



MARKET OUTLOOK

- 📍 The Fed's announcement of a 50bp intermeeting rate cut on 4 March following the conclusion of the G7 finance ministers and central banks teleconference; suggest to the Fed to react promptly to the markets' growing expectations for monetary easing and contain the impact of the COVID-19 outbreak on financial markets and businesses and consumer confidence in an environment where the outbreak is likely to get worse before it stabilizes. Overall, we expect coordinated global monetary policy responses (a mix of rate cuts, balance sheet expansion, and liquidity provisions, etc) to follow in the near term.
- 📍 The China's Caixin manufacturing PMI, which surveys more small and medium-sized enterprises (SMEs) and export-oriented enterprises located in eastern coastal regions, plummeted to 40.3 in February from 51.1 in January, the lowest reading since it was first released in April 2004 (second lowest: 40.9 in November 2008, during the global financial crisis). Meanwhile, the February official manufacturing PMI plunged more sharply to a record low of 35.7 in February from 50.0 in January. President Xi said that China's economic fundamentals remained sound and COVID-19 impact would be "short-term and generally under control" while the macroeconomic policies "must prevent economic growth from sliding out of a reasonable range" this year.
- 📍 Unlike the sharp slide in China's official manufacturing PMI in February, manufacturing PMIs for the rest of Asia have held up relatively well but cracks begin to surface. Supplier delivery times have lengthened in all countries and the biggest supply disruptions are seen in Taiwan (supplier delivery index down to 35.1 in February from 45.6 in January), followed by Indonesia (46.5 from 51.4), Korea (44.7 from 49.3) and Malaysia (45.3 from 48.9). It is a trivial that the greater the duration of the outbreak and the longer the measures to prevent its spread remain in place, the greater the ramifications for global supply chains, global trade and growth.
- 📍 All ASEAN bourses were in negative territory in February. Thailand's Stock Exchange Index (SET), recorded the worst performance which slumped by 11.5%, followed by Jakarta Composite Index (JCI), Philippine's Stock Exchange Index (PCOMP), Singapore's Straits Times Index (STI), and FTSE Bursa Malaysia KLCI Index (FBMKLCI), which fell by 8.2%, 5.7%, 4.5%, and 3.2% MoM respectively.
- 📍 With the Fed's 50 bps rate cut and expected global concerted efforts to calm the markets, we think that it is a matter of time that the long/short funds and others such as bottom-up investors may be back to the market to buy during the dip. Against this backdrop, we maintained our 2020 strategic asset allocation (SAA) recommendations (Overweight equities with DM over EM, Underweight bonds, Neutral on alternative investments).

EQUITY

FBMKLCI dropped by 3.2% MoM in February 2020 to close at 1,482.6 points. Looking at the trading participants for the month, local retailers and local institutions were net buyers, buying RM1,096.9mil and RM873.2mil worth of shares respectively. Foreign investors on the other hand were the net sellers, selling RM1,968.8mil worth of shares. Similarly, for year-to-date (YTD), local retailers and local institutions were the net buyers, buying RM1,438.7mil and RM668.7mil worth of shares respectively while foreign investors were net sellers, selling RM2,107.1mil.

All sectors in Malaysia recorded negative returns in February 2020. Utilities, telecommunication, healthcare, finance, consumer, property, plantation, technology, transport, industrial product, construction, energy sector declined by 1.6%, 2.4%, 2.6%, 3.1%, 4.2%, 4.3%, 4.7%, 6.5%, 7.3%, 7.3%, 7.5%, and 8.0% respectively. The Covid-19 fear continued to put downward pressure on the market coupled with the domestic political uncertainty.

BONDS

In February 2020, the yields for the Malaysian Government Securities (MGS) for the 3-year, 5-year, 7-year and 10-year decreased by 25bps, 32bps, 34bps and 31bps respectively to close at 2.61%, 2.63%, 2.75% and 2.82% respectively.

COMMODITIES

Crude palm oil dropped by 13.9% MoM to close at RM2,357MT in February compared to RM2,620MT January. Nymex (WTI) crude oil fell 13.2% MoM in February, closing at \$44.76/barrel from \$51.56/barrel in the previous month. The oil price was under pressure due to the Covid-19 outbreak in Iran while OPEC signaled for more production cuts to mitigate the downside. Gold also edged down by 1.0% MoM to close at \$1,566.7/Oz in February as oppose to \$1,582.9/Oz in January.



