



Election Reckoning

Commentaries: July 2023

Return (%)	July 2023	Year-To-Date	Since Inception (TSF: Nov 22)	Since Inception (PM: Apr 22)
Tradeview Sustainability Fund (TSF)	3.1%	2.1%	2.8%	N/A
Discretionary Private Mandate (PM)	3.7%	7.5%	N/A	12.2%
FBM KLCI Index	6.0%	-2.4%	0.7%	-8.2%
FBM 100 Index	5.6%	-0.3%	3.8%	-5.7%
FBM Small Cap Index	5.0%	4.4%	8.5%	-6.4%

The local market has performed strongly in the first month of 2H23, with a positive return of 6% during the month, outperforming the other ASEAN countries. This growth was driven mainly by the large caps which have seen net inflows from foreign investors amounting to RM1.4bn and improved sentiment within the local market. Notably, the plantation, energy and property sectors were the key drivers of the market's upward movement, whilst the telco, consumer and tech sectors experienced slower growth.

The plantation sector attracted significant inflows for two main reasons. Firstly, concerns arose regarding planting yields due to the ongoing dryer season caused by the El Nino phenomenon in this region. Secondly, the recent escalations in the Russia-Ukraine conflict raised concerns about a potential reduction in grain supplies, further boosting the plantation sector's appeal. For similar reasons, commodity prices such as Brent Crude have increased to USD85 per barrel, up from the June lows of USD72.

In our portfolios, we have limited exposure to the plantation sector as we believe the current boom might be short-lived. Instead, we have chosen to invest in the auto, industrial and property sector through Sime Bhd and Sime Property Bhd. However, we remain cautious about the local market's outlook, especially with state elections looming ahead. As a result, we are keeping a slightly higher cash position to take advantage of buying opportunities that may arise.

Furthermore, we believe it is opportune to closely monitor the industrial production and technology sectors, as both have experienced price lags compared to their global peers due to foreign fund outflows and a weakening ringgit position. Additionally, the recent disappointment in China's growth has led to expectations of a potential recovery driven by increased economic stimulus from the Chinese government. This could create opportunities for investment in the local tourism and commodity sectors.

Although 3Q23 is off to a good start, there could be some pullback as we enter the results season in August which is likely to be unexciting. Whilst the local market has performed well, we remain vigilant about potential risks and market conditions. Diversifying our investments and tracking key sectors closely will be crucial in navigating the market in the coming months.

Sincerely,

Tradeview Capital