Asia Pacific Growth Fund

Fund Update October 2018

Investment Objective

To seek high capital growth over the medium to long-term period through investments in situational and high growth stocks.

Fund Details

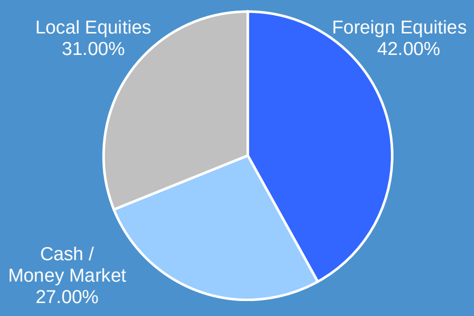
Fund Size	RM36,586,642
Unit NAV @ 31/10/2018	RM2.3051
Valuation Frequency	Daily
Fund Manager	Affin Hwang Asset Management Bhd
Fund Management Fee	1.50% p.a.
Launch Date	25 Sep 2006

Portfolio Composition and Holdings

Top Five Holdings

Securities	% Holding
PetroChina Company Limited	4.3%
HKT Trust & HKT Ltd	3.3%
Link REIT	3.0%
China Construction Bank Corp	3.0%
Aeon Credit Service M Bhd	2.8%

Portfolio Composition by Category of Investment



Fund Performance*

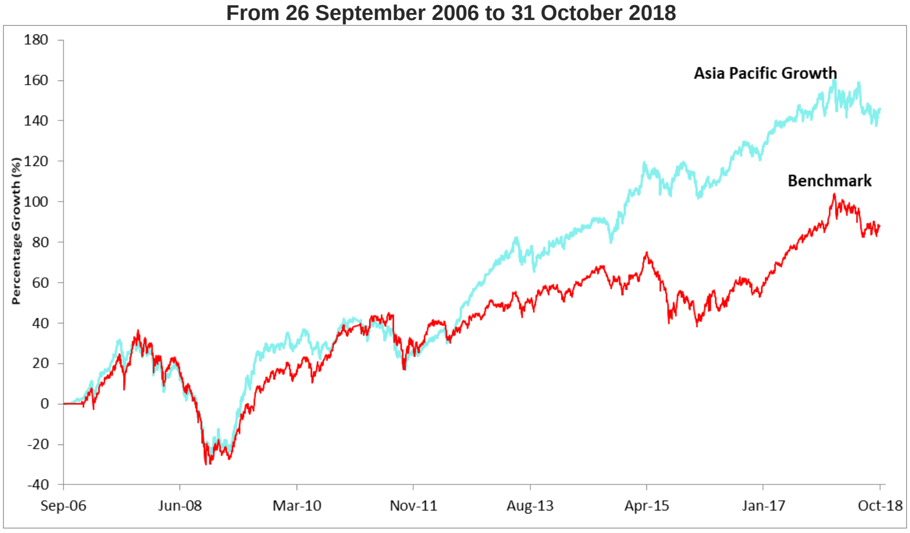
Total Return (%)	1 Month	3 Month	6 Month	1 Year	3 Year	YTD	Since Inception
Fund	-6.31	-6.85	-8.38	-7.70	6.14	-8.12	130.44
Benchmark	-7.28	-7.78	-11.81	-7.00	13.90	-9.47	74.19
Benchmark (MYR)	-6.77	-6.20	-8.89	-7.53	12.47	-8.11	88.68

Annualised Return (%)	1 Year	3 Year	YTD	Since Inception
Fund	-7.70	2.00	-9.67	7.14
Benchmark	-7.00	4.43	-11.26	4.69

Calendar Year Return (%)	2015	2016	2017
Fund	8.00	3.96	12.28
Benchmark	-5.31	2.87	23.93

*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 31 October 2018



Fund Strategy

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.

Market Outlook

MSCI APxJ fell 10.3% in October, underperforming MSCI AC World (-7.6%) by 3%. Asian equities suffered a brutal sell-off amid global weakness emanating from the US. Negative headlines on deteriorating US-China trade tensions, a spike in global yields and a resurgent U.S. dollar joined the persistent overhangs of weak China macro data and liquidity over the month. Korea, Taiwan and Chinese equities dragged the regional performance. Total EM Equity funds had net redemptions of US$2.9bn in October (up till 24th). GEMs fund drove most outflows with redemptions of US$2.1bn. EM bond funds have seen US$1.1bn of outflows in October. YTD EM equity and fixed income funds had inflows of US$10.5bn and US$20.8bn respectively

The US 3Q annualized GDP came in at 3.5% compared to 4.2% in 2Q. The NAHB Housing market index increased to 68 in October from 67 in September. Existing home sales contracted 3.4% to 5.2 Million saar in September. Nominal retail sales expanded 0.1% MoM in September while retail sales excluding autos, gasoline, building materials and food services expanded 0.5 % MoM in September. CPI was at 0.1% MoM in September (2.3% oya) and the ex.-food and energy core was at 0.1% MoM in September (2.2 % oya). The ISM manufacturing composite in September was at 59.8. New orders for durable goods expanded 0.8% in September compared to an expansion of 4.6% in August. The nominal trade deficit expanded to US$53.2 in August compared to US$50.0 in July. Unemployment rate was at 3.7% in September.

Some key events which took place during the month included; 1) The US and Canada reach a new trade deal (United States-Mexico-Canada Agreement - USMCA) to replace the current NAFTA. The new agreement gives the US access to Canadian dairy market and allows extra imports of Canadian cars 2) The PBOC announced that, effective October 15, the reserve requirement ratio for yuan deposits will be cut by 1%pt. This RRR cut is aimed at releasing stable, long term liquidity supply and reduce banks' funding costs. Also, it will release net additional liquidity of 750 billion, which is aimed at increasing low-cost funding source for small and micro enterprises, private corporates and innovative enterprises. 3) FOMC minutes were hawkish with most members favoring a forward path of rate hikes that would push the central bank's monetary policy into restrictive territory. The explicit intent to return growth to a long run sustainable path reaffirms the Congressional mandate as the ultimate lodestar for the policy outlook. 4) Trump and the White House largely stop threatening (for now) about the next tranche of tariffs. Both sides are attempting to schedule a Xi-Trump meeting at the G20 Leader's Summit (11/29-12/1). US would announce new tariffs as early as December on all remaining Chinese imports if talks next month between Presidents Donald Trump and Xi Jinping fail.

For the Asian region, the month of October was a very weak month, as market de-risked on overall slower global growth and heightened tariff war. The volatile earnings season with most corporates missing analyst estimates due to currency impacts as well as slowdown in trade impacted most major Asian countries. APxJ 2018/19 EPS have been revised down further by another 1.5%/1.7% respectively over the month. China, Malaysia and India saw the highest downward revisions.

We remain cautious on the back of heightened challenges in 2018. While valuations have come off to decent levels for some, however earnings revision downwards continues to be seen, as well as continuous fund outflows from EM space into DM. Asian markets remain vulnerable to trade risks, we would wait for valuations to come down to attractive levels. We continue to be nimble in the asset allocation and will look for such ideas using our fundamental bottom-up approach and will be focusing on companies with strong management and sustainable earnings growth.