



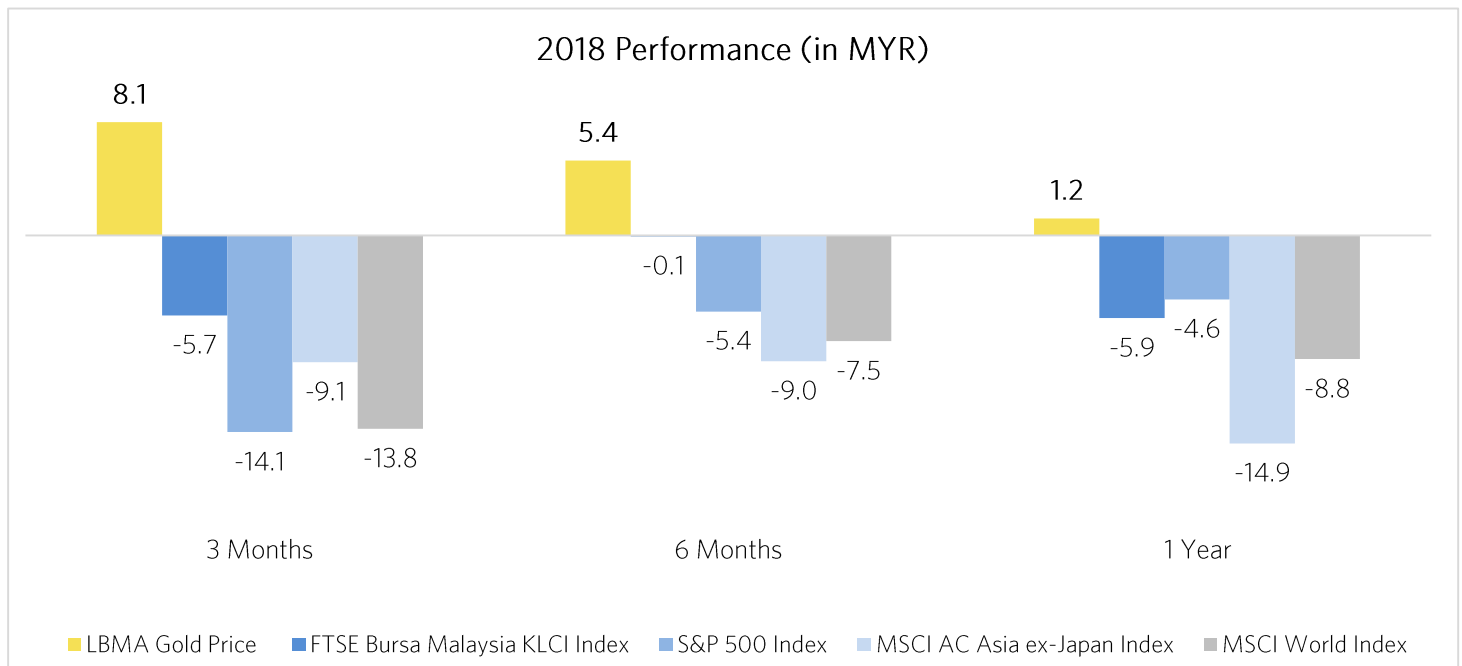
Fundamentals Flash

25 January 2019

Precious Metal Living Up to its Name

After a slow start for Gold in 2018, tensions and uncertainties drove prices higher in the 2nd half to eke out a 1.2% gain (in MYR terms) for the year. We started the year on a high note, with strong investors' confidence leading investors to stay focused on riskier assets. Financial markets turned awry soon after, with threats of a trade war between the US and China, geopolitical risks, and waning confidence on the pace of global growth driving pushing interest back into safer haven assets.

With US Dollar losing ground against its peers, Gold took centre stage as the asset class of choice amidst these uncertain times, surging in the final quarter of the year. It ended the year as the only positive performer over a 3-month, 6-month, and 1-year period.



Source: Bloomberg as at 31 December 2018. Returns quoted in MYR terms.

Gold still matters

Gold remains the asset class of choice for value storage by global central banks. Countries such as United States, Germany, Italy, France, and Russia make up the top 5 central banks with the highest holdings of Gold - collectively owning 18.5 thousand tones as at January 2019.

Being scarce in nature, the value of the precious metal will likely hold as demand continues to grow. And with no clarity in the uncertainties faced in the current environment, prices are expected to soar as investors seek out avenues to store their wealth.



