



MALAYSIAN RATING CORPORATION BERHAD
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P R E S S A N N O U N C E M E N T

FOR IMMEDIATE RELEASE

MARC AFFIRMS INVESTMENT MANAGER RATING OF IMR-2 ON KENANGA INVESTORS AND KENANGA ISLAMIC INVESTORS

MARC has affirmed its investment manager rating (IMR) of **IMR-2** on Kenanga Investors Berhad (KIB) and KIB's wholly-owned subsidiary Kenanga Islamic Investors Berhad (KIIB).

The IMR rating on KIB reflects the fund management company's well-established investment processes, sound risk management practices and strong operating track record. These factors are moderated by a modest asset under management (AUM) size and an adequate financial profile. The IMR rating on KIIB incorporates the significant integration with parent KIB through shared resources and infrastructure.

KIB's investment management process is underpinned by a comprehensive investment analysis and portfolio construction process, which are supported by appropriate information and investment analytics systems. Investment portfolios are subjected to periodic reviews to assess their performance, which are measured against established benchmarks. Its governance and risk management framework remained sound, supported by active oversight by the board of directors and group risk management committee. Comprehensive policies and infrastructure have been put in place to manage risks, which are well supported by information systems for risk analysis and compliance-checking functions.

KIB offers investment products to meet clients' investment appetite, focusing mainly on domestic investments: equity funds made up 56.9% of total AUM, fixed income 29.6% and money market funds 9.6%. With regard to KIB's capability to execute fund strategies, MARC views the fund manager to have relevant expertise and adequate resources as part of the Kenanga Group.

KIB's AUM expanded to RM12.6 billion as at end-2019 from RM7.2 billion in 2018 following the acquisition of Libra Invest Berhad in July 2019. Despite the increased AUM size, KIB's overall market share remains modest at about 1.5% of total AUM in Malaysia.

For 2019, MARC notes that KIB's average one-year, three-year and five-year annualised returns for its top 20 largest unit trust funds outperformed its benchmarks. In terms of financial performance, KIB recorded profit before tax of RM5.6 million in 2019 on the back of an 8.0% y-o-y increase in revenue to RM104.9 million.

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