



CHINA'S
EQUITIES BOUNCED BACK
AFTER GDP MEETS ESTIMATES



1. China's economic growth slows, but remains within expected range

China released its 2nd quarter GDP results at 6.2%. The 6.2% was its weakest in almost 30-years, but given the current landscape, it was within estimates. Markets recovered the same day the data was released as underlying data points showed signs of improvement.

While concerns that the US-China trade war has impacted the economic giant, China's consumption sector remained a bright spark amid the murmurs. The sector contributed 60.1% to the economic expansion within the 1st half of the year, inline with the country continued shift from a manufacturing-centric economy towards one that focuses on consumption driven growth.

Table 1: Data points signals growth in June 2019

| Data Point | Reading in May (YoY%) | Reading in June (YoY%) | Growth (%) | Polling Estimates (%) |
|-----------------------|-----------------------|------------------------|------------|-----------------------|
| Industrial Production | 5.0 | 6.3 | 1.3 | 5.2 |
| Retail Sales | 8.6 | 9.8 | 1.2 | 8.3 |

Source: Bloomberg as at 15 July 2019.

2. Markets bounced back, with consumption sector taking the lead

Investors' sentiment improved after data points were released within expectations, and the equity markets' performance showed for it. While broader markets had inched higher before the day close, the S&P New China Sector ex A Share Index topped the table as consumption-related stocks enjoyed a stronger climb.

- S&P New China Sectors Ex A Share Index : + 0.66%
- Hang Seng China Enterprises Index : + 0.21%
- Shanghai Shenzhen CSI 300 Index : + 0.21%
- Shanghai Composite Index : + 0.20%
- FTSE China 50 Index : + 0.08%

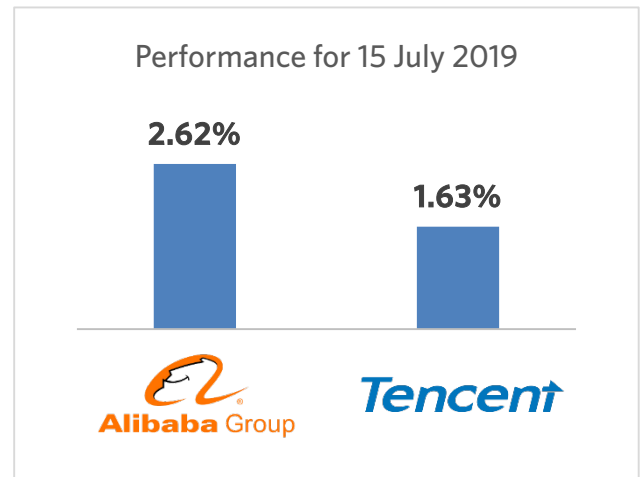
Source: Bloomberg as at 15 July 2019. All returns quoted in MYR terms.



3. China's e-commerce story continues

Alibaba Group Holdings Ltd, the US-listed e-commerce giant from China stole the limelight, jumping 2.62% in USD terms for the day.

Another strong gainer in the list of top holdings within the S&P New China Sectors Ex A Share Index is Tencent Holdings Ltd. The Hong Kong-listed China tech giant spiked 1.63% in HKD in the day after China released its data points.



Source: Bloomberg as at 15 July 2019. All returns quoted in local currency terms.

4. Gaining access to China's resilient consumption sector

| Name of ETF | TradePlus S&P New China Tracker |
|------------------------------|---------------------------------|
| Listed Market | Bursa Malaysia Securities |
| Stock Code | 0829EA |
| Minimum Trading Units | 100 Units |
| Closing Price (15 July 2019) | MYR 5.66 per Unit |
| No. of Constituents | 72 stocks |
| Management Fee | 0.50% per annum |
| Sales Charge | Nil |
| 12mths Price / Earnings * | 33.14 |
| 12mths Price / Book Value * | 22.64 |
| 12mths Dividend Yields * | 1.36 |

* The 12months' Price/Earnings, Price/Book Value, and Dividend Yields financial ratios have been sourced from Bloomberg for the S&P New China Sectors Ex A Share Index, which is the benchmark used by the TradePlus S&P New China Tracker. Data is for 12-months for the period ending 15 July 2019.



Disclaimer: This article has been prepared by Affin Hwang Asset Management Berhad (hereinafter referred to as "Affin Hwang AM") specific for its use, a specific target audience, and for discussion purposes only. All information contained within this presentation belongs to Affin Hwang AM and may not be copied, distributed or otherwise disseminated in whole or in part without written consent of Affin Hwang AM. The information contained in this presentation may include, but is not limited to opinions, analysis, forecasts, projections and expectations (collectively referred to as "Opinions"). Such information has been obtained from various sources including those in the public domain, are merely expressions of belief. Although this presentation has been prepared on the basis of information and/or Opinions that are believed to be correct at the time the presentation was prepared, Affin Hwang AM makes no expressed or implied warranty as to the accuracy and completeness of any such information and/or Opinions. As with any forms of financial products, the financial product mentioned herein (if any) carries with it various risks. Although attempts have been made to disclose all possible risks involved, the financial product may still be subject to inherent risk that may arise beyond our reasonable contemplation. The financial product may be wholly unsuited for you, if you are adverse to the risk arising out of and/or in connection with the financial product. Affin Hwang AM is not acting as an advisor or agent to any person to whom this presentation is directed. Such persons must make their own independent assessments of the contents of this presentation, should not treat such content as advice relating to legal, accounting, taxation or investment matters and should consult their own advisers. Affin Hwang AM and its affiliates may act as a principal and agent in any transaction contemplated by this presentation, or any other transaction connected with any such transaction, and may as a result earn brokerage, commission or other income. Nothing in this presentation is intended to be, or should be construed as an offer to buy or sell, or invitation to subscribe for, any securities. Neither Affin Hwang AM nor any of its directors, employees or representatives are to have any liability (including liability to any person by reason of negligence or negligent misstatement) from any statement, opinion, information or matter (expressed or implied) arising out of, contained in or derived from or any omission from this presentation, except liability under statute that cannot be excluded.

Warning Statement: A Prospectus is available for the TradePlus Shariah Gold Tracker and TradePlus S&P New China Tracker, and investors have the right to request a copy of it. Investors are advised to read and understand the contents of the Prospectus dated 15 January 2019 and Supplementary Prospectus dated 2 July 2019 before investing. The Prospectus and Supplementary Prospectus have been registered with the Securities Commission Malaysia, who takes no responsibility for its contents. A copy of the Prospectus and Supplementary Prospectus can be obtained at Affin Hwang Asset Management Berhad's sales offices. As with any forms of financial products, the financial product mentioned herein carries with it various risks. Investors are advised to consider the general and specific risks involved as stipulated in its Prospectus before investing. There are also fees and charges involved when investing in the fund, and investors are advised to consider the fees and charges carefully before investing. The price of units and distribution payable, if any, may go down as well as up and past performance of the fund should not be taken as indicative of its future performance.

Licensing Disclosure Statement & Conditions: The "S&P New China Ex A-Shares Index" is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates ("SPDJI") and has been licensed for use by Affin Hwang Asset Management Bhd. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Affin Hwang Asset Management Bhd. TradePlus S&P New China Tracker is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P New China Ex A-Shares Index.