



Dana Imbang

Fund Update October 2018

Investment Objective

To provide a steady income and capital growth over the medium to long-term period by investing in a portfolio of investments that complies with Syariah requirements.

Fund Details

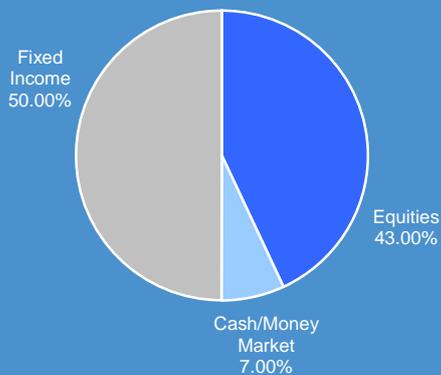
| | |
|-----------------------|----------------------------------|
| Fund Size | RM25,558,215 |
| Unit NAV @ 31/10/2018 | RM2.2901 |
| Valuation Frequency | Daily |
| Fund Manager | Affin Hwang Asset Management Bhd |
| Fund Management Fee | 1.25% p.a. |
| Launch Date | 25 Sep 2006 |

Portfolio Composition and Holdings

Top Five Holdings

| Securities | % Holding |
|--|-----------|
| GII 3.558% (30.04.2019) | 23.7% |
| Perbadanan Kemajuan N Selangor 5% (10.08.2021) | 7.9% |
| Besraya Malaysia Sdn Bhd 4.64% (26.07.2019) | 7.9% |
| Tenaga Nasional Bhd | 4.8% |
| UniTapah Sdn Bhd 5.39% (12.12.2022) | 4.1% |

Portfolio Composition by Category of Investment



Fund Performance*

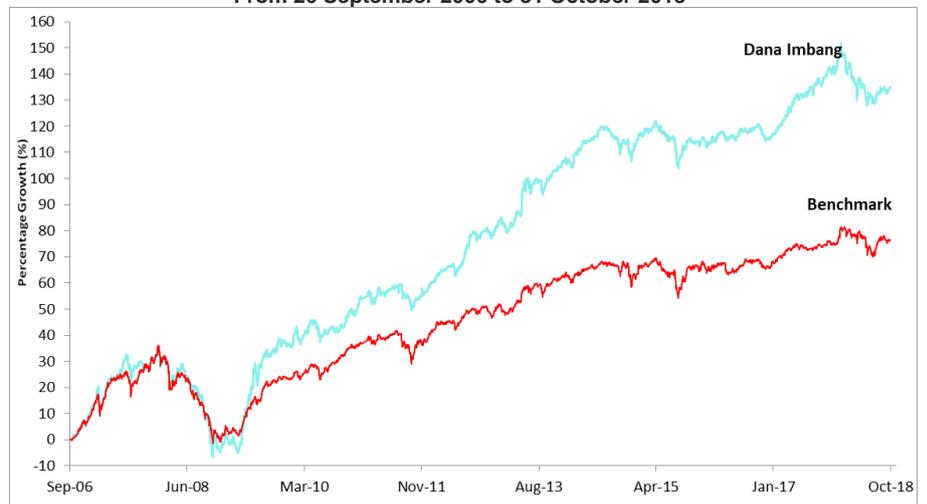
| Total Return (%) | 1 Month | 3 Month | 6 Month | 1 Year | 3 Year | YTD | Since Inception |
|------------------|---------|---------|---------|--------|--------|-------|-----------------|
| Fund | -2.52 | -1.64 | -3.16 | -5.21 | 6.91 | -7.48 | 128.98 |
| Benchmark | -3.47 | -3.67 | -4.52 | -3.34 | 3.15 | -4.41 | 70.28 |

| Annualised Return (%) | 1 Year | 3 Year | YTD | Since Inception |
|-----------------------|--------|--------|-------|-----------------|
| Fund | -5.21 | 2.25 | -8.91 | 7.08 |
| Benchmark | -3.34 | 1.04 | -5.27 | 4.49 |

| Calendar Year Return (%) | 2015 | 2016 | 2017 |
|--------------------------|------|-------|-------|
| Fund | 1.19 | 0.03 | 14.67 |
| Benchmark | 3.13 | -1.12 | 7.01 |

*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-year 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 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.

