

Active Balanced Fund

Fund Update April 2017

Investment Objective

To provide a steady incomes and capital growth over the medium to long-term period.

Fund Details

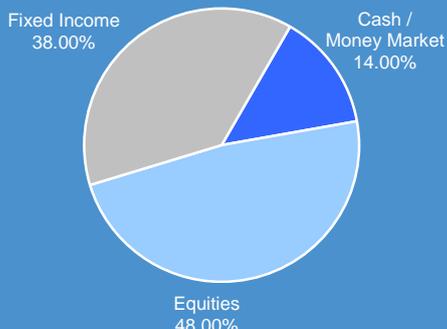
Fund Size	RM53,965,908
Unit NAV @ 30/04/2017	RM2.4605
Valuation Frequency	Daily
Fund Manager	Affin Hwang Asset Management Bhd
Fund Management Fee	1.25% p.a.
Launch Date	25 Sep 2006

Portfolio Composition and Holdings

Top Five Holdings

Securities	% Holding
GII 3.508% (15.05.2018)	11.5%
MGS 3.759% (15.03.2019)	9.9%
MGS 3.62% (30.11.2021)	5.5%
GII 3.941% (15.06.2017)	3.7%
Malayan Banking Bhd	4.0%

Portfolio Composition by Category of Investment

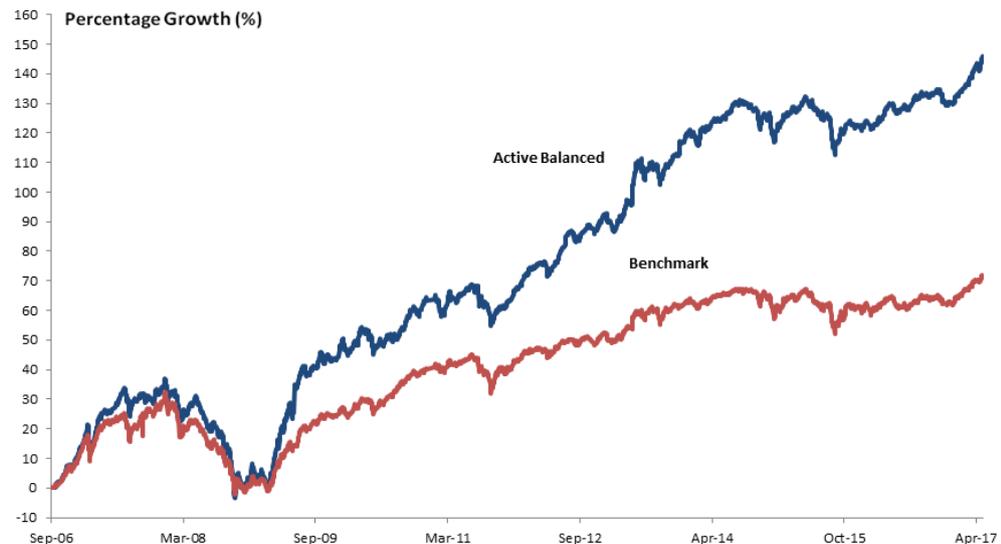


Fund Performance*

Duration	Total Return (%)	Benchmark (%)
1 month	1.58	1.22
3 months	5.19	4.12
6 months	4.89	4.34
1 Year	8.24	5.86
YTD	6.86	5.50
Since Inception	146.08	71.84

*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 30 April 2017



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.

Market Outlook

For the month of Apr, the KLSCI rose 1.6% to 22 month highs to close at 1,768. Meanwhile, the S&P500 rose 1.08% and the MSCI Asia ex-Japan rose 1.08%.

On the economic front, 1) Malaysia's exports rose +26.5% y-o-y in February following a 13.6% rise in January, thanks to further growth in E&E, crude petroleum and palm oil; 2) January trade surplus expanded to RM8.71bn from RM4.74bn in January; 3) Feb IPI grew by 4.7% y-o-y; 4) March headline inflation rate rose to 5.1% y-o-y and the core inflation maintained at 3.3% y-o-y (+3.3% in Feb); 5) BNM has maintained the OPR at 3%; 6) External reserves as at Apr 2017 increased to USD95.7bn (RM423.3bn) from USD94.98bn in Jan, which covers 8.2 months of retained imports and 1.1x short-term external debts.

In corporate developments, 1) Malaysia and India signed six Memorandums of Understanding and an Agreement that paves the way for further economic growth and development between the two countries. Malaysian and Indian companies inked investment deals, worth an estimated US\$36bn; 2) Eastern & Oriental may dispose of its seven-year-old loss-making Straits Quay Mall in Penang for an estimated RM230m; 3) Mass Rapid Transit Corporation has awarded 31 packages worth RM30bn to date for the Klang Valley MRT Sungai Buloh-Serdang-Putrajaya line; 4) Permodalan Nasional Bhd will see the merger of both its property investments, SP Setia and I&P Group Sdn Bhd, to form one of the largest property company in Malaysia with a landbank of close to 10,000 acres; 5) Malaysia Marine and Heavy Engineering Holdings is currently tendering for several projects worth about RM1.7bn, said managing director and CEO Wan Mashitah Wan Abdullah Sani; 6) Petronas may be looking at building a US\$27bn liquefied natural gas

export terminal in northwestern Canada on the site of an abandoned Royal Dutch Shell energy project, according to the company's CEO.

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, grew to 242,250 in the last week of April 2017. Unemployment rate decreased to 4.5% in Mar 2017 (vs 4.7% in Feb 2017). Meanwhile, the US manufacturing sector showed a robust and accelerated improvement in overall business conditions in March 2017, with the seasonally adjusted Markit U.S Manufacturing Purchasing Manager's Index™ (PMI™) registered at 52.8, down slightly from 53.3 in Mar 2017. US consumer confidence decreased to 120.3 in April from 125.6 in Mar 2017, as consumers were less optimistic about the short-term outlook for business conditions, employment and income prospects. The headline inflation rate came in at +2.4% in Mar 2017, down from 2.7% in Feb 2017. Core inflation, which strips out food and energy costs, decreased to 2.0% (vs 2.2% in Feb 2017).

While we remain positive on markets supported by solid data points, we acknowledge that valuation is getting richer after the 8% year-to-date gain for FBMKLCI. Moreover, May has always been a weak month historically but we think that downside will be protected by ample domestic liquidity, especially so in an election year.

Our strategy right now is to maintain high equity exposure and ride on the bullish market momentum. We think there are still legs for i) banking turnaround, ii) PNB restructuring and iii) construction stocks. On the contrary, we are cautious on exporters in view of Ringgit strength. As always, we will maintain valuation discipline and redeploy on blue chips on weakness.