

### RHB ISLAMIC REGIONAL BALANCED FUND - MYR CLASS

The Fund aims to provide regular income\* and capital growth over the medium to long-term\*\* from a diversified portfolio of Shariah-compliant investments.

Note:\* Income is in the form of Units. Please refer to the Fund's distribution mode.

\*\* "medium to long-term" in this context refers to a period of three (3) years or more.

#### INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

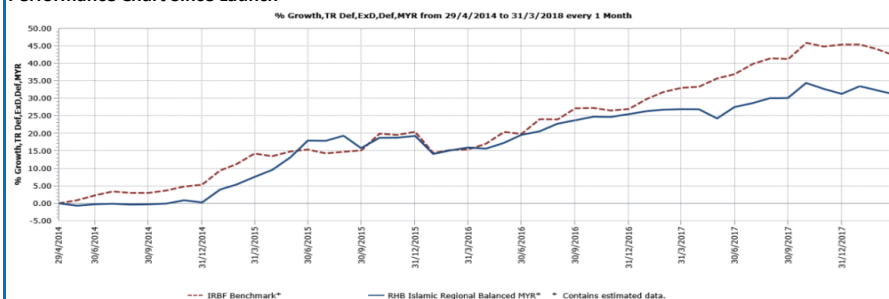
- want to have a balanced portfolio that provides both income and capital growth, and at the same time complies with the principles of Shariah; and
- are willing to accept moderate risk in their investments.

#### INVESTMENT STRATEGY

- At least 40% and up to 60% of NAV: Investments in Shariah-compliant equities.
- At least 40% and up to 60% of NAV: Investments in Non-equity Shariah-compliant investments.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



RHB Islamic Regional Balanced Fund ("IRBF") Benchmark : Following the change in Shariah screening methodology of the Fund from a combination of screening methodologies to a single FTSE Shariah screening methodology effective from 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% FTSE Shariah Developed Asia Pacific Index. Prior to 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% Dow Jones Islamic Market Asia Pacific Index.

##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	-0.88	-0.05	0.83	-0.05
Benchmark	-1.30	-2.17	0.71	-2.17

	1 Year	3 Years	Since Launch
Fund	3.40	21.99	31.19
Benchmark	6.93	24.46	42.19

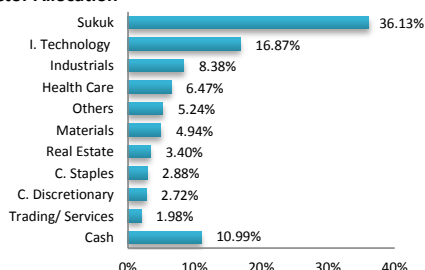
##### Calendar Year Performance (%)\*

	2017	2016	2015
Fund	4.61	5.27	18.90
Benchmark	14.50	5.41	14.33

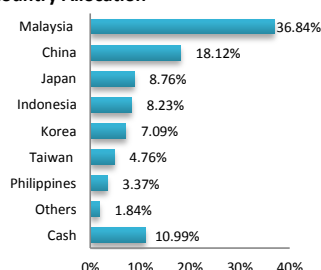
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



##### Top Holdings (%)\*

YTL POWER ISLAMIC MEDIUM TERM NOTE 5.050% (03/05/2027)	4.03
SPRE ISLAMIC MEDIUM TERM NOTE 5.790% (15/07/2033)	2.23
SERBA DINAMIK HOLDINGS	1.98
SAMSUNG ELECTR	1.94
INDUSTRI JAMU DA	1.66

\*As percentage of NAV

#### FUND DETAILS

<b>Investment Manager</b>	RHB Asset Management Sdn. Bhd.
<b>Trustee</b>	TMF Trustees Malaysia Bhd
<b>Fund Category</b>	Balanced fund (Shariah-compliant)
<b>Fund Type</b>	Income and growth
<b>RM Class Launch Date</b>	08 April 2014
<b>USD Class Launch Date</b>	17 June 2014
<b>Domicile</b>	Malaysia
<b>Base Currency</b>	Malaysian Ringgit (RM)
<b>Unit NAV</b>	RM1.3123
<b>Fund Size (million)</b>	RM133.83
<b>Units In Circulation (million)</b>	101.99
<b>Financial Year End</b>	30 April
<b>MER (as at 30 Apr 2017)</b>	2.18%
<b>Min. Initial Investment</b>	RM1,000.00
<b>Min. Additional Investment</b>	RM100.00
<b>Benchmark</b>	50% RAM QuantShop GII (medium term) Index + 50% FTSE Shariah Developed Asia Pacific Index
<b>Sales Charge</b>	Up to 5.00% of investment amount*
<b>Redemption Charge</b>	None
<b>Annual Management Fee</b>	1.80% p.a. of NAV*
<b>Annual Trustee Fee</b>	Up to 0.06% p.a. of NAV, subject to a min. of RM18,000p.a.*
<b>Switching Fee</b>	RM25.00 per switch*
<b>Distribution Policy</b>	Annually, if any

