

Press Release

Press Conference on 2018 Operating Plan and Economic and Investment Outlooks

Moving up to the 5th rank, Krungsri Asset Management reveals its 2018 business plan, aiming at increasing AUM by 13%, striking a good balance between risk and return, adding new funds to boost profitability of portfolios, and developing online systems.

Ms. Siriporn Sinacharoen, Managing Director of Krungsri Asset Co., Ltd. (“Krungsri Asset Management” or the “KSAM”) said, “In 2018 business plan, the company sets its assets under management (AUM) target of 525.767 billion baht or an increase of 13% from the end of 2017. Such growth is attributed to three key strategies – that is, maintaining the quality of fund management to consistently achieve good operating results, exploiting the synergy between Krungsri Group and MUFG to further expand its customer base and position itself as a market share leader in the Japanese customer segment, and consistently offering high-quality products to present investors with alternative investment allocation solutions which are suitable for all market conditions.”

“Moreover, we will pursue other developments to enhance investment experience of our customers as well. This is done by increasing varieties of unit trusts in a single fund so that customers can choose to invest in any preferred funds – for example, KFTSTAR have dividend-paying and value-accumulated types, or income funds with monthly auto-redemption and value-accumulated features. Other development programs pertain to the establishment of provident fund services for employer and employee systems and the continually developing online system which will provide investors with an easier, more convenient access to investment information, such as Line @krungsriasset. Presently, we are developing a mobile application system to improve access to investment information and enable customers to perform transactions by themselves anytime, anyplace. We expect to launch the mobile app this year.”

“As for the operating results in 2017, the company achieved a remarkable growth, compared to the industry, in terms of net asset value, market share, and operating performance of the funds under its management. At the end of 2017, total net asset value amounted to 474 billion baht, an increase of

31.22%, compared to 2016 when the industry grew only by 9.22%. As a result, KSAM emerged as the fifth largest asset management company in the industry and achieved a strong growth rate which was three times higher than that of the industry. Notably, personal funds grew at a staggering rate of more than 101%, while mutual funds and provident funds grew by 22.18% and 33.23% respectively.” (Source: KSAM 29 Dec’17/ the historical operational results do not guarantee the future operational results)

“When looking at the funds’ operating results, it was found that every flagship fund of KSAM could achieve an outstanding performance, as 8 out of 10 equity funds under management of the company produced the best operating results among a total of 200 equity funds in the category of equity general. In addition, our LTF funds ranked among the funds which achieved top-quartile performance. Among them, the Krungsri Long term Equity Fund (KFLTFEQ) yielded the best returns in 2017. With consistently high performance, KSAM ranked among five asset management companies which had the highest net investment inflows into all types of fund, including money market funds, debt funds, mixed funds, equity funds, and FIF funds.” (Source: KSAM 29 Dec’17/ historical operational results do not guarantee the future operational results)

“In 2017, the funds with highest net portfolio investment inflows consisted of five funds, including the Krungsri Smart Fixed Income Fund (KFSMART) with net investment inflows of 25.046 billion baht, the Krungsri Global Smart Income Fund (KF-SINCOME) and the Krungsri Global Collective Smart Income Fund (KF-CSINCOM) with net investment inflows of 23.274 billion baht, the Krungsri Active Fixed Income Fund (KFAFX) with net investment inflows of 9.641 billion baht, Krungsri Happy Life Fund (KFHAPPY) with net investment inflows of 6.205 billion baht, and Krungsri Thai All Stars Equity Fund-D (KFTSTAR-D) with net investment inflows of 2.349 billion baht. In addition, the Krungsri Dividend Stock Fund (KFSDIV) also retained its position as the largest mutual equity funds in Thailand with a total investment value of 19.737 billion baht.” (Source: KSAM 29 Dec’17/ historical operational results do not guarantee the future operational results)

“Regarding provident funds, the company has been entrusted by the Provincial Electricity Authority and Japanese companies to oversee the management of provident funds which have been growing

continually. This reflects our investors' confidence and trust in the company. Therefore, KSAM is committed to consistently maintain satisfactory operating results to yield sustainable returns for our investors," Ms. Siriporn said.

