Phillip allocator

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MARKET OUTLOOK

- The US GDP growth picked up in 2Q17, registered 2.6% yoy annualised growth from a revised 1.2% yoy in 1Q17. This is driven by recovery in consumer spending as personal consumption grew at a quicker pace of 2.8% yoy in 2Q17 from 1.9% yoy in 1Q17, attributable to a stronger spending of durable and non-durable goods. Government spending reversed into growth territory, expanded 0.7% yoy during the quarter, on the back of rebound in national defence spending. Net imports also narrowed to USD614.9bn in 2Q17 as exports grew at a stronger pace than imports.

- In China, 2Q17 GDP's beat market expectation, coming in at 6.9% yoy (vs. 6.8% yoy) with growth on track to meet the Chinese government's target of 6.5% for 2017. The boost was mainly driven by a firmer exports, particularly in steel production whilst retail spending was also in the highlight as the retail sales growth picked up to 10.8% yoy in 2Q17 from 10.0% yoy in 1Q17. China's economic stabilisation continued in July as Caixin Manufacturing PMI hits four-month high, coming in at 51.1. This is on the back of rising business activity, citing both output and new orders rose at the fastest rates in five month, supported by a solid upturn in new export sales.

- Moody's is expecting Indian economy to grow in the range of 6.5-7.5% over the next 12-18 months as Indian economy's growth momentum will be supported under the goods and services tax (GST) regime. The implementation of GST was commenced on 1Jul17, which led consumer-related business witnessed a de-stocking phase during Apr-Jun quarter. A smooth implementation and on-boarding of GST in Jul-Sep quarter will be crucial to set the right tone for India economy. July reading for Nikkei India Composite PMI output index fell to 46.0 as most of the contraction was attributed to the confusion caused by GST implementation. However, firms remain optimistic on the growth prospect under the GST regime as it becomes clearer.

- ASEAN bourses ended July with mixed performance, with Singapore's Straits Times Index (STI) led the gain, recording 3.2% gain, followed by Philippines' Stock Exchange (PCOMP) with 2.2% gain, Indonesia's Jakarta Composite Index (JCI) inched up 0.2% and Stock Exchange of Thailand (SET) inched up 0.1%. FTSE Bursa Malaysia KLCI (FBMKLCI) continued to see a slight selling pressure in July, inched down marginally at 0.2%.

- We maintain our allocation despite good news from US, China and India economic growth prospect as we are still cautious on President Trump's economic policies. On the local front, we are neutral on the Malaysian equity market as there is no near-term catalyst for the market except for the general election. This is speculated to be held in 2H17 vs. a deadline of Aug18. Nevertheless, we think that the Malaysian market may be supported by potential fund inflows to emerging countries as a result of growing optimism on global trade growth, which would benefit export-oriented country like Malaysia.

EQUITY

FBMKLCI continues to inched down in July at 0.2% whilst the YTD performance remain commendable at 7.2%. Looking at trading participants, foreigners continued to be the net buyer for July, purchasing RM421m worth of shares. This brings the net buying position for 2017 as of July to RM10.6bn. Local institutions took the opportunity to further offload their positions, effectively selling RM497m worth of shares. Retailers returned as net buyer in July, buying RM76m worth of shares. YTD as of July, both local institutions and retailers remain net seller at RM9.5bn and RM1.1bn respectively.

All sectors experienced mixed performance with the technology continues its uptrend momentum, rose 7.9% for the month, after a strong 6.2% gain in June. This stellar performance was attributed by rebound in US technology stocks as investors anticipated June quarter results will be better than expected, following better than anticipated industry data released from the Semiconductor Industry Association (SIA) which suggested the industry grew 3-5% qoq (vs historical average of 3% qoq). Investors also anticipated robust improvement in overall smartphone demand in 2H17 following a number of new smartphones release. iPhone 8 and Huawei Mate 10 are expected to be launched in Sep17, followed by Oppo R11s in Oct17, Xiaomi Mix2 and Redmi5 in Nov17 and Vivo X11 in Dec17.