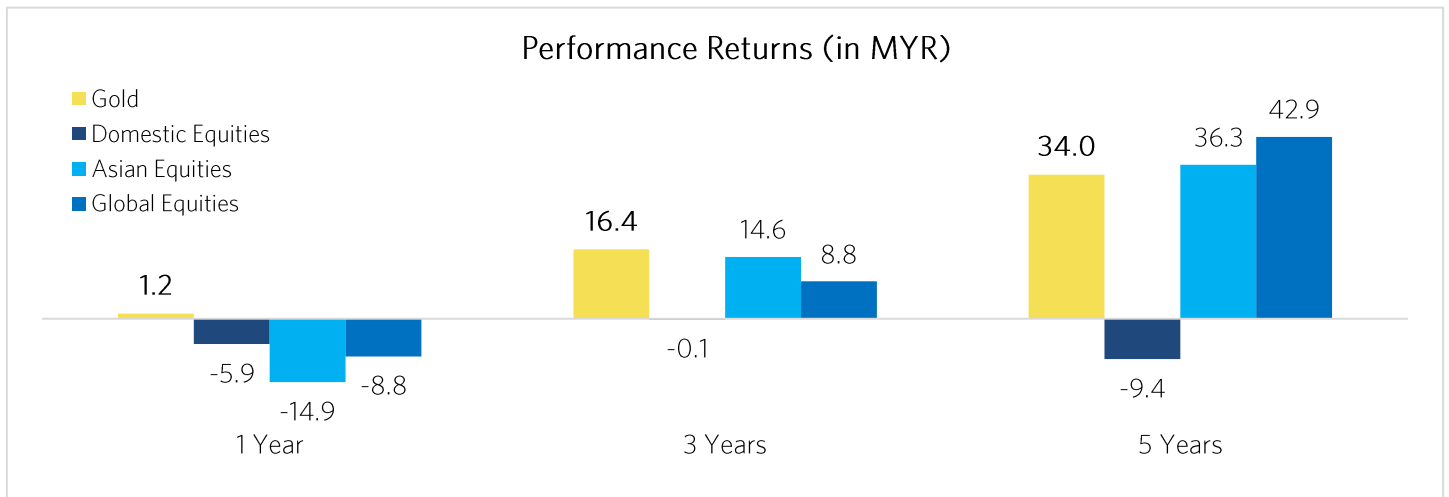
Fundamentals Flash

25 January 2019

How much Gold is enough?

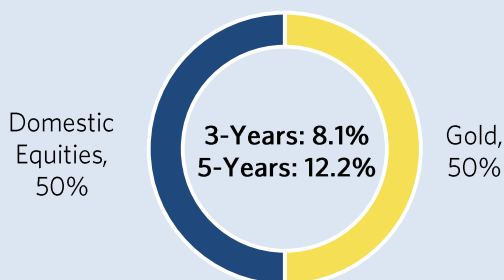
Can you really own too much Gold? The wise men on the mountain says "one should not keep all eggs in one basket". On hindsight, it would probably have been best if all your assets were kept in gold in 2018. But then again, you'll probably have changed many other things in hindsight.

Which is why we continue to advocate diversification, which works to enable the capitalisation of the exposure into the different asset classes during different market cycles. The snapshot below provides you with a 1, 3, and 5-year performance of various markets and how having Gold as a component in your portfolio would have helped your portfolio.



Source: Bloomberg as at 31 December 2018. Returns quoted in MYR terms.

Model Portfolio



- A balanced portfolio into
 - a) Gold, and
 - b) Domestic equities.
- The stronger performance of Gold had helped maintain the value of the portfolio over the course of 3, and 5-years when the domestic equity market saw slower performance.

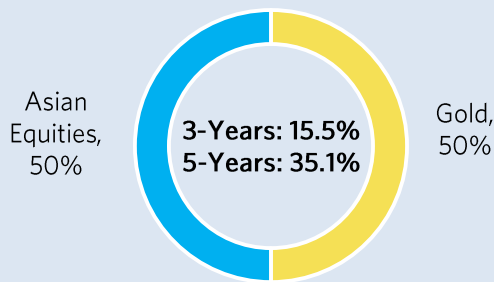




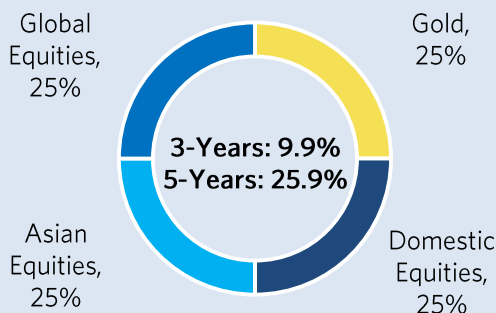
Fundamentals Flash

25 January 2019

Model Portfolio (cont.)



- A balanced portfolio into
 - a) Gold, and
 - b) Asian equities.
- While Asian equities had also done well over the longer-period, the exposure into Gold provides a protection. This is evident in the shorter 1-year period, where Gold outperformed the regional equities by 16%.



- A completely diversified portfolio with equal weightings into
 - a) Gold,
 - b) Domestic equities,
 - c) Asian equities, and
 - d) Global equities.
- The weakness of the exposure in domestic equities was supported by the stronger performance of the regional, and global equities, as well as the spike in gold price.

Source: Bloomberg as at 31 December 2018. All returns are quoted in MYR.

Note: References made to the performance of Gold is represented by the LBMA Gold Price AM fixing, Domestic equities by FTSE Bursa Malaysia KLCI Index, Asian equities by MSCI Asia ex Japan Index, and Global equities by MSCI World Index. All returns are quoted in Malaysian Ringgit.

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.