\*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	1.3571	1.3616	1.3616
Low	1.3091	1.2427	0.9739

Source: Lipper IM



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**MANAGER’S COMMENTS**

**MARKET OUTLOOK AND STRATEGY**

**Equity**

The sharp increase in the 10–year US Treasury yield created fear among the investors on the pace and quantum of the United States (“US”) interest rate hike. Higher interest rate is expected to impact negatively on US corporate earnings and consumer spending going forward. This has caused massive sell-off in the beginning of February 2018. In the backdrop of already fragile market sentiment, the trade war between China and US has further exacerbated the situation and pulled the market into deeper correction. However, we believe the drop in the index has brought the valuation level back to an attractive level equity market in Asia Pacific. We would take the opportunity to accumulate stocks with solid fundamentals and expected to benefit from long-term structural trend.

Sharp rise in Malaysian Ringgit (“MYR”) has been a big threat to investment in foreign markets due currency translation loss. Strong Malaysian Ringgit were mainly due to main reasons: 1. Rising crude oil price on lower inventory in the US. 2. A 25 basis points hike in the interest rate by Bank Negara Malaysia (“BNM”) on 26 January 2018. We believe both factors have been well price in by the current valuation of MYR.

Overall, we maintain overweight on equities. Our key overweight remains in South Korean as we think the market unjustly trading at cheap valuation despite having the strongest earning growth among Asian market in 2018. On sectoral basis, we continue to favour Technology sector which benefited from structural change in consumer demand and rising penetration Internet of Things (“IoT”) products.

We also now see value emerging in Association of Southeast Asian Nations (“ASEAN”) especially Indonesia and Philippines markets due to weaknesses in both currencies since the year. Consumer spending pattern in both markets has already hit a trough; we foresee a huge upside to potential consumer spending as consumer penetrations in both markets remain very low. Indonesia market sentiment could further be supported by government spending as Jokowi administration prepare for provincial and regional election beginning mid-2018 to early 2019.

**Sukuk**

As the US Federal Reserve is set to embark on its monetary tightening this year up to 2020, investors are expected to remain cautious in terms of curve positioning ahead of a rising interest rates environment. A more steeper interest rate hike path is expected in 2019 and 2020 premised primarily on stronger US macro-economic outlook.

In light of an expected higher yield curve and weaker United States Dollars (“USD”) against Malaysian Ringgit, we shall continue to underweight USD exposure. A flat US yield curve should continue to support Emerging Market Foreign Exchange and Local Currency debt. Continue to selectively invest into USD Sukuk with cheaper valuation in rising rates environment.

In Malaysia, external factors will continue to drive bond yields higher in the near term but we see support for local bond markets as BNM kept rates steady at 3.25% and we reckon policymakers will not rush for another rate hike this year unless global conditions improve or domestic price conditions improve. On top of that, Malaysia bond/sukuk market is in a better position to withstand outflow risks as it is one of the deepest in the region with support of strong onshore real money interest.

**DISCLAIMER:**

Based on the fund’s portfolio returns as at 15 March 2018, the Volatility Factor (VF) for this fund is 5.9 and is classified as “Moderate”. (source: Lipper) “Moderate” includes funds with VF that are above 6.0 but not more than 8.0 (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 31 December 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2018.

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 Prospectus dated 3 November 2017 and its supplementary(ies) (if any) (“the Prospectus”) before investing. The 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 Prospectus relates will only be made on receipt of a form of application referred to in the Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks for the Fund are equity risk, currency risk, country risk, interest rate risk, liquidity risk, regulatory risk, credit downgrade and credit/default risk, reclassification of shariah status risk, market risk in emerging and less developed markets, unrated securities risk and risk of use of rating agencies. These risks and other general risks are elaborated in the 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.

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