



## MARKET OUTLOOK

The ASEAN bourses recorded positive returns in December 2021 except for the Philippines' Stock Exchange Index (PCOMP) that went down by 1.09% MoM. The remaining bourses namely Thailand's Stock Exchange Index (SET), FTSE Bursa Malaysia KLCI Index (FBMKLCI) Singapore's Straits Times Index (STI), and Jakarta Composite Index (JCI), rose by 5.67%, 3.54%, 2.71%, and 0.73% MoM respectively.

The regulatory crackdowns in 2021 across the tech and property space are likely to cause a marked slowdown in China's 2022 GDP growth towards the 5% level. We believe the worst is over for 2021 especially the technology-related companies in China are more in line with President Xi's vision to promote common prosperity theme, dual circulation economy, and tougher National Security issues for generations to come. Nevertheless, the Zero COVID policy may induce China's policy makers to ease its policy by cutting the Reserve Requirement Ratio, liquidity injections, or providing targeted credit support. The government may also accelerate infrastructure spending and some marginal easing on the property sector although still keeping a lid on home prices.

The ECB views inflation as transitory, with forecasts for the next years moderating to below 2%. This has led to the decision to move slowly and hold rates at their present levels of 0%, even as they scale down the 1.85 trillion-euro Pandemic Emergency Purchase Programme as planned, to close next March. The contractionary move is countered by the purchase of bonds through the longer-running but more rigid Asset Purchase Programme in the 2Q2022. As such, the impact of the policy on the markets is expected to be minimal. The main risks are more geopolitical in nature. That includes the current tensions between Russia and Ukraine, which is also linked to energy supply security given that Europe relies on natural gas supplies from Russia.

Against the elevated inflation level, we view the FOMC committee decision to quicken the pace of tapering presumably to prepare the way for increases in interest rates as positive, despite market knee-jerk reaction. However, we believe the short-term volatility is due mainly to the January effect of portfolio rebalancing than the fear of stagflation, as can be seen in the increasing divergence between 10-year inflation expectation (BEI) and Treasury yield. Having said that, we also do not deny that as Fed shrinks its balance sheet, liquidity in the market will be reduced, and thus market momentum will be weakened but our current base case scenario is a goldilocks market. Against this backdrop, our 2022 strategic asset allocation (SAA) recommendations are Neutral (Neutral on equities, bonds, and alternative investments), as we expect modest global growth and excess liquidity. Nonetheless, the eventful 2022 mid-term election may see U.S. – China trade tension continue to stay in 2022 in order to help garner support for President Biden as he has been tough on this matter even during his election campaign.

## EQUITY

FBMKLCI rose by 3.54% MoM in December 2021 to close at 1,567.53 points. Looking at the trading participants for the month, local retailers and local institutions were both net buyers, buying MYR312.06 million and MYR829.12 million worth of shares, respectively. On the other hand, foreign investors were the only net sellers selling MYR1.14 billion worth of shares. For the full year 2021, local institutions and foreign investors were the net sellers, selling MYR8.99 billion and MYR3.15 billion worth of shares, respectively, while the local retailers were net buyers, buying MYR12.1 billion.

The sectors in Malaysia recorded mixed returns in December 2021 with industrial products, finance, transport, plantation, utilities, and consumer rose by 3.93%, 3.53%, 1.98%, 1.86%, 1.08%, and 0.80% MoM respectively. Others namely energy, telecom, property, technology, and construction, slid into the negative territory that dropped by 0.12%, 0.71%, 0.76%, 2.79%, and 3.25% MoM respectively with healthcare declined the most by 4.76% MoM amid concerns over mounting pressure on glove selling prices and overcapacity.

## BOND

In December 2021, the yield for the Malaysian Government Securities (MGS) for the 3-year, 5-year and 10-year increase by 15bps, 4bps, and 9bps to close at 2.81%, 3.16% and 3.60% respectively while for the 7-year dropped by 1bps, closing at 3.39%.

## COMMODITIES

Nymex (WTI) crude oil price rose by 13.64% MoM in December 2021, closing at USD75.21/barrel. Despite the Omicron outbreak, the oil price has steadily increased on inventory drawdown while production levels have remained well below targeted levels. Crude palm oil edged down 0.56% MoM to close at MYR5,159/MT in December 2021 compared to MYR5,188/MT in the previous month. Meanwhile, gold price increased by 3.10% MoM to close at USD1,828.60/Oz in December, as compared to USD1,773.60/Oz in November 2021.



