# Phillip*allocator*

## MONTHLY INVESTMENT ALLOCATOR



## MARKET OUTLOOK

- In US, IHS Markit Manufacturing PMI went up to 51.0 in September, up marginally 50.7 in the previous month but still softer than the average seen over the past decade (55.0). Weak business activity growth continues amid soft client demand in Sept 2019 linked to less favourable underlying economic conditions. The recent data suggested lack of pressure on business capacity due to backlogs of work of which some companies responded by cutting back on new staffs hiring.
- Soft economic data, persistent low inflation and ample downside risks to the outlook has driven the European Central Bank (ECB) to unveil a broad stimulus package during its September meeting. The Bank's asset purchase programme (APP) also will kickstart on 1<sup>st</sup> November at a pace of EUR 20bn per month albeit the amount is slightly below market expectations.
- Market will keep a close eye on the consumption tax hike (from 8% to 10%) that came into force in Japan on 1<sup>st</sup> October. While it is expected that front-loaded demand through end-September will be followed by a dip in October, the key concern is whether spending will resume from November onwards and thus investors' investment reassessment will be in November.
- In Hong Kong, large scale demonstrations and confrontations continue to affect business confidence, retail sales and tourism leading to a slowdown in the economy. This is coupled with downward pressures which already evident from the US-China trade war causing the Hong Kong Trade Development council to forecast a 4% drop in exports for 2019. Exacerbation of the trade war and further escalation of internal conflicts will run the risk of capital outflow.
- ASEAN bourses registered negative returns in September, except for Singapore's Straits Times Index (STI) which gained by 0.4% MoM. Jakarta Composite Index (JCI), Philippine's Stock Exchange Index (PCOMP), FTSE Bursa Malaysia KLCI Index (FBMKLCI) and Thailand's Stock Exchange Index (SET) fell 2.5%, 2.5%, 1.8% and 1.1% MoM respectively.
- Speaker Pelosi has launched an impeachment inquiry on Donald Trump although Republican-controlled Senate will likely to acquit him. However, should the impeachment headwinds blow stronger, Trump may offer positive surprises to the markets after US-China trade talks on 10<sup>th</sup>-11<sup>th</sup> October, days before the scheduled 5% tariff hike on \$250 billion China goods. While we do not expect full de-escalation of trade tension, October may be a month with positive surprises. Thus, we have made no changes on the allocation for the month.

## EQUITY

Oct 2019

FBMKLCI fell by 1.8% MoM in September to close at 1,583.9 points. Looking at the trading participants for the month, both local retailers and institutions were net buyers, buying RM186.0mil and RM373.0mil worth of shares respectively. While foreign investors were net sellers as well at RM559.0mil worth of shares. Year-to-date (YTD), local retailers and local institutions were the net buyers, buying RM1,869.0mil and RM6,031.0mil worth of shares respectively while foreign investors were net sellers, selling RM7,899.9mil.

Sectors in Malaysia recorded mixed returns with the technology sector being the best performer which rose by 7.1% MoM due to Apple announcing its new range of products. This created positive sentiments for its supply chain which include stocks such as Pentamaster, Globetronics and Inari Amerton. Other sectors namely energy, industrial product, transportation, telecom and healthcare gained by 4.2%, 3.1%, 1.5%, 0.5% and 0.3% MoM respectively. The underperforming sectors were property, plantation, construction, finance, consumer and utilities which fell 3.7%, 2.5%, 2.3%, 1.6%, 1.2% and 0.8% respectively.

## BONDS

In September, the yield for the Malaysian Government Securities (MGS) for the 3-year and 10year remain the same at 3.12% and 3.31% while the 5-year and 7-year increased by 1bps and 5bps to close at 3.24% and 3.32% respectively.

## COMMODITIES

Crude palm oil fell by 4.2% MoM to close at RM2,078/MT in September from RM2,168/MT in August due to pressure in the industry amid increasing pressure from various sustainability issues such as deforestation and wildlife extinction. Nymex (WTI) crude oil was down by 1.9% MoM in September, closing at \$54.07/barrel from \$55.10/barrel in August. Gold price decreased by 3.8% MoM to close at \$1,465/Oz in September as oppose to \$1,523/Oz in August.



It's a matter of trust

## Commentary

All our model portfolios registered positive returns, outperforming their respective benchmarks in September. Top performing fund was Robotech RM H fund which increased 3.0% MoM while the worst performer was TA South East Asia fund which fell by 1.8% MoM.

