



# Active Balanced Fund

Fund Update April 2019

## Investment Objective

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

## Fund Details

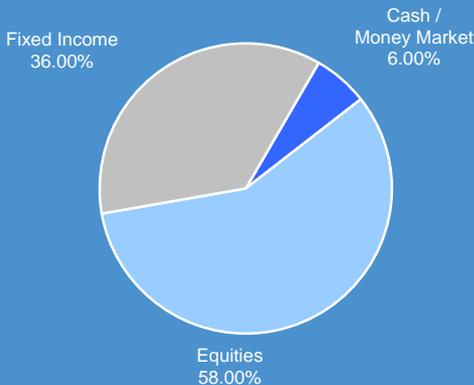
Fund Size	RM83,030,767
Unit NAV @ 30/04/2019	RM2.5290
Valuation Frequency	Daily
Fund Manager	Affin Hwang Asset Management Bhd
Fund Management Fee	1.25% p.a.
Launch Date	25 Sep 2006

## Portfolio Composition and Holdings

### Top Five Holdings

Securities	% Holding
MGS 4.378% (29.11.2019)	12.1%
GII 4.094% (30.11.2023)	8.6%
MGS 3.757% (20.04.2023)	7.3%
CIMB Group Holdings Bhd	3.7%
MGS 3.62% (30.11.2021)	3.6%

### Portfolio Composition by Category of Investment



## Fund Performance\*

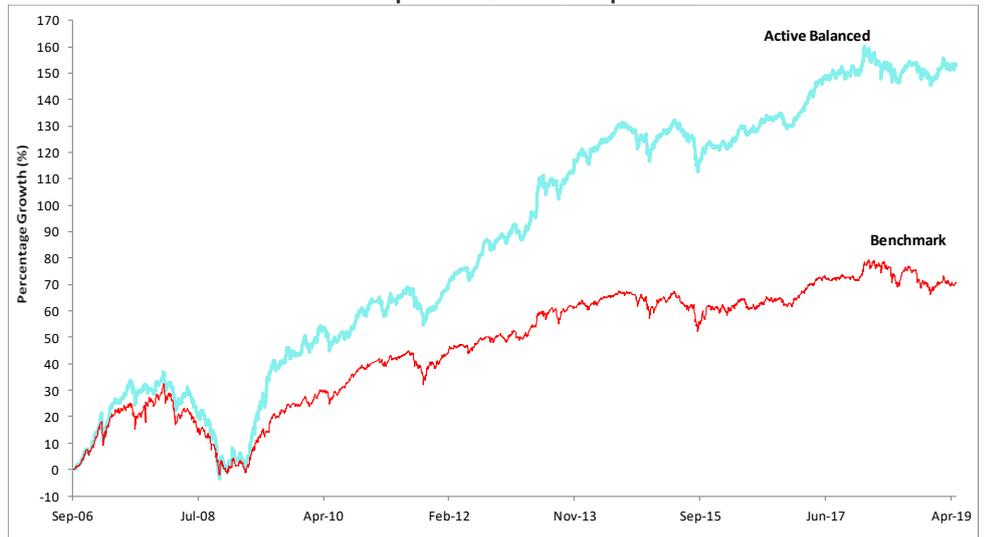
Total Return (%)	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	YTD	Since Inception
Fund	0.52	0.82	1.51	-0.47	11.25	12.53	1.96	152.93
Benchmark	0.57	0.38	0.36	-3.75	5.20	3.30	1.11	70.77

Annualised Return (%)	1 Year	3 Year	5 Year	YTD	Since Inception
Fund	-0.47	3.62	2.39	6.08	7.64
Benchmark	-3.75	1.70	0.65	3.41	4.34

Calendar Year Return (%)	2018	2017	2016
Fund	-2.73	10.75	2.68
Benchmark	-3.91	7.92	0.25

\*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-, 5-years is based on the fund's performance for the respective preceding period.

