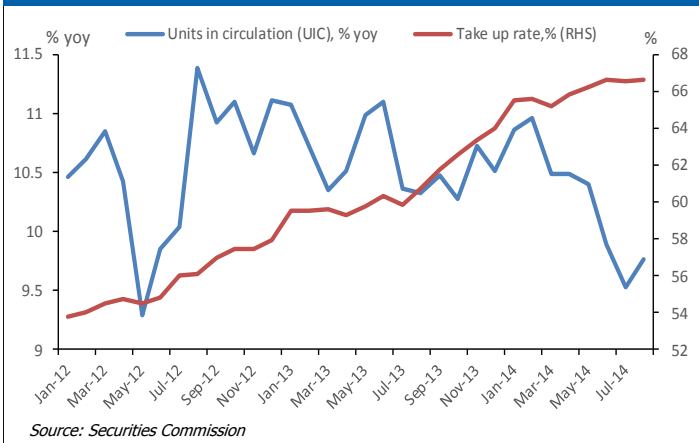


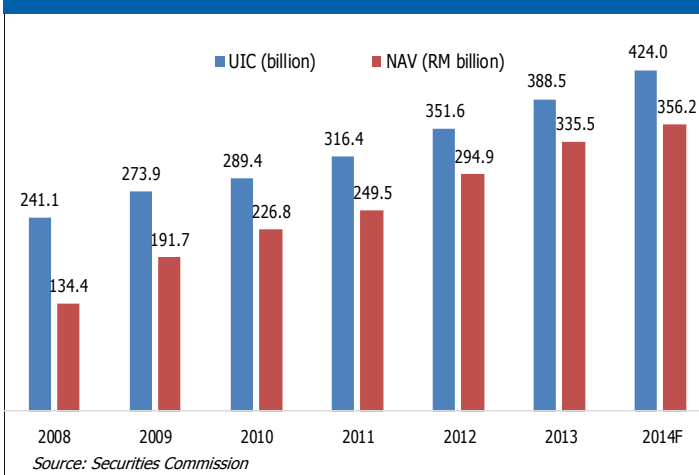
Units circulating gently but take up rate at all time high

CHART 1: UNITS IN CIRCULATION ANNUAL GROWTH AND TAKE-UP RATE



- The Malaysian unit trust industry (MUTI) expanded gently as units in circulation (UIC) in the first eight months of 2014 grew slower by 6.1%, adding 23.8 billion units, from the 6.9% recorded during the same period last year (+24.1 billion units). This was in spite the faster UIC growth in August 2014 by 9.8% yoy (July: 9.5%) after three months of deceleration, as more new units were bought or reinvested.
- In line with the growing units in circulation, the number of unitholders also grew, albeit at a more moderate pace. New unitholders grew by 2.5% (419,124 unitholders) during January to August 2014 period as compared to the 3.2% or 515,243 recorded during the same period last year. The rising cost of living could have resulted in more spending and hence, would have impacted the general public's propensity to save and invest.

CHART 2: UIC AND NAV OF MUTI



- Looking at the supply side, the approved funds' size (AFS) grew steadily by 2% or 12 billion units in the first eight months of 2014, maintaining the same growth recorded during January to August last year as there was ample demand from the public. As at August 2014, 40 new funds were launched (Jan–Aug '13: 42 new funds), the majority of them classified under the money market segment registering a total of 11 funds, followed by target maturity with 10 funds and mixed asset with 7 funds. As demand exceeded supply, the take up rate (UIC/AFS) in August 2014 had maintained its all-time best at 66.6% for three months in a row.

