

Phillip Managed Fund Report *formerly known as Managed-UT*
 (An investment in Local Unit Trust Funds)

FUND ANALYSIS (31 December 2014)

| Fund Name | Return (%) | | | | |
|--------------------------------------|------------|-------|------|------|------|
| | Q4'14 | Q3'14 | YTD | 1Yr | 3Yr |
| Kenanga Growth | -8.4 | 4.7 | 9.3 | 9.3 | 57.5 |
| Affin Hwang Select Asia Quantum | -2.5 | 1.2 | 8.9 | 8.9 | 68.5 |
| Phillip Master Money Market | 0.8 | 0.8 | 3.2 | 3.2 | 9.6 |
| Eastspring Investments Equity Income | -6.0 | 1.2 | 2.9 | 2.9 | 46.8 |
| RHB-OSK-GS US Equity | 6.5 | 0.5 | 9.3 | 9.3 | 66.0 |
| RHB-OSK US Focus Equity | 6.7 | -1.0 | 12.4 | 12.4 | 61.6 |
| Eastspring Investments My Focus | -10.5 | 5.4 | 12.9 | 12.9 | 88.1 |

Source: Lipper

COMMENTS

Mixed performance in 4Q'14...

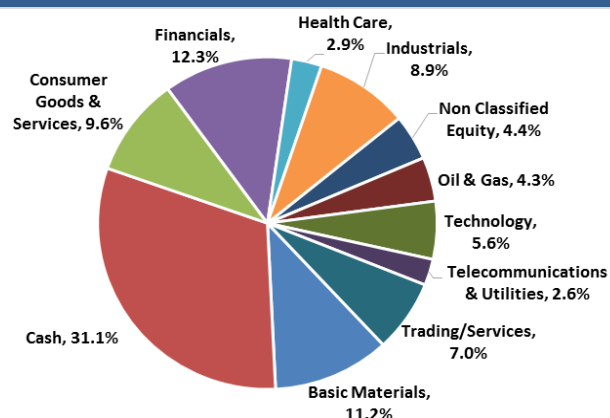
Some funds within our portfolio suffered losses for Q4 ending 31 December 2014 as prices plunged by as much as 19.5% in December alone. This caused Malaysian equities to plunge by 3.3% in December alone as Malaysia is highly dependent on oil revenue. Worst performing fund within the portfolio was Eastspring Investments MY Focus fund which declined by 10.5% in 4Q'14. However, year-to-date it still gained 12.9%. The fund has increased cash holdings from 21.1% in end of August to 25.7% at the end of November 2014. Property and Banking & Finance stocks constitute the fund's highest sector allocation besides cash, with a weighting of 13.1% and 12.9% respectively of total portfolio. Eastspring Investments Equity Income fund fell 6.0% for the quarter. The fund remained overweight in Banking & Finance with an exposure of 17.6%, edge up compared to previous quarter's 14.5% weighting. The fund's cash holdings slightly the same as previous quarter which was 23.8% at end of November compared to 23.6% at end of August 2014.

Kenanga Growth fund declined 8.4% in 4Q'14, underperforming FBM KLCI's 4.6% decline for the quarter. Over the quarter, the fund has steadily decreased cash holdings from 26.7% at end August to 25.6% at the end November 2014. Trading & Services and Industrial Products stocks constituted the fund's highest sector allocation with a weighting of 25.1% and 14.8% respectively at the end of November 2014. The fund favoured the sectors that will benefit from the economy and the weaker Ringgit such as exporters, manufacturers and construction.

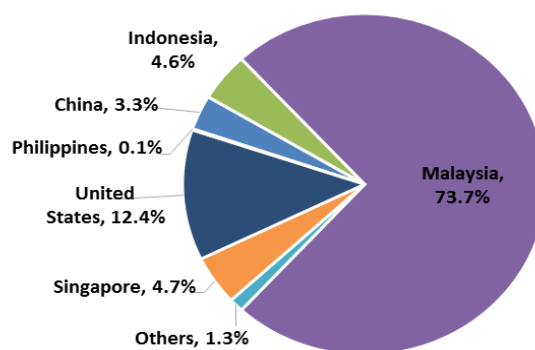
In our Asia Equity category, Affin Hwang Select Asia Quantum fund fell 2.5% for the quarter. However, still it gained 8.9% for the year. We noticed that the equity weighting in Malaysia has decreased, with exposure at 30.0% from 38.3% at the end of August 2014. The fund cut weighting in Financials to 24.5% from 29.0% previously. We are positive on Asia as these oil importing countries could benefit from lower oil prices.