BONDS

On bond side, all Malaysian Government Securities (MGS) yield rose in June. 3-year, 5-year, 7-year and 10-year MGS rose 10bps, 6bps, 9bps and 4bps respectively to close at 3.39%, 3.62%, 3.90% and 3.91% respectively.

COMMODITIES

Nymex WTI crude oil rebounded by 9.0% in July to close at $50.2/barrel from $46.0/barrel. Crude palm oil price rose 2.9%, to close at RM2,672/MT from RM2,596/MT in June. Gold price gained 2.0% to $1,266.6/Oz in July from $1,242.3/Oz, as the US dollar continues to weaken, dropped 2.9% in July.

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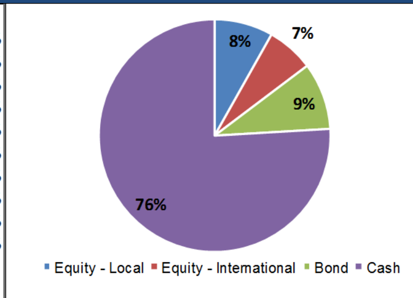
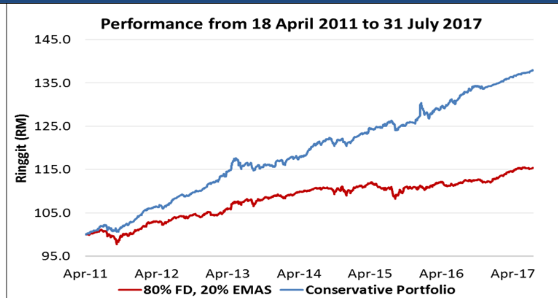
Commentary

All our portfolios outperformed its respective benchmark, attributed to the gains generated by all of our funds exposure. Top performing fund in our portfolio are Eastspring Asia Pacific equity fund and Manulife India equity fund, where both fund rose 5.4% in July.

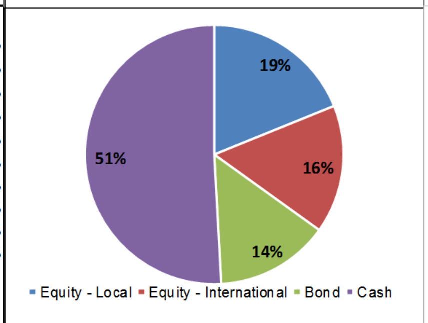
Model Portfolio

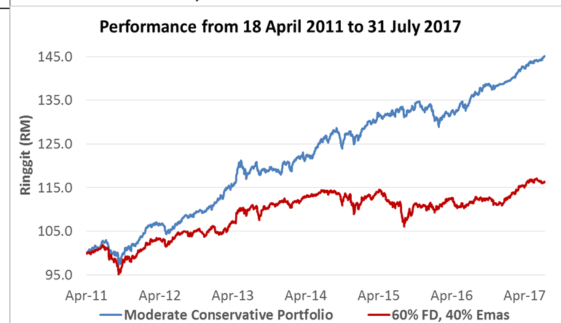
Conservative Portfolio	
Eastspring Investments Asia Pacific Equity	2.00%
CIMB-Principal Global Titans	4.00%
Manulife India Equity	1.00%
Phillip Master Equity Growth	1.00%
Kenanga Malaysian Inc	4.00%
Eastspring Investments Equity Income	5.00%
AmBon Islam	5.00%
AMB Income Trust Fund	5.00%
Phillip Master Money Market	73.00%
Total	100.00%