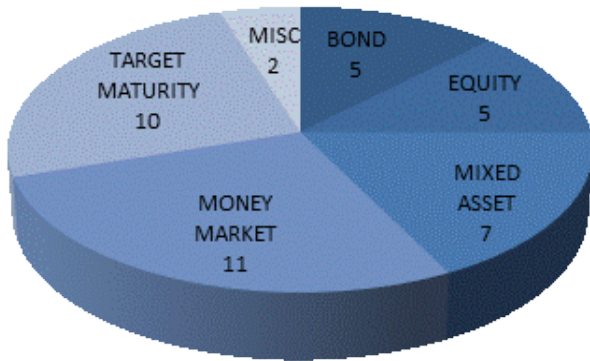
CHART 3: UNIT TRUST STATISTICS

	# of UTMC	# of funds	New funds	UIC			NAV		
				B units	% mom	% yoy	RM billion	% mom	% yoy
2010	37	616	76	289.4		5.7	226.8		18.3
2011	38	646	66	316.4		9.3	249.5		10.0
2012	41	664	77	351.6		11.1	294.9		18.2
2013	39	682	59	388.5		10.5	335.5		13.8
2014e				424.0		9.0	356.2		6.2
2014 Mar	38	682	6	400.9	-0.1	10.5	344.0	-0.1	11.8
Apr	37	685	3	402.7	0.4	10.5	349.4	1.6	10.7
May	37	692	1	404.8	0.5	10.4	350.7	1.9	8.0
June	37	697	11	407.1	0.6	9.9	354.3	1.5	8.5
Jul	37	698	4	407.4	0.1	9.5	354.7	2.5	7.8
Aug	38	707	5	412.4	1.2	9.8	356.2	3.5	10.0
2013 J-Aug	0	23	42	24.1		6.9	29.0		9.8
2014 J-Aug	0	25	40	23.8		6.1	20.6		6.2

Source: Securities Commission, Lipper, PNBRI

- As geopolitical tensions had remained elevated this year, the downside risks to equity performance also remained potent. This could have explained the majority of new funds being launched in the safer asset classes as mentioned previously. The Bursa Malaysia market capitalisation growth was also slower during January to August 2014 (4.4% ytd) as compared to January to August 2013 (6.7% ytd). Therefore this could have pared down the net asset value (NAV) growth of MUTI this year as most of the unit trust funds are invested in the local equity market. NAV growth in January to August 2014 came in slower at 6.2%, moderating from the 9.8% recorded in the same period last year. Nevertheless, the NAV growth rebounded in August 2014 to record a double-digit of 10.0% yoy, after recording 8.1% average in the three months previously. As such, the NAV to UIC ratio was a tad higher at 86.37 sen in August 2014 from 86.19 sen a year ago, signalling a faster NAV as compared to UIC growth for the month.
- As mentioned earlier, the rising cost of living would have impacted the public's behaviour in managing their money. The declining deposits growth (2012-2013 average: 10.4%; August 2014: 5.8%)

**CHART 4: ASSET ALLOCATION OF THE PRIVATE UNIT TRUST:
JANUARY TO AUGUST 2014**



Source: Lipper

into the banking system might be an indication that the public is putting their money elsewhere i.e. spending or investing in unit trust products with a strong track record of returns.

- Should the decline in deposits persist, it would pose as an upside risk for another rate hike, which is likely to be followed with an adjustment to the returns on deposits. This would pose as a downside risk to the unit trust industry as the marginal return between fixed deposits and unit trust investment would be narrowed. Nonetheless, the weakening external growth prospects could prohibit the monetary authority from raising the OPR in the medium term (3-6 months).
- Going forward, the unit trust management companies face a challenging task to remain competitive in a more challenging investment climate and maintain their ability to give out respectable returns amidst the slowing global economy. The competition to get the public to invest in unit trust products has intensified given new products are continuously introduced into the market.
- Given the moderation in UIC growth, we estimate the UIC to expand slower by 9.0% yoy in 2014, but still respectable vis-à-vis the 10.5% recorded in 2013.