In the case of US exposure of the portfolio, RHB-OSK US Focus Equity and RHB-OSK-GS US Equity gained 6.7 and 6.5% respectively in 4Q'14. Meanwhile, Dow Jones Industrial Average rose 4.6% for the quarter. RHB-OSK US Focus Equity is currently overweight on Financial Services and Producer Durables stocks at 21.5% and 17.0% respectively of fund portfolio as at end October 2014 whilst RHB-OSK-GS US Equity fund was overweight Financials and Information Technology stocks at 20.1% and 18.8% respectively of fund portfolio.

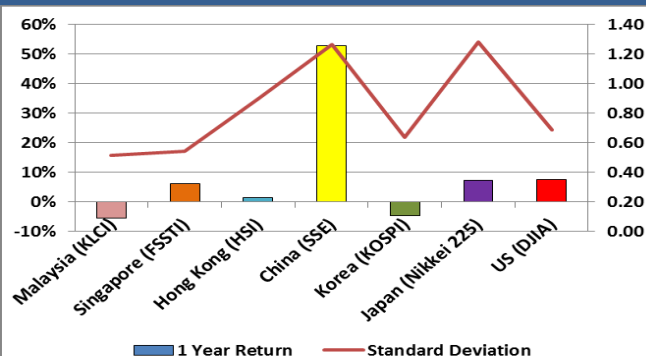
MAJOR EXPOSURE: BY COUNTRY (31 December 2014)



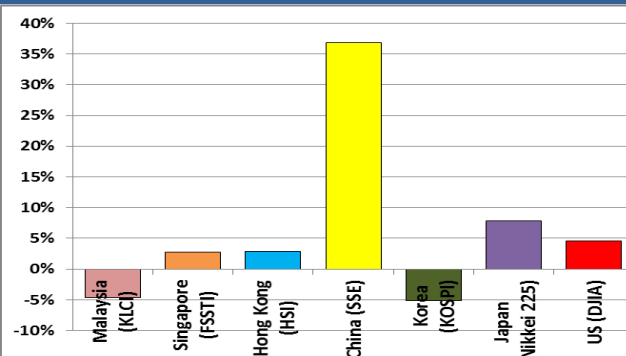
MAJOR EXPOSURE: BY SECTOR (31 December 2014)



MAJOR INDICES PERFORMANCE (31 Dec 2013 - 31 Dec 2014)

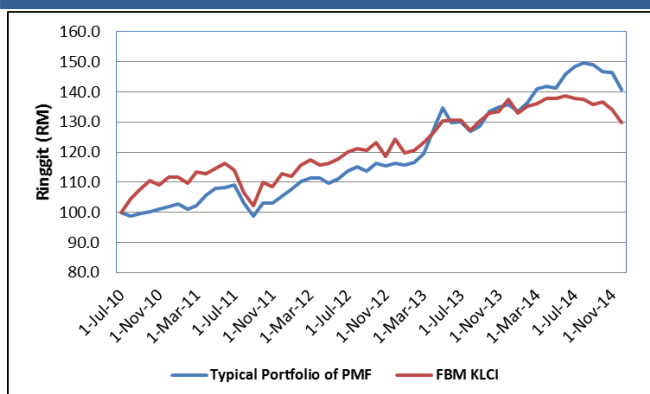


MAJOR INDICES PERFORMANCE FOR Q4 (30 Sept - 31 Dec 2014)



Source: Lipper, Bloomberg & PCM

Performance from 31 July 2010 till 31 December 2014



Source: Bloomberg & PCM

INVESTMENT COMPOSITION (%)*

| Fund Name | Q4'14 | Q3'14 | Q2'14 | Q1'14 |
|--------------------------------------|-------|-------|-------|-------|
| Kenanga Growth | 20 | 20 | 20 | 20 |
| RHB-OSK US Focus Equity | 5 | 5 | 5 | 5 |
| RHB-OSK-GS US Equity | 5 | 5 | 10 | 10 |
| Hwang Select Asia Quantum | 25 | 25 | 20 | 20 |
| Eastspring Investments My Focus | 13 | 13 | 13 | 13 |
| Eastspring Investments Equity Income | 12 | 12 | 12 | 12 |
| Phillip Master Money Market | 20 | 20 | 20 | 20 |