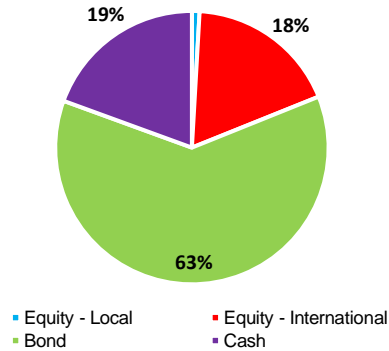
## Commentary

For last month, our model portfolios have underperformed the benchmark. Overall, the performance of the portfolios was mainly dragged by Eastspring Investments Dinasti Equity and RHB Entrepreneur which fell by 3.7% and 1.8% MoM, respectively.

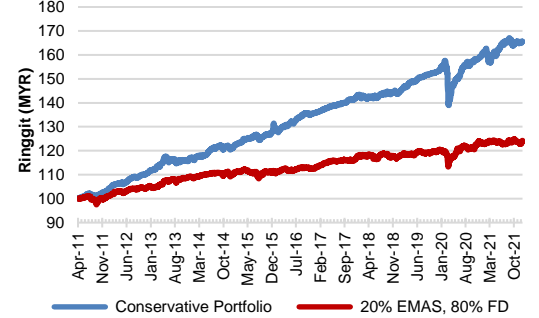
### CONVENTIONAL MODEL PORTFOLIO

#### Conservative Portfolio

Manulife Investment U.S. Equity MYR	2%
Affin Hwang World Series - Japan Growth MYR H	2%
RHB European Select	2%
Principal China Direct Opportunities MYR	2%
Principal Islamic Asia Pacific Dynamic Equity	2%
Maybank Financial Institutions Income	10%
AmanahRaya Unit Trust	25%
AmanahRaya Syariah Trust	25%
Principal Lifetime Enhanced Bond	10%
AmAsia Pacific REITs B MYR	1%
United Golden Opportunity MYR H	1%
Principal Global Technology MYR H	3%
Affin Hwang World Series-Global Healthscience MYR	2%
ICD Global Sustainable	3%
Phillip Money Market Fund	10%
<b>TOTAL</b>	<b>100%</b>

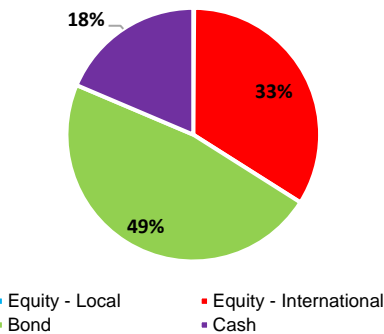


Performance from 18 Apr 2011 to 31 Dec 2021

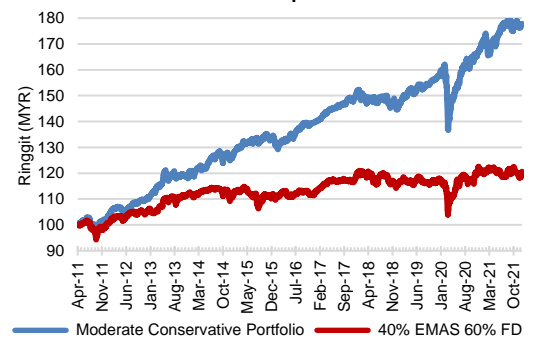


#### Moderate Conservative Portfolio

Manulife Investment U.S. Equity MYR	5%
Affin Hwang World Series - Japan Growth MYR H	4%
RHB European Select	3%
Principal China Direct Opportunities MYR	4%
Principal Islamic Asia Pacific Dynamic Equity	2%
Manulife India Equity MYR	2%
PMB Shariah ASEAN Stars Equity MYR	2%
Maybank Financial Institutions Income	10%
AmanahRaya Unit Trust	20%
AmanahRaya Syariah Trust	20%
AmAsia Pacific REITs B MYR	2%
United Golden Opportunity MYR H	2%
Principal Global Technology MYR H	5%
Affin Hwang World Series-Global Healthscience MYR	4%
ICD Global Sustainable	5%
Phillip Money Market Fund	10%
<b>TOTAL</b>	<b>100%</b>

