

RHB INDONESIA EQUITY GROWTH FUND

This Fund aims to achieve medium to long term capital appreciation through investments in securities of companies with high growth potential that are listed on the Indonesia Stock Exchange and/or companies listed on other exchanges whose business are substantially in Indonesia.

INVESTMENT STRATEGY

- 90% to 98% of NAV: Investments in equities and equity - linked securities issued by companies that are listed on the Indonesia Stock Exchange and/or companies listed on other exchanges whose business are substantially in Indonesia.
- 2% to 10% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

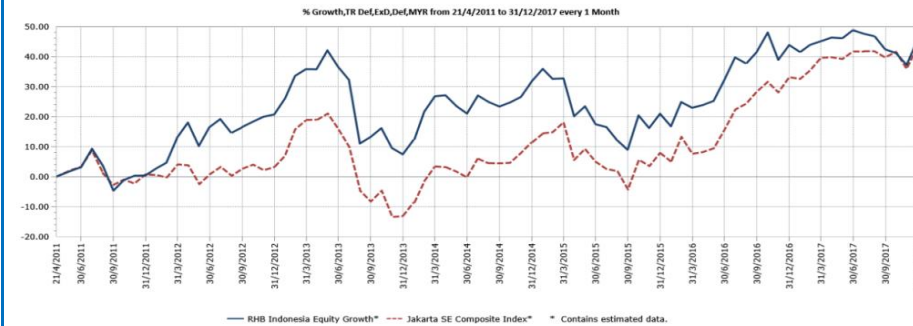
INVESTOR PROFILE

This Fund is suitable for Investors who:

- wish to participate in the potential and investment opportunities of the Indonesian economy;
- are willing to accept higher risk in their investments in order to achieve potentially higher returns in the medium to long term;
- seek capital appreciation rather than income.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	6.00	2.14	-2.25	1.11
Benchmark	5.35	2.48	0.96	7.49

	1 Year	3 Years	5 Years	Since Launch
Fund	1.11	10.37	20.49	45.41
Benchmark	7.49	28.47	38.41	43.05

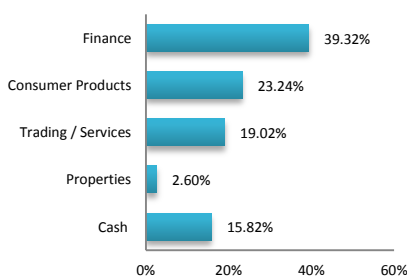
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	1.11	18.97	-8.25	22.64	-10.99
Benchmark	7.49	23.29	-3.06	28.28	-16.10

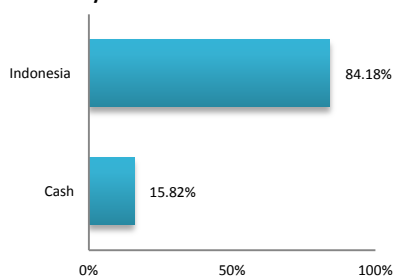
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

BANK CENTRAL ASIA	11.03
PT BANK MANDIRI TBK	10.87
PT UNILEVER INDONESIA TBK	9.38
PT BANK RAKYAT INDONESIA	9.01
PT TELEKOMUNIKASI INDONESIA	6.33

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5725	0.5925	0.6590
Low	0.5401	0.5401	0.4215

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
31 May 2017	-	-
31 May 2016	-	-
31 May 2015	-	-
28 May 2014	4.5000	8.66
31 May 2013	-	-

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

The JCI climbed 6.8% in local currency and 6.4% in USD terms in December and was one of the best performing markets on a one-month basis. Over the whole of 2017, the market has underperformed in USD terms (+19.6%) against ASEAN (+26.3%) and Asia ex-Japan (+38.7%). Meanwhile, the 10-year Indonesian government local currency bond price also climbed in December with yield declining by 20 bps to 6.32% but the Rupiah depreciated 0.3% to IDR 13,568 against the USD. The Rupiah remained relatively weak above 13,500 against the USD even as other ASEAN currencies appreciated throughout 2017.

Foreign investors continued to sell in the equity market US\$ 320 million worth of stock in December and were net sellers in ten out of twelve months in 2017. On a net basis, outflow from the equity market was US\$ 3.0 billion in 2017, which was the largest calendar year outflow experienced by the Indonesia stock exchange, surpassing the US\$ 1.8 billion outflow in 2013 during the height of Taper Tantrum. Despite record foreign outflows, the JCI has been resilient because of active participation by domestic institutional investors including pension and insurance funds. The JCI closed at an all-time high closing level of 6,356 on 29 December 2017.

Indonesia's economic growth in 9M17 was around 5% y/y with only a mild pick-up to 5.1% expected in 4Q17. Bank Indonesia ("BI") last cut its policy rate in September 2017 to 4.25% and is expected to maintain this policy stance in 2018. BI views the current policy rate as sufficient and reflects the favourable factors that support the earlier rate cuts: 1) inflation is expected below the midpoint of its target range through 2018 and 2019; 2) current account deficit is within an acceptable range and below 3% of GDP; and 3) risks from US FOMC rate hikes and balance sheet normalisation have been accounted for.

Indonesia's trade balance in December fell to a second monthly deficit in 2017 with a preliminary reading of US\$ 270 million. In the prior month, the trade surplus had narrowed to US\$ 215 million from an average of over US\$ 1 billion a month in 10M 2017. December exports grew 6.9% YoY and imports grew 17.8% YoY. Oil & gas imports rose by +50.1% YoY due to both price and volume effects, whilst non-oil & gas imports increased 12.9% YoY in December. Markit reported December PMI reading of 50.4 (previous: 50.4) as output and new orders declined.

MARKET OUTLOOK AND FUND STRATEGY

BI has provided sufficient policy rate accommodation in 2017 (-50 bps over August and September) and will likely hold its policy interest rate throughout year 2018 because it wants to maintain a conservative position during the FOMC's interest rate hike cycle and unwinding of its holdings of US Treasuries ("UST") and mortgage backed securities ("MBS"). Inflation is expected around 3.5% in year 2018, which is lower than short term interest rates. A positive Rupiah real interest rate helps to attract inflows and keep the currency relatively stable.

We expect equity market investors to maintain a narrow focus on blue chips until better evidence of acceleration in the economy. Regional elections in 2018 and national elections in 2019 may lead to heightened political risk. We maintain a preference for sectors with clear earnings trend like banks, domestic sectors like consumer which may benefit from political spending, and companies benefiting from coal prices sustaining well above USD 80 per metric tonne. We reduce the telecommunications sector because competition is intensifying despite unreasonably low price for data – the eventual winner here will be the incumbent and market share leader. Overall we maintain a value-bias in our investments because we think that lower expectations presents better risk-reward for long term capital appreciation.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 December 2017, the Volatility Factor (VF) for this fund is 13.8 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 10.7 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 30 June 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2017.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 6 October 2016 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are restrictive geographical market, equities investment risks such as market risk and particular security risk and foreign investments risks such as country risk and currency risk. These risks and other general risks are elaborated in the Master Prospectus.

This factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide to future performance. Returns may vary from year to year.