Asia Pacific Growth Fund

Fund Update December 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

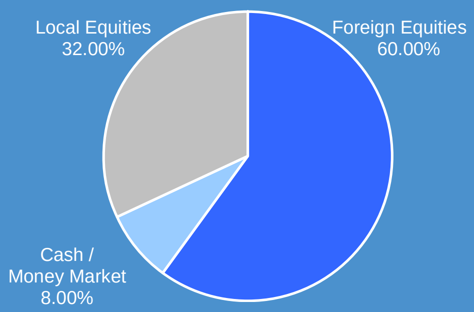
Fund Size	RM37,378,298
Unit NAV @ 31/12/2018	RM2.2765
Valuation Frequency	Daily
Fund Manager	Affin Hwang Asset Management Bhd
Fund Management Fee	1.50% p.a.
Launch Date	25 Sep 2006

Portfolio Composition and Holdings

Top Five Holdings

Securities	% Holding
Ping An Insurance Grp Co China	4.5%
Tencent Holdings Ltd	4.1%
AIA Group Ltd	4.0%
China Construction Bank Corp	3.9%
PetroChina Company Limited	3.5%

Portfolio Composition by Category of Investment



Fund Performance*

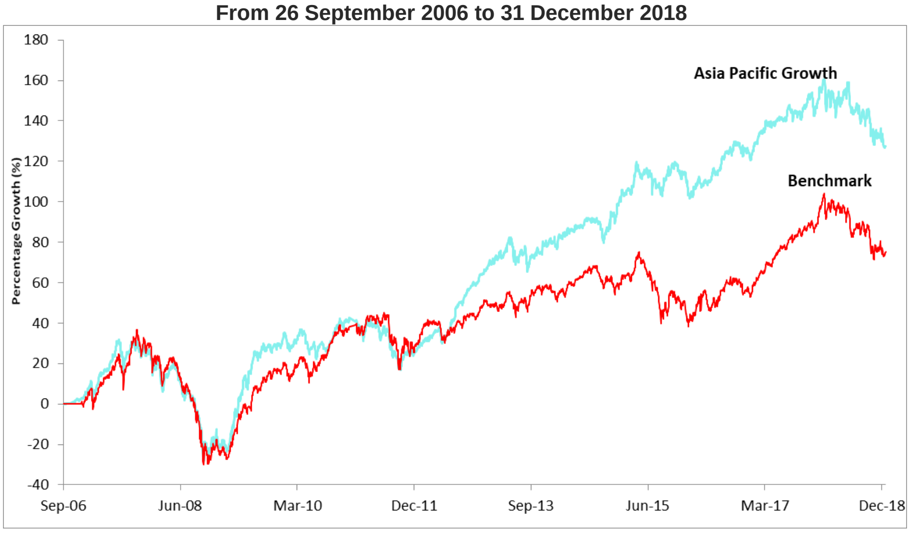
Total Return (%)	1 Month	3 Month	6 Month	1 Year	3 Year	YTD	Since Inception
Fund	-2.26	-7.47	-7.69	-9.26	5.91	-9.26	127.58
Benchmark	-1.20	-6.74	-5.29	-8.94	16.09	-8.94	75.21
Benchmark (MYR)	-1.75	-6.80	-4.11	-8.14	13.80	-8.14	88.62

Annualised Return (%)	1 Year	3 Year	YTD	Since Inception
Fund	-9.26	1.93	-9.26	6.93
Benchmark	-8.94	5.09	-8.94	4.68

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 December 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 3% in December, outperforming MSCI AC World (-7.2%) by 4%. Within the Emerging Markets, all regions finished lower: Asia lost the most (-3.4%) while LatAm and EMEA were down by 1.3% and 1.8% respectively. The strong rally following a positive outcome in the G20 meeting faded soon amid ongoing yield curve inversion and worsening end of cycle fears. A 25bps fed rate hike was an added headwind. APxJ 2018/19 EPS have been revised down by 1.6%/2.7% respectively over the last one month. Malaysia, Hong Kong, and Korea saw the highest downward revisions over the month for both 2018 and 2019 EPS integers. MSCI APxJ EPS growth forecast is 9.6% in 2018 and 7.0% in 2019.

US: The 3Q annualized GDP came in at 3.4% compared to 4.2% in 2Q. The NAHB Housing market index declined to 56 in December from 60 in November. Existing home sales expanded 1.9% to 5.3 Million saar in November. Nominal retail sales expanded 0.2% MoM in November while retail sales excluding autos, gasoline, building materials and food services expanded 0.9 % MoM in November. CPI was at 0% MoM in November (2.2% oya) and the ex.-food and energy core was at 0.2% MoM in November (2.2 % oya). The ISM manufacturing composite in November was at 59.3. New orders for durable goods expanded 0.8% in November compared to a contraction of -4.3% in October. The nominal trade deficit expanded to US$55.5 in October compared to US$54.6 in September. Unemployment rate was at 3.7% in November.

US-China trade negotiation, though a slew of pledges were announced by Beijing, further details have been scant so far, raising skepticism of deal making progress. Meanwhile, latest domestic activity indicators point to a softening domestic activity outlook across retail sales, exports and industrial activity. In response to macro headwinds, the Central Economic Work Conference emphasized on reform-driven quality growth and expects policy support will further step up in 2019, with fiscal policy taking a leading role (especially tax cuts) supplemented by monetary easing.

Some key events which took place during the month included; 1) President Trump and President Xi Jinping agreed on a temporary trade truce after their G20 meeting. The US announced to temporarily hold off the tariff hike from 10% to 15% previously announced to be effective from 1 January 2019. 2) China's telecom giant Huawei's CFO Meng Wanzhou was arrested in Canada at the request of US authorities seeking her extradition on charges of violating sanctions on Iran. She was later granted a temporary bail by a Canadian court that would reconvene in February to decide on her extradition. 3) Major oil producers including OPEC and non-OPEC producers reached a deal to cut oil production by 1.2 million barrels per day for the first six months of 2019, despite opposition from US president Trump. The OPEC cartel would cut production by 0.8 million bpd while Russia and allied producers would cut 0.4 million bpd. OPEC has agreed to exempt Iran from cutting production. 4) The FOMC raised target range for fed funds by 25bps to 2.25-2.50%. The FOMC stamen was more hawkish than market expectations, only slightly toning down the forward guidance. The assessment of economic developments was mostly unchanged from that in the November meeting.

We remain defensive in 2019 on the back of heightened challenges in view of rising interest rates and slower China growth. While valuations have come off to decent levels for most, however earnings revision downwards are still taking place. We would wait for valuations to come down further 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.