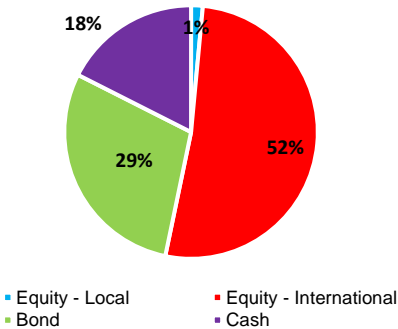


Performance from 18 Apr 2011 to 31 Dec 2021

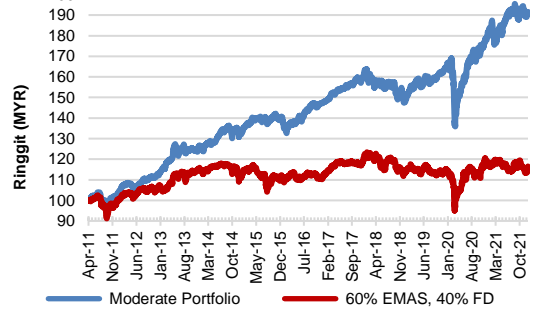


#### Moderate Portfolio

Manulife Investment U.S. Equity MYR	7%
Affin Hwang World Series - Japan Growth MYR H	6%
RHB European Select	5%
Principal China Direct Opportunities MYR	5%
Principal Islamic Asia Pacific Dynamic Equity	3%
Manulife India Equity MYR	3%
PMB Shariah ASEAN Stars Equity MYR	3%
AmanahRaya Unit Trust	15%
AmanahRaya Syariah Trust	15%
AmAsia Pacific REITs B MYR	4%
United Golden Opportunity MYR H	3%
Principal Global Technology MYR H	7%
Affin Hwang World Series-Global Healthscience MYR	6%
ICD Global Sustainable	8%
Phillip Money Market Fund	10%
<b>TOTAL</b>	<b>100%</b>

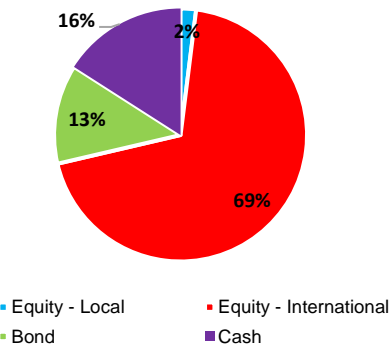


Performance from 18 Apr 2011 to 31 Dec 2021

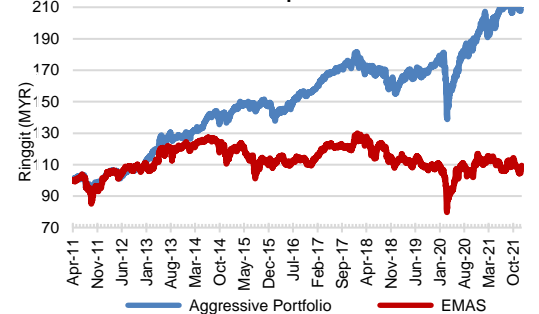


#### Aggressive Portfolio

Manulife Investment U.S. Equity MYR	9%
Affin Hwang World Series - Japan Growth MYR H	7%
RHB European Select	7%
Principal China Direct Opportunities MYR	6%
Principal Islamic Asia Pacific Dynamic Equity	5%
Manulife India Equity MYR	5%
PMB Shariah ASEAN Stars Equity MYR	4%
AmanahRaya Unit Trust	5%
AmanahRaya Syariah Trust	5%
AmAsia Pacific REITs B MYR	5%
United Golden Opportunity MYR H	4%
Principal Global Technology MYR H	10%
Affin Hwang World Series-Global Healthscience MYR	8%
ICD Global Sustainable	10%
Phillip Money Market Fund	10%
<b>TOTAL</b>	<b>100%</b>