* Typical portfolio of Phillip Managed Fund (exclude cash)

PORTFOLIO PERFORMANCE (%) – NET OF MANAGEMENT FEE

| | Q4'14 | Q3'14 | YTD | Inception | Std. Dev. |
|------------|-------|-------|------|-----------|-----------|
| Portfolio* | -5.6 | 2.2 | 3.8 | 40.8 | 8.0% |
| Benchmark | -4.6 | -1.9 | -5.7 | 29.7 | 9.0% |

* Typical portfolio of Phillip Managed Fund

Performance for the fund at net asset value does not include the fund's initial service fee of 3.00% - had it been included, the fund's return would have been lower

Source: Bloomberg & PCM

Our performance so far...

All of our invested funds performed negatively in Q4 ending December 2014 with exception to RHB-OSK US Focus Equity Fund and RHB-OSK-GS US Equity Fund. For the quarter, we made no adjustment to the portfolio. Our typical portfolio of Phillip Managed Fund declined 5.6% for the quarter, underperforming the benchmark FBM KLCI's 4.6% decline. However for the year, the portfolio's performance gained 3.8%, outperforming the benchmark FBMKLCI which declined 5.7% for the year. Volatility wise, the standard deviation for the portfolio at end December 2014 was at an annualized rate of 8.0% while the FBM KLCI had a 9.0% volatility rate.

Moving forward, we may increase our equity exposure to Asia for our typical portfolio of Phillip Managed Fund. For the coming quarter, we will monitor economic data coming from abroad namely Japan, China and Europe. We expect further monetary easing to buoy equity markets moving forward.

Market performances for Q4...

FBM KLCI chalked up negative returns, declined 4.6% for the quarter with year-to-date loss of 5.7%. The Index gained 0.5% in October before slipping 1.9% and 3.3% in November and December 2014. There was no significant activity, as the negative sentiment caused by sharp decline in fuel prices caused jitters to local/foreign institutions. Foreign institutions withdrew from our equity market by net selling shares worth of RM3.7bn in Q4 from RM1.6bn in previous quarter. Our heavy dependence on oil and gas as an important source of state revenue prompted foreign institutions to reduce exposure to Malaysia. Local institutions were net buyers up to RM3.8bn for the quarter. In a bid to stop the outflow of money, the Ministry of Finance (MOF) has directed all government-owned companies, statutory bodies and subsidiaries to stop buying foreign assets and provide support to ringgit which depreciated 2.5% since November. Bank Negara Malaysia (BNM) maintains the Overnight Policy Rate (OPR) unchanged at 3.25%. For the quarter, Property and Finance sector fell the most among indices, falling 13.9% and 8.9% respectively compared to last quarter rose of 4.5% and 0.3% respectively.

In the 2015 Budget, the government announced the fiscal deficit target of 3.0% of GDP in 2015 but subsequently revised into 3.2% due to the revenue shortfall of RM13.8bn and still in line with the Government's commitment to fiscal consolidation. The Malaysia's real GDP is expected to grow between 4.5% to 5.5% from 5.5% to 6.0% in 2014 on the back of resilient domestic demand and improving external conditions. Malaysia's inflation rate decreased by 2.7% in December 2014 compared to 3.0% in November and 2.8% in October 2014 with year-to-date inflation rate average at 3.2% higher than 2013's 2.1%.

Regional equity markets saw Shanghai Composite Index led and raked in an impressive 36.8% gain. The improvement was due to the People's Bank of China cutting the one-year benchmark lending rate and lowering the one-year benchmark deposit rate as an effort to support the slowing economy. While Nikkei 225 Index gained 7.9% this quarter. In Indonesia, President Joko Widodo raised fuel prices more than 30% makes foreign investors buying US\$434 million of equity and pushing the JCI Index 5.3% gaining for the quarter. SET Index and PCOMP Index registered declining to 5.5% and 0.7% for the quarter.

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For Phillip Capital Management Sdn Bhd

Nona Salleh
Executive Chairperson