13.60	335.20	134.08	66.67	0.30	66.67
MNRB Holdings Bhd	13.11	109.61	15.59	16.58	1.09	16.58
HiTech Padu Bhd	10.42	9.33	4.85	108.24	0.89	108.24
UMW Holdings Bhd	7.84	494.61	(6.41)	(1.28)	5.40	(0.83)
BIMB Holdings Bhd	5.30	427.33	107.78	33.73	4.57	28.37
Amanah Harta Tanah PNB	5.06	8.69	-	-	0.78	3.86
Sime Darby Bhd	5.03	773.11	(47.69)	(5.83)	2.66	(6.90)
Sime Darby Plantation Bhd	4.32	1,463.28	64.80	4.63	4.92	3.71
AXIS REIT	3.43	74.27	8.06	12.18	1.75	15.36
Tenaga Nasional Bhd	2.70	2,125.08	36.85	1.76	13.84	3.63
Cyark Resources Bhd	2.47	37.66	(0.22)	(1.21)	1.56	1.17
IJM Corp Bhd	2.26	196.86	64.09	48.28	2.40	49.35
Al-Aqar Healthcare REIT	1.98	21.86	2.77	14.50	1.50	17.74
Kawan Food Bhd	1.70	819	(34.08)	(29.49)	1.34	(28.80)
UOA Development Bhd	1.69	74.78	8.72	13.21	2.26	13.23
Gamuda Bhd	1.56	144.83	54.74	60.76	3.76	64.88
Mitrajaya Holdings Bhd	1.51	4.63	0.89	23.87	0.35	23.21
Total		465.65	5.41			

Source: Bloomberg

KWAP's 20 largest holdings in Bursa

SECURITY	STAKE (%)	END-JUNE 2019 HOLDING VALUE (RM ML)	1H2019 CHANGE (RM ML)	% CHANGE	1H2019 PRICE (RM)	1H2019 PRICE CHANGE (%)
SKP Resources Bhd	14.20	232.56	46.16	24.76	1.31	24.76
Bnari Amertron Bhd	13.74	698.46	45.81	7.02	1.60	8.33
VS Industry Bhd	11.77	234.41	79.55	51.36	1.10	54.71
Bursa Malaysia Bhd	11.58	654.54	14.96	2.34	2.66	(5.08)
LBS Bina Group Bhd	11.52	92.25	(22.69)	(19.74)	0.52	(19.53)
Axis REIT	10.42	225.62	24.50	12.18	1.75	15.36
Boustead Holdings Bhd	9.78	216.08	(63.44)	(22.70)	1.09	(22.70)
Yinson Holdings Bhd	9.67	636.17	198.85	44.81	6.09	45.00
Capitaland Malaysia Mall Trust	9.54	202.81	5.85	2.97	1.04	6.67
Amway (Malaysia) Holdings Bhd	9.23	92.55	1.52	1.67	6.10	4.65
S P Setia Bhd Group	9.21	2,145.55	(30.60)	(1.70)	1.64	(6.39)
Bitulu Port Holdings Bhd	9.18	208.92	16.89	8.89	4.90	10.26
Malakoff Corp Bhd	8.62	360.17	23.08	6.85	0.86	11.33
Al-Aqar Healthcare REIT	8.26	91.19	11.55	14.50	1.50	17.74
Tune Protect Group Bhd	7.91	40.73	7.43	23.32	0.69	28.04
TIME dotCom Bhd	7.80	408.39	39.61	10.74	8.97	13.42
Pos Malaysia Bhd	7.80	92.20	(12.82)	(12.21)	1.91	(12.21)
S P Setia Bhd Group	7.68	666.94	(39.42)	(5.90)	2.16	(6.39)
SCM Bhd	7.62	15.56	(4.77)	(27.54)	0.86	(27.54)
Pentamaster Corp Bhd	7.29	99.70	36.23	57.09	2.88	57.12
Total		403.85	8.28			

Source: Bloomberg

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‘Broader market remains resilient in Malaysia’

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PNB also holds a substantial stake of 12% in Axiata, but its share price increase seemed to be less impactful on the fund's equity portfolio. The value of 20 largest holdings in Skim Amanah Bumiputera's equity portfolio appreciated by a mild 2.3%.

Skim Amanah Bumiputera's stake in Axiata appreciated by an estimated RM1.18 billion or 27.5% to RM5.46 billion by end-June.

However, the investment trust's portfolio value was dragged down by its investment in Malayan Bank-

ing Bhd, whose share price fell 3.2% or 29 sen to RM8.88 in 1H19. It holds a 34.7% stake in the bank.

Skim Amanah Bumiputera's shareholding value in the country's largest bank dropped about RM1.74 billion or 4.8% to RM34.59 billion in the six-month period.

When contacted, Areca Capital Sdn Bhd chief executive officer Danny Wong told *The Edge Financial Daily* that although the FBM KLCI's performance was not on par with its regional peers in 1H19, it is worth noting that the broader market remains resilient

in Malaysia.

"If you look at the FBM Top 100, FBM Mid 70, and FBM Small Cap, they all went up in the first half of the year, so the market overall is quite good, because Asia regional [markets were] rising as well, so locally, only a few index heavyweights dragged the KLCI down," he said.

The KLCI fell 1.1% in 1H19, contrary to the trend of the other three indices which track broader range of stocks. The FBM Top 100 gained 1.64% in the six-month period, while FBM Mid 70 was up 11.7%,

and FBM Small Cap climbed 15% in the same period.

"For the second half of the year, I am quite optimistic," said Wong.

He said the market might go through a consolidation phase before it heads higher partly because of the weak corporate earnings in the second quarter.

Nonetheless, others in the investing fraternity hold a more cautious view given the certain trade tensions between China and the US. They expect trading sentiment to remain muted for the rest of the year.

"Comparatively, our stock market's performance is still slower than regional peers, and some of these stocks were badly beaten down in the second half of 2018, so there was partly recovery in 1H19 as well, not entirely appreciation.

"There may be some news-driven excitement in the second half, but some of the mega public project like the ECRL (East Coast Rail Link) contract awards are more likely to happen only early next year, plus political risk, there are still a lot of uncertainties in the market," he said.