Performance from 18 Apr 2011 to 31 Dec 2021



	1 Mth	6Mths	YTD	1 Yr	Since Inception		1 Mth	6Mths	YTD	1 Yr	Since Inception
Conservative Portfolio	0.4%	0.7%	3.8%	3.8%	65.6%	Moderate Portfolio	0.8%	0.6%	6.7%	6.7%	91.5%
Benchmark	0.5%	0.9%	0.5%	0.5%	24.1%	Benchmark	1.3%	1.2%	-1.6%	-1.6%	16.5%
Moderate Conservative Portfolio	0.7%	0.7%	5.4%	5.4%	77.7%	Aggressive Portfolio	0.8%	0.3%	7.9%	7.9%	111.2%
Benchmark	0.9%	1.1%	-0.5%	-0.5%	20.6%	Benchmark	2.0%	1.4%	-3.9%	-3.9%	9.3%

Source: Lipper

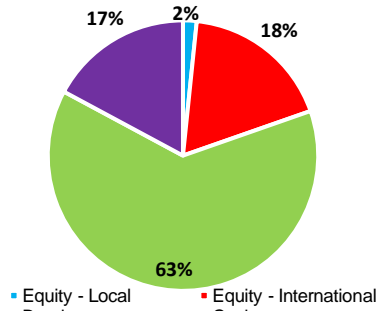
## Commentary

For Shariah, only the moderate and aggressive portfolios have underperformed the benchmark. The worst performing funds of the month were Affin Hwang Aiman Balanced and Eastspring Investments Dinasti Equity that went down by 4.8% and 3.7% MoM, respectively.

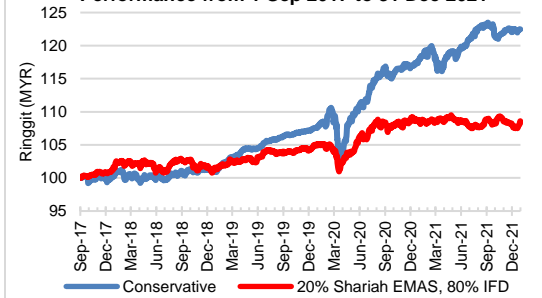
## SHARIAH MODEL PORTFOLIO

### Conservative Portfolio

Aberdeen Standard Islamic World Equity A MYR	4%
RHB Islamic Global Developed Markets MYR	4%
RHB Shariah China Focus MYR	3%
Principal Islamic Asia Pacific Dynamic Equity	2%
Nomura i-Income	11%
AmanahRaya Syariah Trust	24%
Principal Islamic Institutional Sukuk	24%
MAMG Global Income-I MYR	10%
Manulife Shariah Global REIT MYR	1%
TA Dana Optimix	2%
ICD Global Sustainable	5%
Phillip Master Islamic Cash Fund	10%
<b>TOTAL</b>	<b>100%</b>

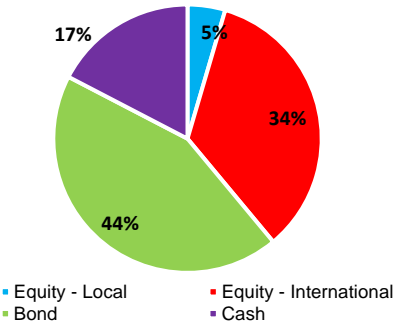


### Performance from 1 Sep 2017 to 31 Dec 2021

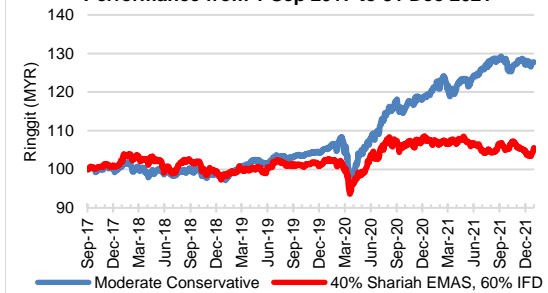


### Moderate Conservative Portfolio

Aberdeen Standard Islamic World Equity A MYR	9%
RHB Islamic Global Developed Markets MYR	8%
RHB Shariah China Focus MYR	5%
Principal Islamic Asia Pacific Dynamic Equity	4%
PMB Shariah ASEAN Stars Equity MYR	3%
Nomura i-Income	10%
AmanahRaya Syariah Trust	19%
Principal Islamic Institutional Sukuk	19%
Manulife Shariah Global REIT MYR	2%
TA Dana Optimix	4%
ICD Global Sustainable	7%
Phillip Master Islamic Cash Fund	10%
<b>TOTAL</b>	<b>100%</b>