Commentary

Most of our model portfolios outperformed its respective benchmarks in February with exception of the Moderate portfolio. Top performing funds were Eastspring Investments Dinasti Equity fund and AmDynamic Bond fund which gained 2.7% and 1.8% MoM respectively.

Model Portfolio

Portfolio	Asset Allocation	Performance from 18 Apr 2011 to 28 Feb 2020																																										
Conservative Portfolio RHB-GS US Equity 4.00% AmPan European Property Equities 4.00% RHB Entrepreneur 4.00% CIMB-Principal Australian Equity 2.00% Eastspring Investments Dinasti Equity 4.00% Affin Hwang Select APAC ex-Japan Dividend MYR 4.00% Manulife India Equity MYR 2.00% United ASEAN Discovery 4.00% AmAsia Pacific REITs B MYR 1.00% United Golden Opportunity MYR H 1.00% AmanahRaya Syariah Trust 20.00% Maybank Financial Institutions Income Asia 20.00% Amdynamic Bond 15.00% Affin Hwang Select Bond MYR 10.00% Phillip Money Market Fund 5.00% Total 100.00%																																												
Moderate Conservative Portfolio RHB-GS US Equity 7.00% AmPan European Property Equities 6.00% RHB Entrepreneur 6.00% CIMB-Principal Australian Equity 3.00% Eastspring Investments Dinasti Equity 7.00% Affin Hwang Select APAC ex-Japan Dividend MYR 7.00% Manulife India Equity MYR 3.00% United ASEAN Discovery 6.00% AmAsia Pacific REITs B MYR 2.00% United Golden Opportunity MYR H 2.00% TA Global Technology Fund 1.00% AmanahRaya Syariah Trust 20.00% Maybank Financial Institutions Income Asia 20.00% Amdynamic Bond 5.00% Phillip Money Market Fund 5.00% Total 100.00%																																												
Moderate Portfolio RHB-GS US Equity 9.00% AmPan European Property Equities 8.00% RHB Entrepreneur 8.00% CIMB-Principal Australian Equity 5.00% Eastspring Investments Dinasti Equity 9.00% Affin Hwang Select APAC ex-Japan Dividend MYR 9.00% Manulife India Equity MYR 5.00% United ASEAN Discovery 8.00% Kenanga OA Inv-Kenanga Shariah Growth Opps 1.00% AmAsia Pacific REITs B MYR 3.00% United Golden Opportunity MYR H 3.00% TA Global Technology Fund 2.00% AmanahRaya Syariah Trust 15.00% Maybank Financial Institutions Income Asia 10.00% Phillip Money Market Fund 5.00% Total 100.00%																																												
Aggressive Portfolio RHB-GS US Equity 11.00% AmPan European Property Equities 10.00% RHB Entrepreneur 11.00% CIMB-Principal Australian Equity 6.00% Eastspring Investments Dinasti Equity 11.00% Affin Hwang Select APAC ex-Japan Dividend MYR 11.00% Manulife India Equity MYR 6.00% United ASEAN Discovery 11.00% Kenanga OA Inv-Kenanga Shariah Growth Opps 2.00% AmAsia Pacific REITs B MYR 4.00% United Golden Opportunity MYR H 4.00% TA Global Technology Fund 3.00% AmanahRaya Syariah Trust 5.00% Phillip Money Market Fund 5.00% Total 100.00%																																												
	<table border="1"> <thead> <tr> <th></th> <th>1 Mth</th> <th>6 Mths</th> <th>YTD</th> <th>1 Year</th> <th>Since Inception</th> </tr> </thead> <tbody> <tr> <td>Conservative Portfolio</td> <td>-0.4%</td> <td>1.3%</td> <td>0.1%</td> <td>4.7%</td> <td>53.5%</td> </tr> <tr> <td>Moderate Portfolio</td> <td>-2.3%</td> <td>0.5%</td> <td>-2.8%</td> <td>2.9%</td> <td>59.4%</td> </tr> <tr> <td>Aggressive Portfolio</td> <td>-3.1%</td> <td>0.1%</td> <td>-4.2%</td> <td>1.9%</td> <td>68.3%</td> </tr> <tr> <td>Conservative Portfolio Benchmark</td> <td>-0.6%</td> <td>-0.4%</td> <td>-1.2%</td> <td>0.1%</td> <td>18.7%</td> </tr> <tr> <td>Moderate Conservative Benchmark</td> <td>-1.4%</td> <td>1.0%</td> <td>-1.4%</td> <td>3.7%</td> <td>55.3%</td> </tr> <tr> <td>Aggressive Portfolio Benchmark</td> <td>-3.8%</td> <td>-7.7%</td> <td>-7.5%</td> <td>-11.4%</td> <td>1.3%</td> </tr> </tbody> </table>		1 Mth	6 Mths	YTD	1 Year	Since Inception	Conservative Portfolio	-0.4%	1.3%	0.1%	4.7%	53.5%	Moderate Portfolio	-2.3%	0.5%	-2.8%	2.9%	59.4%	Aggressive Portfolio	-3.1%	0.1%	-4.2%	1.9%	68.3%	Conservative Portfolio Benchmark	-0.6%	-0.4%	-1.2%	0.1%	18.7%	Moderate Conservative Benchmark	-1.4%	1.0%	-1.4%	3.7%	55.3%	Aggressive Portfolio Benchmark	-3.8%	-7.7%	-7.5%	-11.4%	1.3%	
	1 Mth	6 Mths	YTD	1 Year	Since Inception																																							
Conservative Portfolio	-0.4%	1.3%	0.1%	4.7%	53.5%																																							
Moderate Portfolio	-2.3%	0.5%	-2.8%	2.9%	59.4%																																							
Aggressive Portfolio	-3.1%	0.1%	-4.2%	1.9%	68.3%																																							
Conservative Portfolio Benchmark	-0.6%	-0.4%	-1.2%	0.1%	18.7%																																							
Moderate Conservative Benchmark	-1.4%	1.0%	-1.4%	3.7%	55.3%																																							
Aggressive Portfolio Benchmark	-3.8%	-7.7%	-7.5%	-11.4%	1.3%																																							