# Model Portfolio

Conservative Portfolio									Performance from 18 Apr 2011 to 30 Sep 2019			
RHB-GS US Equity	2.00%			1%				160				
Manulife India Equity	1.00%			7	7%			150				
Affin Hwang Select Dividend	2.00%						_	140	and the second se			
Manulife Investment Asia-Pacific REIT	4.00%						Ringgit (RM)					
Libra AsnitaBOND	30.00%			<b>/</b>	26%		÷	130				
Phillip Master Money Market	61.00%						88	120				
Total	100.00%		6	5%			Ľ,	110				
				J /0			_					
								100				
								90				
									Apr-11 Sep-11 Jul-12 Jul-12 Jul-12 Dec-13 Jul-15 Jul-15 Jul-15 Jul-15 Jul-15 Jul-12 Ju			
		= Equ	uity - Local	Equity - Inte	ernational Bond	Cash			Yar Sep Tariay Aprilary Cot and Cot an			
									11-79K     40,000<			
Moderate Conservative Portfolio									I			
RHB-GS US Equity	3.00%					1		160	Performance from 18 Apr 2011 to 30 Sep 2019			
RHB European Select	2.00%			6%				150	And the second s			
CIMB-Principal Asia Pacific Dynamic Inco	4.00%								A A A A A A A A A A A A A A A A A A A			
	4.00% 5.00%				21%		ę	140				
RHB Entrepreneur							Ringgit (RM)	130				
Manulife India Equity	2.00%		E.S.	<u> </u>			턆	120	Advert YV			
Eastspring Investments Equity Income	3.00%		52%	%			<sup>B</sup>					
Affin Hwang Select Dividend	5.00%						£	110	Comment of the second s			
Robotech RM H	1.00%				21%			100				
Libra AsnitaBOND	25.00%				2170			90	<b>Γ</b>			
Manulife Investment Asia-Pacific REIT	4.00%											
Phillip Master Money Market	46.00%								Apr-11 Sep-11 Jul-12 Sep-11 Jul-12 Jul-12 Jul-15 Sep-16 Feb-17 Jul-15 Sep-16 Feb-17 Jul-12 Jul-12 Oct-18 May-18 May-13 Ma			
Total	100.00%	Equity	y-Local 🔹	Equity - Inter	national = Bond = 0	Cash			Apr-11 Sep 11 Sep 11 Sep 11 Sep 11 Apr-15 Sep 12 Mov-15 Sep 16 Apr-16 Apr-16 Apr-16 Apr-16 Apr-16 Apr-16 Apr-16 Apr-16 Apr-13 Ap			
Moderate Portfolio									Performance from 18 Apr 2011 to 30 Sep 2019			
RHB-GS US Equity	4.00%				10%			170				
RHB European Select	3.00%							160	Aliman and			
CIMB-Principal Asia Pacific Dynamic Inco	8.00%							150				
RHB Entrepreneur	8.00%						=	140				
Manulife India Equity	3.00%		389	<b>%</b>			Ringgit (RM)	140				
TA South East Asia Equity	3.00%				35%		Ĕ	130				
Eastspring Investments Equity Income	5.00%				3370		ng£					
Affin Hwang Select Dividend	8.00%			17%			2	110				
Robotech RM H	2.00%			1770				100	· · · · · · · · · · · · · · · · · · ·			
Libra AsnitaBOND	20.00%		×					90				
Manulife Investment Asia-Pacific REIT	4.00%								Apr-11 Sep-11 Jul-12 Jul-12 Jul-12 Jan-15 Jan-15 Jan-15 Jan-15 Jan-15 Jul-17 Jul-17 Jul-17 Jul-17 Jul-17 Jul-17 Jul-17 Jul-12 Ju			
Phillip Master Money Market	32.00%	Equi	ty - Local 🔹	Equity - Inte	rnational Bond	Cash						
Total	100.00%		-						Moderate Portfolio –60% EMAS, 40% FD			
Aggressive Portfolio												
RHB-GS US Equity	5.00%				16%			180	Performance from 18 Apr 2011 to 30 Sep 2019			
RHB European Select	4.00%		24	%	10/0			100	Man and			
CIMB-Principal Asia Pacific Dynamic Inco	12.00%							160				
RHB Entrepreneur	11.00%								Marke war			
Manulife India Equity	5.00%						Ringgit (RM)	140	MA A MA			
TA South East Asia Equity	4.00%						git (		Market and a second sec			
Eastspring Investments Equity Income	10.00%		13%				ng	120	Marine Marine			
Affin Hwang Select Dividend	10.00%						R	100	A MARKET AND A MARKET			
Robotech RM H	3.00%				4.704			100	· •			
Libra AsnitaBOND	3.00% 15.00%				47%			80				
Manulife Investment Asia-Pacific REIT	4.00%							Anr-11	Apr. 11 101-12 10 101-12 10 101-12 10 101-12 10 101-12 10 101-12 10 101-12 10 101-12 10 101-12 10 101-12 10 10 10 10 10 10 10 10 10 10 10 10 10			
Phillip Master Money Market	17.00%	Equity	- Local 🛛 E	quity - Intern	ational = Bond = C	ash		4	د ۲۵ سے C کے C			
Total	100.00%		VTR									
O and an article Dentification	1 Mth	6 Mths	YTD	1 Year	Since Inception	Ma danata D			1 Mth 6 Mths YTD 1 Year Since Inception			
Conservative Portfolio	0.2%	3.1%	5.4%	5.0%	51.8%	Moderate Po	ortfo	0110	0.3% 2.3% 7.2% 1.1% 59.0%			
Benchmark	-0.1%	0.7% 1.4% 0.4% 19.1% Benchmar					_		-0.7% -1.1% -0.7% -5.2% 13.2%			
Moderate Conservative	0.3%	2.7%	6.3%	- 33			ve Portfolio     0.3%     1.9%     7.9%     -0.8%     68.7%       1     2%     2.8%     2.8%     10.8%     8.3%					
Benchmark	-0.4%	-0.2%	0.3%	-2.4%	16.3%	Benchmark			-1.3% -2.8% -2.8% -10.6% 8.3%			