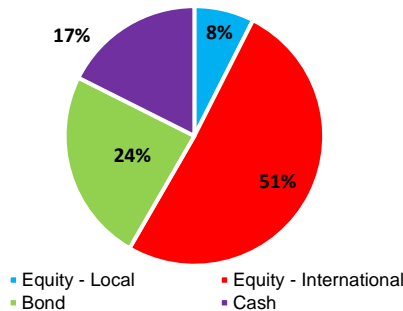


### Performance from 1 Sep 2017 to 31 Dec 2021

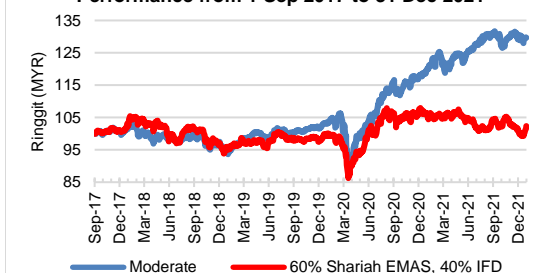


### Moderate Portfolio

Aberdeen Standard Islamic World Equity A MYR	13%
RHB Islamic Global Developed Markets MYR	12%
RHB Shariah China Focus MYR	8%
Principal Islamic Asia Pacific Dynamic Equity	6%
PMB Shariah ASEAN Stars Equity MYR	6%
AmanahRaya Syariah Trust	14%
Principal Islamic Institutional Sukuk	13%
Manulife Shariah Global REIT MYR	4%
TA Dana Optimix	6%
ICD Global Sustainable	8%
Phillip Master Islamic Cash Fund	10%
<b>TOTAL</b>	<b>100%</b>

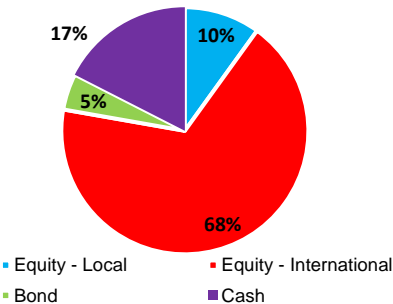


### Performance from 1 Sep 2017 to 31 Dec 2021

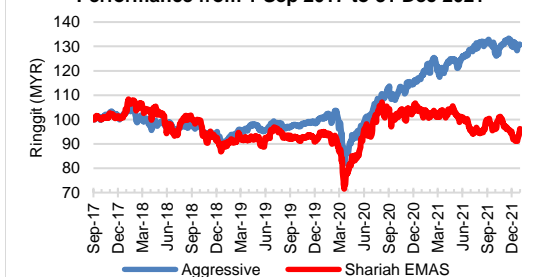


### Aggressive Portfolio

Aberdeen Standard Islamic World Equity A MYR	18%
RHB Islamic Global Developed Markets MYR	17%
RHB Shariah China Focus MYR	10%
Principal Islamic Asia Pacific Dynamic Equity	8%
PMB Shariah ASEAN Stars Equity MYR	8%
AmanahRaya Syariah Trust	6%
Manulife Shariah Global REIT MYR	5%
TA Dana Optimix	8%
ICD Global Sustainable	10%
Phillip Master Islamic Cash Fund	10%
<b>TOTAL</b>	<b>100%</b>



### Performance from 1 Sep 2017 to 31 Dec 2021



	1 Mth	6Mths	YTD	1 Yr	Since Inception		1 Mth	6Mths	YTD	1 Yr	Since Inception
Conservative Portfolio	0.3%	1.3%	3.9%	3.9%	22.5%	Moderate Portfolio	0.4%	1.7%	8.2%	8.2%	29.7%
Benchmark	0.3%	0.8%	0.0%	0.0%	8.6%	Benchmark	0.7%	0.7%	-3.3%	-3.3%	2.4%
Moderate Conservative Portfolio	0.5%	1.5%	6.3%	6.3%	27.7%	Aggressive Portfolio	0.5%	1.8%	10.6%	10.6%	30.7%
Benchmark	0.5%	0.8%	-1.7%	-1.7%	5.5%	Benchmark	1.1%	0.7%	-6.8%	-6.8%	-3.8%

Source: Lipper

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