



1Q2019
SNAPSHOT

TradePlus S&P
New China Tracker

- Geopolitical tensions ease as US-China trade negotiations progress
- Disappointing earnings dampen global financial markets, but Hong Kong / China stocks surge to end the quarter strong
- Consumption theme remains a performance driver

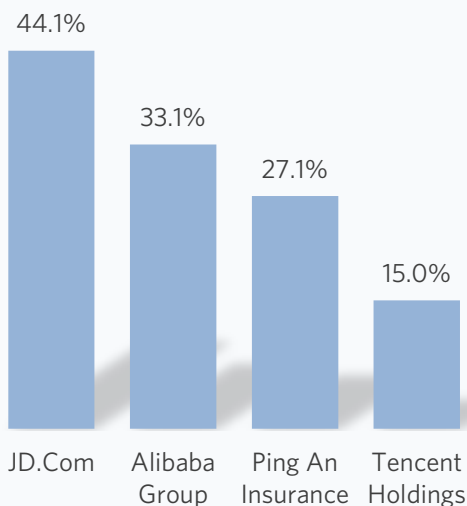
1. Markets surge on optimism in US-China trade negotiations

- Investment sentiment improved, leaving investors shifting back into risk assets as US President signals that the negotiations are close to being finalised, stating "epic" trade deal is near completion.
- A deal would be ideal given the scale of trade that is carried out between the 2 countries.
- US Census Bureau reported that goods traded between the 2 countries totalled to US\$660 billion in 2018 - US\$540 billion in US imports from China, and US\$120 billion in US exports to China.



2. Stocks rebound from disappointing earnings

Year-to-date Performance
(As at 31 March 2019)



- Disappointing data flowing out of the industrial sector pushed investors into sectors that were comparatively less reliant on the economy - the consumer, and health care sector.
- Good news for China, who is looking to advance to a consumer-driven economy, and already has consumer spending contributing nearly two-thirds of the country's economic growth.
- China's tech giant, Tencent, posted weaker than expected 4Q2018 quarterly profits, and slowest profit growth in 13 years.
- Analysts were quick to defend the company, and express a favourable view on the stock, raising its price targets on optimism on the company's outlook.
- The tech-related sector continued to trend higher, alongside the other consumer-related sectors.
- The 1st quarter saw tech-giants Alibaba, Tencent, and JD.Com all recording strong double-digit gains.

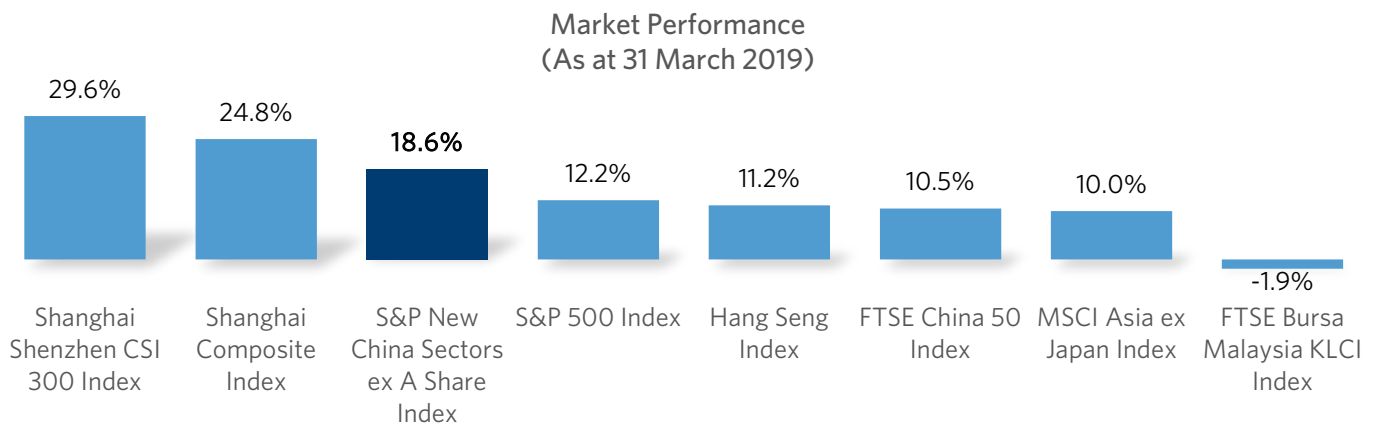


3. Consumption still the performance driver

- Middle-class in China have grown over the decade from 200 million to now 300 million today.
- Group’s spending power could exceed USD28 trillion, overtaking the US (USD 16.8 trillion), and Japan (USD 9.7 trillion) - providing strong catalyst for the consumption sector in China.
- Retail sales rose 8.2% year-on-year in the first 2 months of 2019, with consumption from the rural area climbing 9.1% higher.
- Online retail sales saw a 13.6% jump in the first 2 months of 2019.
- China currently stands as the global leader in e-commerce, and mobile payments. Mobile payments alone amounted to USD24 trillion - 160X that of the US.



How has the Index Performed thus far?



