Active Bond Fund

Fund Update November 2018

Investment Objective

To provide a steady stream of incomes through investment in money market and private debt securities with limited exposure to equities.

Fund Details

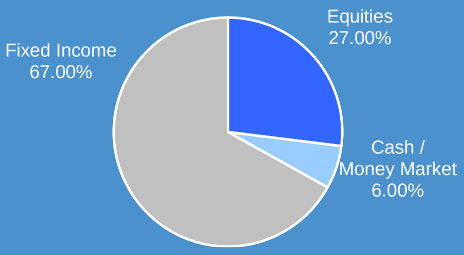
Fund Size	RM14,809,905
Unit NAV @ 30/11/2018	RM2.1579
Valuation Frequency	Daily
Fund Manager	Affin Hwang Asset Management Bhd
Fund Management Fee	1.00% p.a.
Launch Date	25 Sep 2006

Portfolio Composition and Holdings

Top Five Holdings

Securities	% Holding
MGS 3.62% (30.11.2021)	8.5%
GII 4.094% (30.11.2023)	6.8%
GII 3.558% (30.04.2019)	6.8%
First Resources Ltd 4.35% (05.06.2020)	6.7%
GII 3.729% (31.03.2022)	6.7%

Portfolio Composition by Category of Investment



Fund Performance*

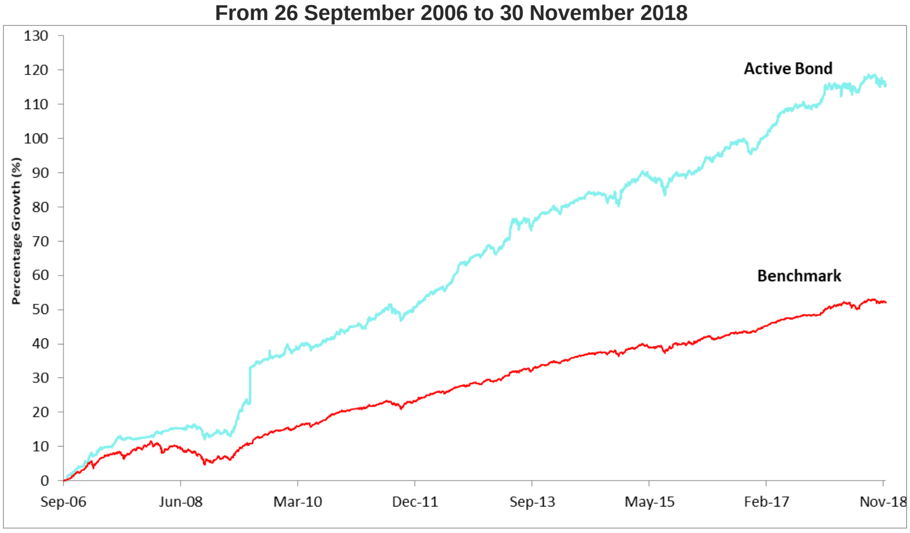
Total Return (%)	1 Month	3 Month	6 Month	1 Year	3 Year	YTD	Since Inception
Fund	-0.20	-1.22	1.10	2.67	13.74	1.33	115.61
Benchmark	-0.03	-0.48	0.91	2.53	8.62	1.62	52.16

Annualised Return (%)	1 Year	3 Year	YTD	Since Inception
Fund	2.67	4.38	1.45	6.51
Benchmark	2.53	2.79	1.77	3.50

Calendar Year Return (%)	2015	2016	2017
Fund	3.05	3.40	7.97
Benchmark	2.26	2.30	4.05

*Calculation of performance is based on NAV-to-NAV basis including fund distribution(s), if any. Also, performance for 1-, 3-, 6-months and 1-, 3-years is based on the fund's performance for the respective preceding period.

Fund Performance vs Benchmark
From 26 September 2006 to 30 November 2018



Fund Strategy

The Fund intends to keep duration around 2-3 years and invest into liquid government securities and good quality credits. We would participate in primary issuances for better yield pick up when opportunity arises.