Source : Lipper



It's a matter of trust

## Commentary

Similarly, all of our Shariah model portfolios recorded positive returns, outperforming their respective benchmarks September. The top performing fund was the Aberdeen Islamic World Equity A MYR fund which grew 1.4% while the worst performer was the Maybank Asiapac Ex-Japan Equity-I fund which fell 0.1% MoM.

# Shariah Model Portfolio

		1					1			-	1		
Conservative Portfolio Maybank AsiaPac Ex-Japan Equity-I TA Asia Pacific Islamic Balanced Eastspring Investments Dana AI-Iham Libra AsnitaBond Philip Master Islamic Cash Total	AsiaPac Ex-Japan Equity-l 1.00%   acific Islamic Balanced 5.00%   g Investments Dana Al-Ilham 2.00%   taBond 30.00%			699			Performance from 1 Sep 2017 to 30 Sep 2019 108 108 109 109 109 100 100 100 100 100						
			Equi	ty - Local	Equity - International	🛛 🖷 Bond 🔳 Cash	-	- Conservat	ive —2	0% Shariah El	VIAS, 80% IFD		
Moderate Conservative Portfolio Aberdeen Islamic World Equity A MYR Affin Hwang Aiiman Asia (ex Japan) Grow Maybank AsiaPac Ex-Japan Equity-I TA Asia Pacific Islamic Balanced Eastspring Investments Dana Al-Ilham Affin Hwang Aiiman Growth Libra AsnitaBond Philip Master Islamic Cash Total		3.00% 5.00% 6.00% 8.00% 2.00% 25.00% 49.00% 100.00%		58%	115 107		106 - (¥104 - ¥102 - ¥102 - ¥100 98 - 98 - 96 ⊢ <sub>\$\$</sub> <sup>(1)</sup>		e from 1 Se	2017 to 3	0 Sep 2019		
			🗖 Equi	ity - Local	Equity - Internationa	l 🛛 Bond 🗨 Cash	—w	Ioderate Con	servative •	—40% Shari	ah EMAS, 60% IFD		
Affin Hwang Aiiman Asia (ex Japan) Growth MYR 8.00   Maybank AsiaPac Ex-Japan Equity-I 3.00   TA Asia Pacific Islamic Balanced 8.00   Eastspring Investments Dana Al-Ilham 12.00   Affin Hwang Aiiman Growth 7.00   Libra AsnitaBond 20.00   Philip Master Islamic Cash 34.00		8.00% 8.00% 8.00% 12.00% 7.00% 20.00% 34.00% 100.00%		Performance from 1 Sep 2017 to 30 Sep 2019									
			Equity - Local Equity - International Bond Cash					Moderate 60% Shariah EMAS, 40% IFD					
Aggressive Portfolio   Aberdeen Islamic World Equity A MYR   12.00%     Affin Hwang Aiiman Asia (ex Japan) Growth MYR   12.00%     Maybank AsiaPac Ex-Japan Equity-1   4.00%     TA Asia Pacific Islamic Balanced   10.00%     Eastspring Investments Dana Al-Ilham   16.00%     Affin Hwang Aiiman Growth   12.00%     Philip Master Islamic Cash   19.00%     Total   100.00%				30	% 29% 13% 25%		Performance from 1 Sep 2017 to 30 Sep 2019						
			Equity - Local Equity - International Bond Cash					— Aggressive — Shariah EMAS					
	1 Mth	6 Mths	YTD	1 Year	Since Inception		1 Mth	6 Mths	YTD	1 Year	Since Inception		
Conservative Portfolio	0.2%	2.7%	5.3%	5.2%	6.5%	Moderate Portfolio	0.5%	1.8%	6.9%	1.3%	0.9%		
Benchmark Moderate Conservative	0.0%	1.4% 2.2%	2.4% 6.1%	1.2% 3.4%	4.0%	Benchmark Aggressive Portfolio	-0.6% 0.6%	1.1% 1.4%	2.3% 7.6%	-2.9% -0.5%	-1.9% -2.3%		
Benchmark	-0.3%	1.2%	2.4%	-0.8%	1.1%	Benchmark	-1.2%	0.7%	2.3%	-0.3%	-2.3%		