Management Companies Unit Trust		Lipper Global Classification	Launch Date	Par Value (RM)	UIC (M units)	Geo. focus
1	AMANAH MUTUAL BERHAD 1 AMB Dana Aqeel (Capital Protected) - Series 2 MYR	Protected	6-Mar-14	0.50	412.5	Malaysia
2	AMINVESTMENT MANAGEMENT SDN BERHAD 1 Global Multi-Asset Income USD 2 US-Canada Income and Growth 3 Europe Equity Growth	Mixed Asset USD Flex - Global Mixed Asset USD Bal - US Equity Europe	17-Mar-14 17-Jun-14 10-Jul-14	1.00 1.00 1.00	11.2 38.4 18.4	Global United States Europe
3	BIMB INVESTMENT MANAGEMENT BERHAD 1 BIMB i Flexi	Mixed Asset MYR Flexible	25-Mar-14	0.25	79.8	Malaysia
4	CIMB PRINCIPAL ASSET MANAGEMENT BERHAD 1 CIMB-Principal Global Multi Asset Income 2 CIMB-Principal Institutional Bond 7	Mixed Asset USD Flex - Global Bond MYR	20-Mar-14 14-Jul-14	1.00 1.00	333.3 998.8	Global Malaysia
5	EASTSPRING INVESTMENTS BERHAD 1 Eastspring Investments Target Income 3	Target Maturity Other	16-Apr-14	1.00	178.4	Global
6	HONG LEONG ASSET MANAGEMENT BHD 1 Hong Leong Islamic Cash 2 Hong Leong Islamic Enhanced Cash 3 Hong Leong Cash 4 Hong Leong Enhanced Cash	Money Market MYR Money Market MYR Money Market MYR Money Market MYR	2-Jun-14 2-Jun-14 2-Jun-14 2-Jun-14	1.00 1.00 1.00 1.00	0.0 0.0 80.8 0.0	Malaysia Malaysia Malaysia Malaysia
7	HWANG INVESTMENT MANAGEMENT BERHAD 1 Hwang Fixed Maturity Income X 2 Hwang Flexi II 3 Hwang Select Japan Quantum 4 Hwang 12M Income III A 5 Hwang Fixed Maturity Income XI	Target Maturity Other Mixed Asset MYR Flexible Equity Japan Target Maturity Other Target Maturity Other	0-Jan-00 27-Jan-14 3-Mar-14 2-Jun-14 1-Jul-14	0.00 0.00 0.00 0.00 1.00	0.0 0.0 0.0 0.0 0.0	Global Global Japan Malaysia Global
8	KENANGA INVESTORS BERHAD 1 Kenanga Income - Series 1 2 Kenanga Islamic Cash 3 Kenanga Islamic Income Series 3	Bond MYR Money Market MYR Money Market MYR	5-Jun-14 11-Jun-14 20-Aug-14	1.00 1.00 1.00	361.7 120.1 651.0	Malaysia Malaysia Malaysia
9	LIBRA INVEST BERHAD 1 Libra Opportunity Bond	Bond Other Hedged	30-Apr-14	0.50	35.5	Global
10	MAYBANK ASSET MANAGEMENT SDN BERHAD 1 Maybank Asiapac Ex-Japan Equity-I 2 Maybank Malaysia Equity-I 3 Maybank Malaysia Sukuk 4 Maybank Constant Income 1 5 Maybank Dana Najiyah 6 Maybank Financial Institutions Income Asia	Equity Asia Pacific Ex Japan Equity Malaysia Bond MYR Target Maturity Other Money Market MYR Bond Asia Pacific LC	8-Jan-14 8-Jan-14 8-Jan-14 5-Feb-14 27-Mar-14 26-Aug-14	1.00 1.00 1.00 1.00 1.00 1.00	23.1 9.9 19.9 198.1 498.4 0.0	Asia Pacific ex Japan Malaysia Malaysia Global Malaysia Asia Pacific
11	PACIFIC MUTUAL FUND BHD 1 Pacific Dana Iimbang	Mixed Asset MYR Bal - Malaysia	2-Jun-14	0.50	17.3	Malaysia
12	PERMODALAN BSN BERHAD 1 BSN Dana I-Cash	Money Market MYR	26-Feb-14	1.00	113.0	Malaysia
13	PUBLIC MUTUAL BERHAD 1 Public Islamic Growth & Income 2 Public Islamic Cash Deposit 3 Public Cash Deposit	Equity Malaysia Money Market MYR Money Market MYR	7-Jan-14 25-Aug-14 25-Aug-14	0.25 1.00 1.00	1,145.8 1.6 6.9	Malaysia Malaysia Malaysia
14	RHB ASSET MANAGEMENT SDN BHD 1 RHB-OSK Focus Income Bond - Series 2 2 RHB-OSK Islamic Income Plus Fund 5 3 RHB-OSK Islamic Regional Balanced 4 RHB-OSK Pre-IPO & Special Situation 2 5 RHB-OSK Focus Income Bond - Series 3	Target Maturity Other Money Market MYR Mixed Asset MYR Bal - Global Alternative Event Driven Target Maturity Other	7-Jan-14 28-Feb-14 8-Apr-14 22-Jul-14 11-Aug-14	1.00 1.00 0.00 1.00 2.00	0.0 0.0 0.0 215.0 117.4	Australia Malaysia Asia Pacific Global Global
15	RHB ISLAMIC INTERNATIONAL ASSET MGMT BHD 1 RHB-OSK Global Sukuk-Series 1	Target Maturity Other	16-Jun-14	1.00	65.4	Global
16	TA INVESTMENT MANAGEMENT BERHAD 1 TA Regular Income	Target Maturity Other	16-Jun-14	1.00	63.1	Global
17	UOB Asset Management (Malaysia) Berhad 1 United Trigger Bond	Target Maturity Other	26-May-14	1.00	95.6	Global
			40		5,910.1	