For the equity investments, the Fund Manager will continue to be selective in its strategy by focusing on quality stocks with strong cash flows, and stocks giving attractive dividend yields or the potential to do so. The Fund Manager will also take tactical investments in selected situational stocks with strong fundamentals.

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Market Outlook

For the month of November, the KLCI fell -1.59% to close at 1,679.86. The S&P 500 and MSCI Asia ex-Japan was up +.72% and +3.72%.

On the economic front, 1) Malaysia's exports rose +6.7% y-o-y in September from -0.3% y-o-y in August 2018. Sales increased for E&E products, refined petroleum products, crude petroleum products and liquefied natural gas; 2) September IPI grew at 2.8% y-o-y (vs 2.2% in August 2018), mainly driven by stronger manufacturing and electricity output; 3) Oct CPI rose to 0.6% y-o-y (vs 0.3% y-o-y in September), due to a jump in prices of food and faster rise in cost of transport; 4) BNM maintained OPR at 3.25%; 5) BNM's international reserves was marginally higher at USD102.1bn (mid-Nov 2018) vs USD101.7bn (end-Oct 2018) mainly amid indications of net portfolio capital inflows. The reserves position is sufficient to finance 7.7 months of retained imports and 1.0 time the short-term external debt.

In corporate developments, 1) Scientex Bhd will launch a mandatory takeover of Daibochi Bhd to expand the flexible packaging business after it acquired a controlling 42.41% stake for RM222.5m in a share swap; 2) Khazanah Nasional Bhd is likely to dispose of a 16% stake in IHH Healthcare Bhd, marking the start of its asset rationalisation exercise. The block in IHH is likely to be taken up by Japanese public-listed conglomerate Mitsui & Co Ltd; 3) Genting Malaysia is suing Walt Disney Co and 21st Century Fox Inc for more than US$1bn (RM4.2bn). GM has accused both parties of abandoning a contract related to the planned construction of the first Fox-branded theme park; 4)) FGV Holdings Bhd has initiated a lawsuit against former chairman Tan Sri Mohd Isa Abdul Samad and former group president and chief executive officer (CEO) Datuk Mohd Emir Mavani in the Kuala Lumpur High Court, seeking relief totalling RM7.7m; 5) Bermaz Auto Bhd has scrapped its plans to list its subsidiary, Bermaz Auto Philippines Inc (BAP), on the main board of the Philippine Stock Exchange.

In the U.S, the four-week moving average of claims, considered a better measure of labor market trends as it strips out week-to-week volatility, increased to 218,500 in November from 216,000 in Oct 2018. Unemployment rate was unchanged at 3.7% in October. Meanwhile, the US manufacturing firms' activity was down slightly in November, with the seasonally adjusted Markit U.S Manufacturing Purchasing Manager's Index™ (PMI™) registered at 55.3, broadly in line with October's reading 55.7. US consumer confidence climbed to 137.9 in October, the highest since Sept 2000, from a downwardly revised 135.3 in September. The headline inflation rate increased to 2.5% in Oct, slowing from 2.3% in Sept. Core inflation, which strips out food and energy costs, edged down to 2.1% in Sept.

During the month, oil price fell sharply by 20% to US$60/barrel amid weaker supply demand outlook. On one hand, the US inventory stockpiles have climbed to record levels and on the other, oil experts are forecasting softer demand caused by subdued economic growth. While falling oil has minimal impact on government budget, it will hurt sentiment on Ringgit. Looking ahead, we expect oil to trend higher in anticipation of a fruitful OPEC meeting in early December.

Meanwhile, Corporate Malaysia staged one of the worst reporting quarter with earnings dropping by around 3% compared to 3Q17. Disappointing numbers were seen across all sectors and biggest upset was Consumer as companies did not seem to benefit from temporary tax holiday. After few rounds of earnings revision, street is only forecasting +3% growth for KLCI next year.

Globally, market has turned more positive following trade truce achieved in G20 meeting, but we remain cautious on Malaysia due to muted growth amid fiscal consolidation. For now, we are maintaining our defensive stance but will be taking a more active trading approach to capitalize from this relief rally.