This is a unit-linked fund offered by AXA AFFIN Life Insurance Berhad (AXA AFFIN). This Fund Update is prepared by AXA AFFIN for information purposes only. The past performance figures shown are not indicative of future performance. Each investment fund is subject to market fluctuations and to risk inherent in all investments. The price of units of any investment fund may go down as well as up. Please refer to the Fund Fact Sheet for further details. While your insurance consultant may provide you with financial information as stated in publications authorised by the Company, you should make your fund allocation based on YOUR OWN judgement and personal circumstance.



Market Outlook

For the month of October, the KLCI tumbled -4.68% to close at 1,709.27. The S&P 500 and MSCI Asia ex-Japan also plunged -6.94% and -10.88%.

On the economic front, 1) Malaysia's exports marginally contracted of +0.3% y-o-y in August from +9.4% y-o-y in July 2018. The declines were led by lower shipments of palm oil, liquefied natural gas, timber and natural rubber; 2) August IPI grew at 2.2% y-o-y (vs 2.6% in July 2018), mainly driven by stronger manufacturing and electricity output; 3) Sept CPI rebounded marginally at 0.3% y-o-y (vs 0.2% y-o-y in August), as petrol prices were kept stable despite the reinstatement of indirect taxes in the company; 4) BNM maintained OPR at 3.25%; 5) BNM's international reserves were marginally lower at USD102.8bn (mid-Oct 2018) vs USD103bn (end-Sept 2018) mainly amid indications of net portfolio capital outflows. The reserves position is sufficient to finance 7.3 months of retained imports and 0.9 times the short-term external debt.

In corporate developments, 1) In Budget 2019, the government trimmed 2018 GDP forecast to 4.8% (from 5.2-5.7%) as all key sectors except services are expected to grow at a slower pace; 2) The government is projecting a 4.9% GDP growth in 2019; 3) Fiscal deficit of 3.7% in 2018 (vs 2.8%); 4) In 2019, the government intend to fully repay RM37bn of tax refunds, to be funded by RM30bn of special dividend from Petronas; 5) Total construction cost for MRT Line 2 has been cut by 22.4% to RM30.5bn; 6) The government decided to proceed with LRT3 project at RM16.6bn; 7) IHH Healthcare has increased its stake in Acibadem to 90% from 60%; 6) Telekom, Maxis, TimedotCom and Celcom Axiata have agreed to reduce the prices of fixed broadband access by between 34-56%; 8) MISC's 50% owned JV with PetroVietnam Technical Services Corp has won a time charter contract to lease a FSO vessel for USD176m.

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 216,000 in October from 206,250 in Sept 2018. Unemployment rate was unchanged at 3.7% in October. Meanwhile, the US manufacturing firms' activity accelerated in October, with the seasonally adjusted Markit U.S Manufacturing Purchasing Manager's Index™ (PMI™) registered at 55.7 in October, broadly in line with September's reading 55.6. 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 eased at 2.3% in Sept, slowing from 2.7% in August. Core inflation, which strips out food and energy costs, unchanged at 2.2% in Sept.

The FBMKLCI index declined sharply by 5% to close at 1,709 points in October. The major correction was mainly due to i) investors taking cautious stance ahead of Budget 2019, ii) sudden spike in US bond yields and iii) escalation of trade war. During the month, Ringgit depreciated slightly to 4.18 against the greenback as a result of net foreign outflow of RM1.4b. Key losers were telcos on concerns over spectrum auction and construction which suffered from cost cut in MRT2.

In October, the government conducted the 11th Malaysia plan review which saw them cutting GDP forecast to 4.5-5% from 5.5-6% range projected earlier. To tackle deficit issue, government has reduced development expenditure by RM40b through suspension of big infrastructure projects like High Speed Rail and MRT3. Besides austerity drive, market was also concerned about potential new taxes (capital gains tax, inheritance tax etc) in Budget as well as government asset sale to raise more revenue.

Key events for November would be Budget announcement, US mid-term elections and upcoming results reporting season. If regional markets stay calm, we foresee a relief rally for Malaysia given the huge correction in October. We continue to remain cautious and will be following the key events above closely.