RHB Asset Management

FUND FACTSHEET – JANUARY 2018

All data expressed as at 31 December 2017 unless otherwise stated

3-year Fund Volatility 14.6 very high Lipper Analytics 15 DEC 2017

RHB ASIA FINANCIALS FUND

The Fund aims to achieve long term capital growth by investing primarily in equities or equity-related securities of corporations in, or corporations listed or to be listed on stock exchanges in, or corporations (wherever located), which derive significant revenue or profits from or have significant assets or business interests in, the financial sector in the Asian region (excluding Japan).

INVESTOR PROFILE

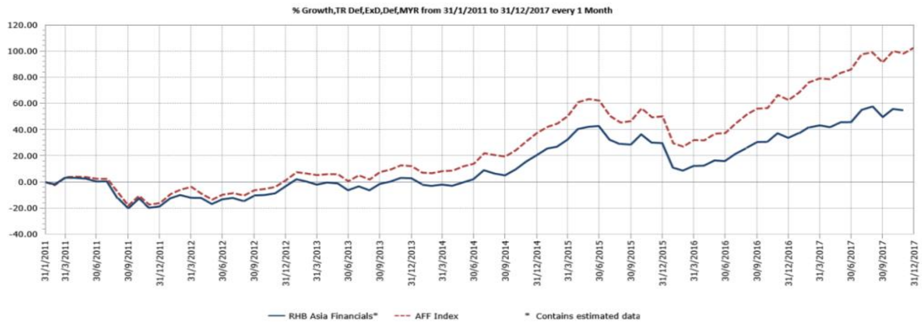
This Fund is suitable for Investors who:
- wish to tap into the growth prospects of the Asian financial sector (excluding Japan);
- are willing to accept a higher risk in their investments to obtain potentially higher returns in the long term; and
- seek capital growth.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the units of United Asia Financials Fund.
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-1.08**	**2.57**	**5.09**	**14.89**
Benchmark	2.32	5.94	9.05	24.69

	1 Year	3 Years	5 Years	Since Launch
Fund	**14.89**	**27.12**	**58.72**	**53.20**
Benchmark	24.69	47.43	99.86	102.61

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**14.89**	**2.73**	**7.70**	**17.49**	**6.28**
Benchmark	24.69	8.30	9.18	22.62	10.56

Source: Lipper IM

FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	11 January 2011
Unit NAV	RM0.7661
Fund Size (million)	RM1.65
Units In Circulation (million)	2.15
Financial Year End	30 November
MER (as at 30 Nov 2016)	0.86%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI Asia ex Japan Financials ex Real Estate (RM)
Sales Charge	Up to 5.50% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	0.08% p.a. of NAV, subject to a min of RM18,000 p.a.*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Incidental

**The implementation of GST will be effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.*

**For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7744	0.8045	0.8045
Low	0.7584	0.6667	0.3692

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

Asia ex Japan Financials ended the last month of 2017 outperforming global equities. For the year in review, Asia ex-Japan registered a record rally as it surged ahead of its peers led by earnings upgrades which boosted confidence in the region. During the month of December, the US Federal Reserve (Fed) raised interest rates in line with expectations as it revised the growth outlook upward while keeping its forecast for three interest rate hikes in 2018. Investors cheered the passage of the US tax reductions as it fuelled sentiments of further economic growth.

With the regional financials, ASEAN markets fared better this time led by Indonesia, Philippines and Malaysia. Indonesia saw its second sovereign credit upgrade. The Philippines gained as President Duterte approved the first tax reform package slated to boost revenues that will spur infrastructure spending. Malaysian financials rallied after lagging the region for much of the year. Singapore, Thailand, China and Hong Kong underperformed.

Global economic growth remained firm in December. The US manufacturing gauge rose to 59.7, as the world's largest economy expanded to its best performance in 13 years. Gains were driven by domestic business investment, and increased American household spending. Though the official Purchasing Managers' Index (PMI) fell slightly to 51.6 in China, the Caixin factory figure reached a four month high. Elsewhere in other economies, manufacturing activity in Japan, India and the Eurozone rose.

China Financials underperformed the regional benchmark during the month where financial regulators tightened on bank liquidity management. The country concluded its Central Economic Work Conference and outlined steps to tackle financial risks and signalled a will to rein in credit growth. Taiwan financials outperformed as the tech sector continued to witness outflows as investors rotated allocation to non-tech sectors.

Korean financials performed in line with the region. Financials help up better than technology as investors rotated out of technology to other non-tech sectors. India financials also performed in line with the benchmark.

MARKET OUTLOOK & STRATEGY

Asia's fundamentals have improved significantly this year. 2017 is just the first year of improving returns on equity (ROE) after 6 years of decline. Moreover, these improving ROEs have been achieved with rising margins and sales and lower corporate gearing. Furthermore, Asia's earnings revisions have outpaced global markets since the beginning of the year. In the 3 other periods that Asia's earnings revisions have outpaced global markets over the last 20 years, 2002, 2004 and post November 2008, the Asian markets have outperformed global markets significantly for the next 18 months.

Despite the strong run year-to-date, Asian market valuations are still reasonable. Asia ex Japan is now trading at the 10-year historical mean level on a price-to-book basis, though above mean on price-to-earnings. On a global comparison, Asia ex Japan is at a 20+% discount to global markets average on price to earnings and Price to book vs ROE. In the last Asian equities bull run in 2007, it traded as high as 18% premium to the global markets.

Foreign fund inflows into the regions have been strong for the second year in a row, but we believe the Asian markets still remain far from overbought. Net foreign buying is just 0.3% of market capitalization compared to well above 1% during previous period of Asian markets' euphoria.

Underpinning Asia's strong performance this year is North Asia, particularly China. Despite expectations of slowing economic growth in China, we are seeing improving macro and micro fundamentals in the markets. Industrial profits and corporate earnings have positively surprised significantly in 2017, helped by capacity rationalization, improving utilization and a rebound in producer price inflation following the government's supply side reforms. China's rebalancing continues to accelerate with growth in consumption and services outstripping manufacturing and investments with further support from improving wage growth this year and consumer leverage. The debt to GDP build up has slowed down and corporates have begun to deleverage. Banks' non-performing loans problems are also improving with better loan mix and overall corporate profitability. As we see the macro risks subsiding and continued strong corporate earnings, China's historical discount to global markets should continue to narrow.

Barring a catastrophic war with North Korea or sharp correction in the US market, the stage is set for Asian markets to continue their trend of outperformance.

We continue to prefer North Asia in general over South Asia on stronger earnings momentum and cheaper valuations. We are overweight on China, underweight India Taiwan and neutral on Hong Kong and Southeast Asia.

Within ASEAN financials, we are overweight on Thailand as we forecast economic growth to accelerate in the 4th quarter and consequently lead to improving corporate earnings. Net foreign inflows and government infrastructure investments should pick up in 2018. We are neutral on Singapore. We expect economic strength to continue in 2018 after a robust 2017 as Singapore is a direct beneficiary of improving global economic growth. However, valuations have reflected this increased optimism. We continue to underweight Malaysia due to the overhang from the delay in the general elections. We are overweight on Indonesia. The economy in 2017 has been weighed down by weak consumption and and business spending due to political uncertainty. We believe there could be some recovery in consumption in 2018 as the government dishes out financial aid and improves job creation for the lower income class. We should also see some political clarity in the lead up to and after the 2018 elections. Indonesia has rarely underperformed 2 years in a row and so we could see the market catch up after a disappointing 2017. We are neutral on the Philippines.