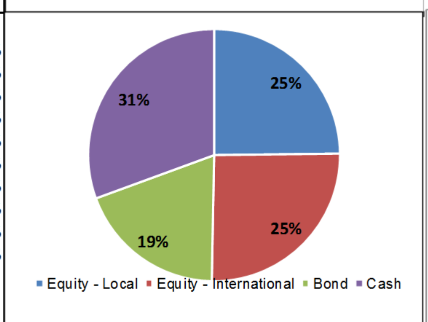


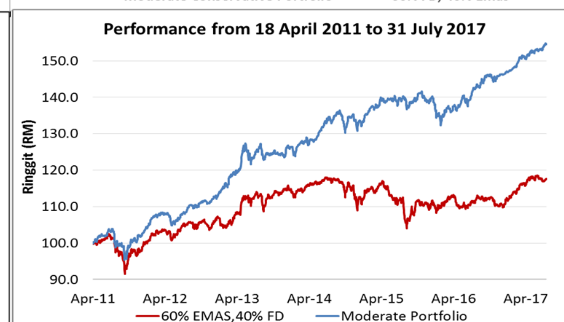
Moderate Conservative Portfolio	
Eastspring Investments Asia Pacific Equity	7.00%
CIMB-Principal Global Titans	8.00%
Manulife India Equity	2.00%
Phillip Master Equity Growth	3.00%
Eastspring Investments Equity Income	13.00%
Kenanga Malaysian Inc	7.00%
AmBon Islam	5.00%
AMB Income Trust Fund	10.00%
Phillip Master Money Market	45.00%
Total	100.00%



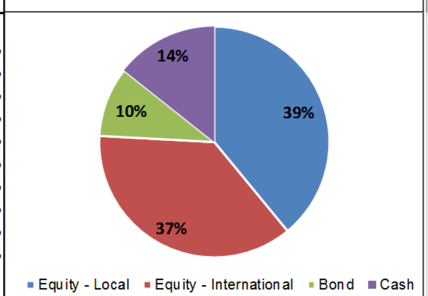


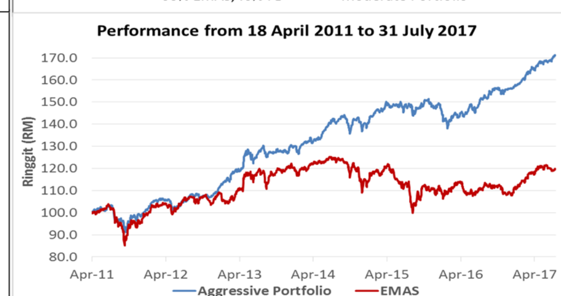
Moderate Portfolio	
Eastspring Investments Asia Pacific Equity	12.00%
CIMB-Principal Global Titans	12.00%
Manulife India Equity	3.00%
Phillip Master Equity Growth	5.00%
Eastspring Investments Equity Income	15.00%
Kenanga Malaysian Inc	10.00%
AmBon Islam	5.00%
AMB Income Trust Fund	15.00%
Phillip Master Money Market	23.00%
Total	100.00%





Aggressive Portfolio	
Eastspring Investments Asia Pacific Equity	17.00%
CIMB-Principal Global Titans	17.00%
Manulife India Equity	5.00%
Phillip Master Equity Growth	7.00%
Eastspring Investments Equity Income	20.00%
KAF Tactical Fund	5.00%
Kenanga Malaysian Inc	15.00%
AMB Income Trust Fund	10.00%
Phillip Master Money Market	4.00%
Total	100.00%





	1 Month	6 Months	YTD	1 Year	Since Inception		1 Month	6 Months	YTD	1 Year	Since Inception
Conservative Portfolio	0.4%	2.3%	2.6%	4.3%	37.9%	Moderate Portfolio	1.0%	4.9%	5.5%	8.6%	54.6%
Benchmark	0.0%	2.1%	2.7%	3.0%	15.4%	Benchmark	-0.1%	4.7%	6.2%	5.9%	17.6%
Moderate Conservative	0.7%	4.1%	4.5%	6.7%	45.2%	Aggressive Portfolio	1.4%	8.2%	9.4%	12.9%	71.0%
Benchmark	0.0%	3.4%	4.5%	4.5%	16.5%	Benchmark	-0.3%	7.2%	9.8%	8.7%	19.7%

Source : Bloomberg

DISCLAIMER

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