

Press Release

21 February 2019

**Affin Hwang AM Market Outlook 2019:
Riding Out Market Cycles**

KUALA LUMPUR – Affin Hwang Asset Management Berhad (“Affin Hwang AM” or “the Company”) believes that global economic growth is poised to continue on an even keel with expectations of single-digit growth returns this year as the economic cycle matures. Emerging markets (EMs) started 2019 on a strong note buoyed by trade optimism and policy support coming in from global central banks to shore-up the market.

In a media press briefing today, **Teng Chee Wai, Managing Director of Affin Hwang AM** said, “After the rout in EMs last year, we do see some of these headwinds now receding with the US Federal Reserve turning more dovish and the US dollar strength starting to top-out. Currently, Fed funds futures are pricing-in for a pause in interest rates this year with a chance of a rate cut in 2020.”

“Easing measures announced by China has also propped up the market, though closer monitoring would be needed to see if such stimulus has started to trickle-down to growth and GDP possibly sometime into the 2Q’19 due to lag effects. China’s growth responds well to the creation of liquidity and we need to see credit translating to higher velocity of money and transactions that would lead to stronger growth. This could bolster fund flows back into EMs as positioning has been light with global funds underweight EMs and lots of cash on the side-lines.

“We expect 2019 to be another front-loaded year for markets whereby expectations are currently leaning towards a base-case of no further escalation in the US-China trade war that could even open-up room for the deadline to be extended. Assuming a more positive outcome where tariffs are dismantled completely, markets could extend its rally further. However, moving into the 2H’18 we expect markets to focus its attention on growth again as

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we approach a late cycle and global growth starts to taper off. If earnings revision continues to decelerate, this would also put a drag on markets,” continued Teng.

On **outlook for Malaysia**, Teng adds, “Malaysia is still firmly on its path towards reforms and in rectifying the wrongs of the past. Whilst, the sweeping changes introduced by the new government will be beneficial in the long-term, it is also important for the country to move beyond kitchen-sinking and start to grow again. We saw how various sectors ranging from construction to utility whipsawed by policy changes and regulatory risk last year.’

“But over time, as the new government comes of age and learn the ropes of administering policies, we believe the foundation has been laid for a more vibrant market in the future. As confidence builds, we would then see the return of fund flows and FDIs that would lead to more resilient growth, especially with increased participation from the private sector and the economy becoming more efficient,” Teng said.

In a **company update** briefing, Teng continues, “Despite a challenging year for the asset management industry in 2018, we managed to achieve positive net sales for our funds and staved off severe outflows. We will continue to harness new innovative capabilities to expand our offerings in helping our clients navigate volatility ahead and also strengthen our distribution channels to penetrate the market further.”

In a separate development, the company added another feather to its cap bagging 2 awards at the ‘*Best of the Best Awards 2019*’ by *Asia Asset Management* recently. These are:-

1. Best Institutional House, Malaysia
Winner: Affin Hwang Asset Management Berhad
2. CEO of the Year, Malaysia
Winner: Teng Chee Wai, Affin Hwang Asset Management Berhad

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About Affin Hwang Asset Management Berhad

Affin Hwang Asset Management Bhd (“Affin Hwang AM” or the “Company”) was incorporated in Malaysia on 2 May 1997 under the Companies Act 1965 and began its operations under the name Hwang-DBS Unit Trust Berhad in 2001. In early 2014, the Company was acquired by the Affin Banking Group (“Affin”) and hence, is now supported by a major home-grown financial services conglomerate. Affin has close to 40 years of experience in financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Additionally, Affin Hwang AM is also 30% owned by Nikko Asset Management International Limited, a wholly-owned subsidiary of Tokyo-based Nikko Asset Management Co. Ltd, a leading independent Asian investment management franchise. Its head office is located in Kuala Lumpur and has a total of 7 main sales offices located in Peninsular and East Malaysia. They are in Penang, Ipoh, Malacca, Johor Bahru, Kuching, Miri and Kota Kinabalu.

Affin Hwang AM’s core business is providing fund management services to private clients, as well as to retail clients via its stable of unit trust funds and private retirement schemes. The Company offers wide range of unit trust products and investment solutions with underlying investments comprising conventional equities, balanced, bond, money market, capital guaranteed, capital protected, global, structured and feeder funds, as well as Shariah-compliant equity, Islamic money market instruments and Islamic fixed income funds. Affin Hwang AM’s Shariah investment solutions are made available through its wholly-owned subsidiary and Islamic investment arm, AIIMAN Asset Management Sdn. Bhd. (“AIIMAN”)

Since its inception in 2001, Affin Hwang AM has achieved an exponential growth in its total assets under administration (“AUA”). As at 31 January 2019, the total AUA, comprising in-house unit trust funds as well as corporate and discretionary portfolios stood at approximately RM 49.13 billion (combined AUA of Affin Hwang AM and AIIMAN).

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