Source : Lipper



It's a matter of trust

Commentary

All of our model portfolios outperformed its respective benchmark in February and our Conservative portfolio recorded positive return. Top performing funds were Affin Hwang Aiiman Global Sukuk MYR fund and MAMG Global Shariah Income fund which gained 3.7% and 3.0% MoM respectively.

Shariah Model Portfolio

Portfolio	Assets	Allocation	Performance from 1 Sep 2017 to 28 Feb 2020								
Conservative Portfolio	RHB Islamic Global Developed Markets MYR	5.00%									
	Aberdeen Standard Islamic World Equity A MYR	7.00%									
Moderate Conservative Portfolio	RHB Islamic Global Developed Markets MYR	9.00%									
	Aberdeen Standard Islamic World Equity A MYR	11.00%									
Moderate Portfolio	RHB Islamic Global Developed Markets MYR	12.00%									
	Aberdeen Standard Islamic World Equity A MYR	15.00%									
Aggressive Portfolio	RHB Islamic Global Developed Markets MYR	15.00%									
	Aberdeen Standard Islamic World Equity A MYR	20.00%									
Conservative Portfolio											
Benchmark											
Moderate Conservative											
Benchmark											
Moderate Portfolio											
Benchmark											
Aggressive Portfolio											
Benchmark											
	1 Mth	6 Mths	YTD	1 Year	Since Inception	1 Mth	6 Mths	YTD	1 Year	Since Inception	
Conservative Portfolio	0.6%	2.0%	0.8%	5.3%	8.4%	Moderate Portfolio	-1.3%	0.0%	-2.4%	2.5%	0.5%
Benchmark	-0.5%	0.0%	-0.9%	1.6%	4.0%	Benchmark	-2.0%	-3.1%	-3.7%	-1.6%	-4.4%
Moderate Conservative	-0.4%	1.0%	-0.9%	3.8%	4.3%	Aggressive Portfolio	-2.4%	-1.0%	-4.1%	1.0%	-3.9%
Benchmark	-1.2%	-1.5%	-2.3%	0.0%	-0.2%	Benchmark	-3.7%	-6.6%	-6.9%	-5.2%	-12.8%

DISCLAIMER

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 deposits 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 responsibility 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 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 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 any notice.

Source : Lipper



PHILLIP MUTUAL

It's a matter of trust