

For immediate release

Eastspring Investments' releases Malaysia's Investors' Growth and Income Index 2014

Kuala Lumpur (4 June 2014) – Eastspring Investments, the Asia asset management arm of UK-based Prudential plc, today released Malaysia's Investor 'Growth and Income Index' together with the findings of its Unit Trust Fund Investor Behaviour Study for this year.

The Growth and Income Index offers insights into the asset allocation plans of Malaysian unit trust fund investors for the next six months.

The study shows that Malaysian unit trust fund investors are continuously searching for yield and increasingly looking at alternative options, such as Asian high dividend equities and Asian multi-asset income to capture income and returns in the next six months," said Yap Siok Hoon, Chief Sales and Marketing Officer, Eastspring Investments Berhad.

Eastspring Investments' research is based on 300 interviews with Malaysian unit trust fund investors in March and April 2014.

The index, which recorded a score of 47*, indicates that there is an allocation preference for funds which deliver income among Malaysian current unit trust fund investors in the next six months. Those who plan to invest in unit trust funds over the next six months recorded an Index score of 42, which also shows a preference for income funds.

"Malaysian investors are known for their eagerness to stay abreast of investment information and their desire to take charge of their own investment portfolios," said Lynn Cheah, Chief Executive Officer of Eastspring Investments Berhad in Malaysia. "According to the survey, fund investors in Malaysia, particularly those who plan to invest in unit trust funds, are keen to increase their allocation in income funds. This is an important indicator for the asset management industry, as well as for Eastspring Investments when it comes to the products we offer investors in Malaysia."

According to the study, Asian high dividend equities remains one of the most popular income asset classes among current income fund holders with 50% of these owning this asset class, an increase of 5% from last year. This is followed by Asian multi-asset income unit trusts which witnessed a surge from 32% to 43% in ownership. Asian bond unit trusts were held by 42% of respondents. However, it is foreseeable that there will be a noticeable outflow from Asian bonds in the next six months.

The increase in ownership/purchase intention of multi-asset income and high dividend equities funds across Asian and global markets signals an uplift in investors' risk appetite.

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Geographical shifts to asset allocation

Malaysia funds make up the large majority of investors' unit trust fund portfolios due to local regulation. Nonetheless, the survey indicated that investors are starting to look at other global opportunities, particularly for funds from China, Emerging markets and Japan.

Confidence and attitude

The studies show that Malaysian unit trust fund investors have less confidence in cash and bonds – indicating a shift in risk tolerance and could signal a possible outflow in the future. The outlook for alternatives in the next six months is also expected to improve, hinting at a possible shift towards a income orientation in the future.

Understanding of Shariah investments

The survey also reviewed the level of understanding of Shariah investments. The findings reveal that only two-fifth of the current unit trust investors own Shariah funds today. Those who plan to invest show a stronger preference than current investors, with more than half of them planning to invest in Shariah funds in the next 6 months.

There is a pervasive lack of understanding in Shariah investment. More than 60% of investors are not confident about their understanding of Shariah investments. Two-thirds believe Shariah banking is limited to certain groups of people who are unsure about this asset class. Most investors also think Shariah investments offers less capital appreciation.

“Our forward-looking study will not only help us keep abreast of unit trust fund investors' attitudes and preferences but also help us to develop products and investor education programmes to suit their needs,” said Ms Cheah. “We believe strongly that as one of the major participants in Malaysia's capital markets, we want to be sure we understand the needs and aspirations of our investors and can together prepare for the future.

“The better informed our investors, the better for the future of Malaysia.”

The findings of the Index, which are conducted annually are shared with Eastspring's distribution partners and agents.

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* **The Growth-Income Index** is a number that indicates the preferences of unit trust fund investors (including those intending to invest in unit trust funds) as either shifting toward income funds or shifting toward growth funds in the next six months.

The Eastspring Investments Unit trust Fund Investor Behaviour Study is an annual survey designed to track current asset allocation and investment attitudes of unit trust fund investors, understand the key drivers of decision making, measure market confidence, and evaluate investment intentions for the next six months. The study was conducted in March and April 2014 and involved online interviews with 300 investors in Malaysia.

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About Eastspring Investments Berhad:

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