Ms. Supaporn Leenabanchong, KSAM's Chief Investment Officer, said, "It is our view that Thai economy will continue to expand at a decent pace due to growth momentum of export and tourism sectors. We anticipate that good export growth will continue because positive signs of continued growth in global economy have been quite pronounced. The tourism sector also showed a good growth trend along with the increasing number of tourists. Moreover, public investment is also expected to continue – both ongoing construction projects and new projects which will commence in the future. Private consumption will also be spurred by expanding economy."

"Regarding the trends of interest rate and bond market in Thailand, we expect that the Bank of Thailand will keep policy rates at the current level until late this year because the inflation rate is likely to remain low. Meanwhile, government bond yields are expected to move in a narrow band in the first quarter before becoming more volatile in tandem with movements of U.S. bond market."

"Furthermore, the company also has a positive outlook for equity investment over the medium- to long-term because interest rates are likely to remain low, Thai economy will continue to expand in 2018, strong operating performance of listed companies will continue, and Thai stock market will remain attractive, in comparison with other stock markets in the region. In the short run, SET index fluctuations will be driven by external factors: expected interest-rate increase by U.S. central bank, implementation of central bank's monetary policies in various countries, and investment flows attributed to foreign investors."

"In 2017, KSAM recommended medium-risk investment portfolio which yielded a return of 16.59%. However, in 2018 KSAM recommends medium-risk investment portfolio with a mix of 65% equity because we anticipate that the economy will continue to grow well. So, focusing on growth stocks, allocation for Thai stocks should be 33%, allocation for foreign stocks in developed markets 22%, and foreign stocks in emerging markets 10%, respectively. For bond investment, we recommend 35% allocation with emphasis on good quality corporate bonds which have a higher interest rate. Due to growing economy, debt paying

ability still remains at a satisfactory level. For bond investment, we recommend a split of 20% domestic bond and 15% foreign bond,” Ms. Supaporn said.

For more details on various funds, investors can contact KSAM at 02-657-5757, visit www.krungsriasset.com, or contact us at any Krungsri bank branch.

Please study fund features, conditions of investment return, and relevant risk as well as tax benefits in investment guides before making any investment decision.

Past performance of mutual funds does not guarantee future operational results.

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KFSMART/ KFAFX primarily invests in deposits and/or good quality bonds in domestic and foreign markets where bonds or bond issuers obtain investment grade credit rating and average maturity period of bonds in investment portfolio does not exceed one year. Foreign investment, if any, does not exceed 79% of net asset value. The Fund's low-medium risk level is 4.

KFHAPPY primarily invests in fixed income instruments, deposits, or domestic and/or foreign bonds which are considered a cash equivalent as well as listed securities in the stock market. Alternatively, the Fund may invest in IPO stocks or property or infrastructure unit trusts. Moreover, the Fund may also invest in unit trusts of mutual funds under management of asset management companies no more than 100% of its net asset value. The Fund must comply with guidelines and requirements prescribed by the SEC Office. The remaining amount may be invested in other securities or assets. Alternatively, its yield may be generated from other forms of domestic and/or foreign investment in accordance with investment guidelines of the SEC or the SEC Office. The Fund's high-medium risk level is 5, and it fully hedges against exposure of foreign exchange risk.

KFSDIV primarily invests in stocks with strong fundamentals and high dividends no more than 80% of its net asset value. The Fund's risk level is 6.

KFLTFEQ primarily invests in stocks of domestically listed companies which have positive growth trend or have strong fundamentals no more than 65% of its net asset value. The Fund's risk level is 6.

KF-SINCOME and KF-CSINCOM primarily invest in unit trusts of a foreign mutual fund called PIMCO GIS Income Fund (Class I-Acc) which pursues investment diversification by investing in fixed income funds throughout the world. Therefore, the Fund may be exposed to various risks stemming from economic, social and/or political changes in countries in which the principal fund invests. The Fund will use hedging tools to fully protect itself against exposure of foreign exchange risk. Therefore, there may be costs of hedging arising from such transactions, and these extra costs may result in slightly lower yields.