### DISCLAIMER

Source : Lipper



It's a matter of trust

This compilation is prepared by Phillip Mutual Berhad ("PMB") in its capacity as an IUTA approved by the Federation of Investment Managers Malaysia ("FIMM") for specific Funds distributed by PMB. The information contained herein is general information only and not intended for public distribution. It is furnished to the recipient on a confidential basis. It does not take into account your individual objectives, financial situations or needs. You should seek your own professional advisers before investing. No part of this document may be circulated or reproduced without prior permission of PMB and does not constitute an offer, invitation or solicitation to invest in the specific Funds. Any investment product or service offered by PMB is not obligations of, adeposits in or guaranteed by PMB. You are advised to read and understand the relevant prospectuses for the Funds, which have been registered with the Securities Commission Malaysia who takes no reconstibility for the contents. The respective prospectuses to the Funds are obtainable at any of our offices, website and authorised agents. Any issue of units to which the prospectuses relate will only be made on receipt of the duly completed application form referred to in and accompanying the prospectuses. Investment in unit trust funds is not the same as a function used and use to be an equilation to the accompanying the prospectuses. Investment in unit trust funds is not the same as a function what a functional institution. There are investment investment should be accompanying the prospectuses. Investment in unit trust funds is not the same as a functional institution.

prospectuses relate win only be made on receip to the duty completed application form relevance to mand accompanying the prospectuses, investment in unit tust, units is not ne same as placing money in a deposit with a financial institution. There are risks involved, and investors should rely on their own evaluation to assess the merits and risks when investing in these funds. There are risks involved, and investors should rely on their own evaluation to assess the merits and risks when investing in these funds. There are risks involved, and investors should rely on their own evaluation to assess the merits and risks when investing in these funds. There are also fees and charges involved and investors are advised to consider them before investing in the Funds. Investment in shares and bonds may go up as well as down. The prices of units and distribution payable, if any, may also go up as well as down. Past performance of the unit trust funds is not an indication of its future performance. If investors are in any doubt about any feature or nature of the investment, they should consult PMB to obtain further information before investing or seek other professional advice for the suitability of the Funds and to their specific investment needs or financial situations. Information contained herein are based on the law and practise currently in force in Malaysia and are subject to changes in such law without and the subject to changes in such law without and the subject or the subject to changes in such law without and the subject or the subject to changes in such law without and the subject or the subject to changes in such law without and practise currently in force in Malaysia and are subject to changes in such law without and the subject or the subject to changes in such law without and the subject or the subject to changes in such law without and the subject or the subject to changes in such law without and the subject or the subject to changes in such law without and there the subject or the subject to changes in any notice.