### Fund Performance vs Benchmark From 26 September 2006 to 30 April 2019



## 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 April, the KLCI declined by 0.08% to close at 1642.29. Meanwhile, the S&P500 was up 3.95% and the MSCI Asia ex-Japan rose 1.73%.

On the economic front, 1) Malaysia's exports growth declined -0.5% y-o-y in March 2019. The decrease was led by palm and palm oil based products (-10.2%), electric and electronic products (-1.9%), crude petroleum (-33%); 2) February 2019 IPI increased by 1.7% y-o-y, down from 3.2% in December 2019; 3) March 2019 headline inflation rate increased 0.2% y-o-y (February: -0.4% y-o-y) and the core inflation increased by 0.5% y-o-y due to higher housing, electricity, gas and other fuel costs. 4) BNM has maintained the OPR at 3.25%; 6) BNM's international reserves increased by USD0.4B to US\$103bn as at 29 March 2019. The reserves position is sufficient to finance 7.5 months of retained imports and is 1.0 times the short-term external debt.

In corporate developments, 1) Cypark Resources Bhd is currently in the process of finalising a bid for a maximum 100 megawatt (mW) quota for the Government's third cycle of its large-scale solar (LSS3) scheme ; 2) Astro Malaysia Holdings Bhd has inked an agreement with MEASAT Communication Systems Sdn Bhd (MCSSB) for the utilisation of transponder capacity on the MEASAT-3d (M3d) satellite for US\$360mn (RM1.49bn). ; 3) Sime Darby Property Bhd (SDPR MK, not-rated); is changing the way it builds its properties by using a new online platform called dto, in which it has invested RM3 mn, that allows potential customers to jointly create its products. ; 4) UEM Sunrise Bhd (UEMS MK, not-rated); has been served a notice of arbitration by Ireka Corp Bhd's unit, seeking a declaration sum of RM29.25mn in relation to disputes and differences arising from a contract finalization.

In the US, the four-week moving average of claims, considered a better measure of labour market trends as it strips out week-to-week volatility, decreased to 206,000 in March from 217,250 in February 2019. Unemployment rate decreased to 3.6% in April 2019. Meanwhile, the US manufacturing sector decreased in March 2019, with the seasonally adjusted Markit U.S Manufacturing Purchasing Manager's Index™

(PMI™) registered at 52.6, up from 52.4 in March. US consumer confidence was at 129.2 in March, higher than 124.2 in March. The headline inflation rate came in at +1.9% in March 2019. Core inflation, which strips out food and energy costs, slowed to 2.0% in March from 2.1% the previous month.

The FBMKLCI underperformed regional markets again in April, retreating marginally by 0.1% to close at 1,642 points. There was a huge foreign outflow of RM1.4b in April as investors were concerned about potential exclusion of Malaysian bonds from FTSE Russell Index. Recall that FTSE Russell had placed Malaysian bonds on watchlist for 6 months citing liquidity constraints. Immediately after FTSE announcement, Bank Negara issued a statement highlighting the depth and liquidity of local bond market. While it is difficult to predict final outcome at this juncture, we believe there is sufficient domestic liquidity to support the market should passive investors decide to liquidate their USD6-8b position.

Despite concerns on bond index, we have turned slightly more optimistic on Malaysian market. The FBMKLCI is a major laggard being the only market that is down this year. Moreover, there seems to be a major change in government policy from cost savings to pump-priming mode after setback from recent by-elections. The resumption of ECRL and Bandar Malaysia will bring significant multiplier impact and create ample job opportunities in the years to come.

Additionally, improved bilateral relationship with China is a game changer for us. For a start, China has committed to import more CPO thus boosting our current account position. Furthermore, we could see more large scale foreign direct investments into Malaysia, starting from the few MOUs signed by PM at the Belt and Road conference. Lastly, we may also see increased Chinese tourist arrivals benefiting the local hospitality industry.

Overall, we have increased our exposure to reflect our positive view on the market. We have added position into some oversold banking and construction names.