- The consumption sector focused S&P New China Sectors Ex A Share Index recorded a gain of 18.6% for the first quarter (in MYR terms), pulling ahead of its regional, as well as global peers.
- The Index came in behind the Shanghai Shenzhen CSI 300 Index, after the A-shares ended the quarter with a stellar year. The MSCI’s increase weightage into China, the Premier’s talks of further liberalising China’s capital markets, as well as the positive vibes surrounding the US-China trade negotiations had all boosted sentiment for the domestic stocks.
- Volatility was, however, marginally higher for the domestic market. The CSI 300 Index recorded a 30-day average volatility of 30.2, compared to the 18.7 for the S&P New China Sectors Ex A Share Index. The FBM KLCI was the least volatile over the past 30 days at a reading of 8.5
- While there have been some challenges in the performance of the energy sector related names (categorised under Utilities), the top performers have seen stellar double-digit growth



S&P New China Ex A-Share Index Top Performers & Laggards

Top Performers	1Q2019 Returns (%)
New Oriental Education & Technology Group	64.4
Ctrip.com International Ltd	61.5
Momo Inc	61.0
iQIYI Inc	60.9
ZTE Corp	59.5
Wuxi Biologics Cayman Inc	52.2
Huazhu Group Ltd	47.2
China Southern Airlines	44.7
JD.com Inc	44.1
Alibaba Health Information Technology	42.8

Laggards	1Q2019 Returns (%)
China Resources Power Holdings Co Ltd	-21.7
Huaneng Power International Inc	-8.4
BeiGene Ltd	-5.9
BYD Co Ltd	-5.3
Sinopharm Group Co Ltd	-0.6
NetEase Inc	2.6
Xinyi Glass Holdings Ltd	3.9
Baidu Inc	3.9
Weibo Corp	6.1
China Mobile Ltd	6.2

Gaining Access to the Index

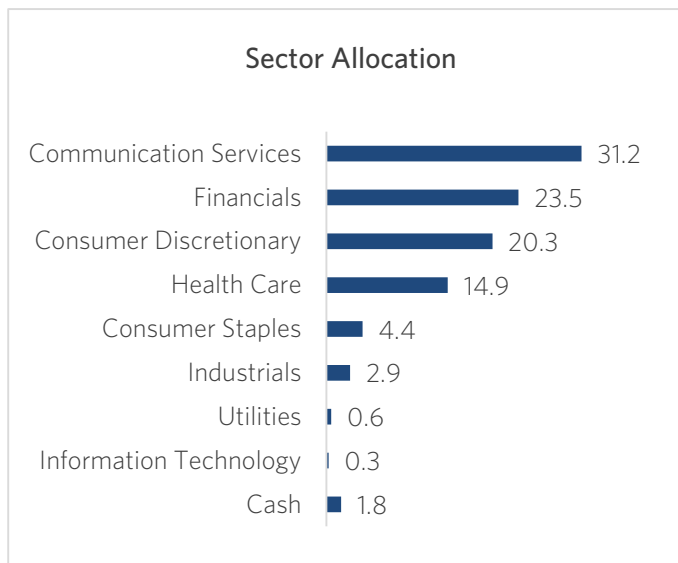
- Investors can gain access to the S&P New China Ex A-Share Index through our latest exchange-traded Fund, the **TradePlus S&P New China Tracker**.
- Listed on the Main Market of Bursa Exchange, investors can trade Units through their brokerage account.

Name of ETF	TradePlus S&P New China Tracker	
Listed Market	Main Market - Bursa Exchange	
Total No. of Stocks	65	
Net Asset Value	HKD 22.3 mil.	
Trading Currencies	Malaysian Ringgit	US Dollar
Minimum Trading Units	100	100
Stock Code	0829EA	0829EB
Bloomberg Ticker	CHNMYR MK	CHNUSD MK
NAV per Unit (as at 29 March 2019)	MYR 5.7929	USD 1.4195

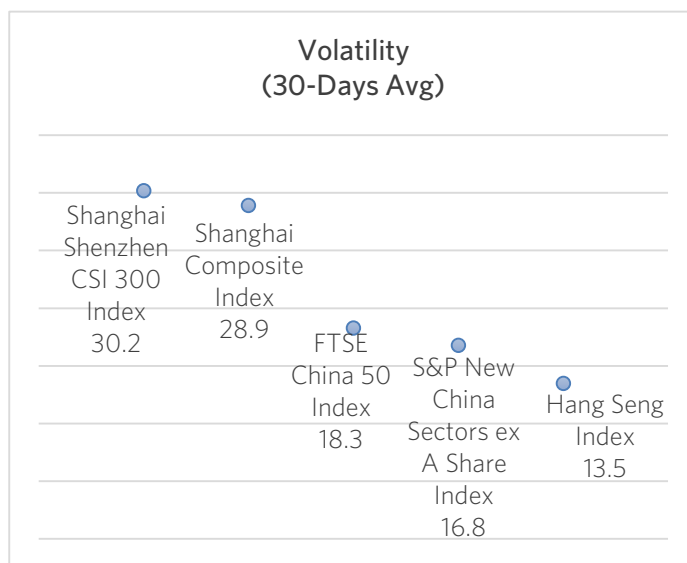


Snapshot of the TradePlus S&P New China Tracker

1. Focusing on beneficiaries of consumption spending



2. Exposure to China's growth at lower volatility



3. Gaining exposure in leaders of its industry

Top Performers	Weighting (%)	1Q2019 Performance (%)	Sector Categorisation
AIA Group Ltd	10.6	20.2	Financials
Alibaba Group Holding Ltd	10.5	33.1	Healthcare
Tencent Holdings Ltd	9.9	15.0	Communication Services
China Mobile Ltd	7.0	6.2	Communication Services
Ping An Insurance (Group) Co of China Ltd	6.9	27.1	Financials
Baidu Inc	5.7	3.9	Communication Services
JD.com Inc	3.1	44.1	Consumer Discretionary
China Life Insurance Co Ltd	2.5	26.8	Financials
NetEase Inc	2.2	2.6	Communication Services
Ctrip.com International Ltd	2.1	61.5	Consumer Discretionary



Source: All performance data are sourced from Bloomberg as at 31 March 2019. Performance of indices are quoted in MYR terms, while other returns are quoted in local currency terms. Sector allocation as per GICS categorisations.

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