

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.

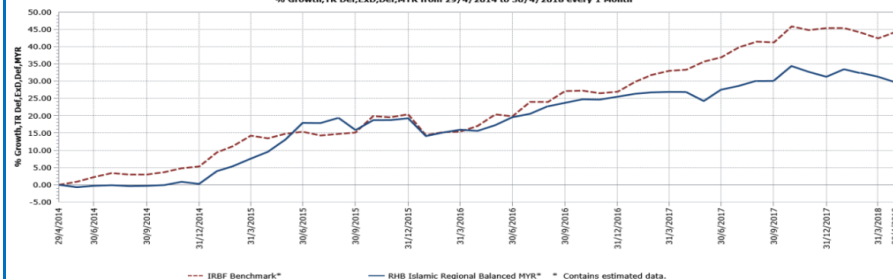
INVESTMENT STRATEGY

- 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*

% Growth, TR Def, Exd, Def, MYR from 29/4/2014 to 30/4/2018 every 1 Month



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	-1.22	-2.90	-3.56	-1.27
Benchmark	1.27	-0.79	-1.13	-0.80

	1 Year	3 Years	Since Launch
Fund	2.17	18.33	29.59
Benchmark	8.16	27.06	44.18

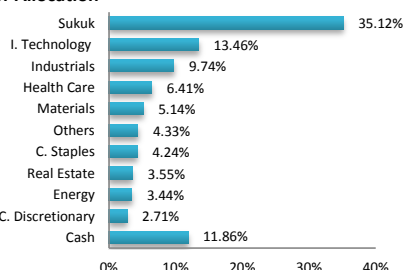
Calendar Year Performance (%)*

	2017	2016	2015
Fund	4.61	5.27	18.90
Benchmark	14.50	5.41	14.33

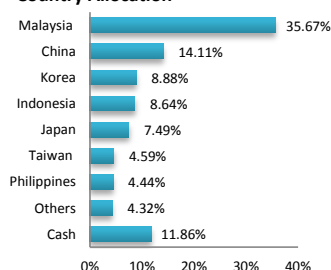
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

YTL POWER ISLAMIC MEDIUM TERM NOTE 5.050% (03/05/2027)	4.01
SPRE ISLAMIC MEDIUM TERM NOTE 5.790% (15/07/2033)	2.22
SAMSUNG ELECTR	2.11
INDUSTRI JAMU DA	2.00
SERBA DINAMIK HOLDINGS	1.93

*As percentage of NAV

FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Balanced fund (Shariah-compliant)
Fund Type	Income and growth
RM Class Launch Date	08 April 2014
USD Class Launch Date	17 June 2014
Domicile	Malaysia
Base Currency	Malaysian Ringgit (RM)
Unit NAV	RM1.2963
Fund Size (million)	RM138.13
Units In Circulation (million)	106.56
Financial Year End	30 April
MER (as at 30 Apr 2017)	2.18%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% RAM QuantShop GII (medium term) Index + 50% FTSE Shariah Developed Asia Pacific Index
Sales Charge	Up to 5.00% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	Up to 0.06% p.a. of NAV, subject to a min. of RM18,000p.a.*
Switching Fee	RM25.00 per switch*
Distribution Policy	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	1.3194	1.3616	1.3616
Low	1.2903	1.2427	0.9739

Source: Lipper IM

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MANAGER’S COMMENTS

MARKET OUTLOOK AND STRATEGY

Equity

The equity market has been hit with multiple headwinds since month of September 2017 and volatility will continue to persist. United States (US) foreign policies and rising US bond yield will be two key risks to the equity market. In addition to that, the inclusion of A-Share in Morgan Stanley Capital International (MSCI) Emerging Market and Asia Pacific market benchmark will lead to meaningful amount of capital withdrawal in all Asian market which would lead to negative market performance. However, we continue to focus on delivering long-term return to investors and maintain high allocation in equity especially in the strong high quality growth.

The inflation is clearly creeping up in many markets under our coverage. Inflation may pose a risk but also provide some opportunities to overall portfolio strategy. We believe the next leg of equity upcycle will be asset reflationary rally anchored by rising inflation and rising interest rate.

In the current cycle, the equity market expected to be volatile as equity market tends to more sensitive to the movement in commodity prices and direction of monetary policies in US respective countries. The biggest winner in asset reflationary cycle is commodities related stocks with exposure in the upstream business. In that view, we added names such as Fortesque which is the lowest cost iron ore producer in the world and Woodside Petroleum, one of the most conservatively run gas producer in Australia as the proliferation of Electric Vehicles will make natural gas a more important source of energy and taking market share from the crude oil. The big picture would suggest that, asset reflation rally will be positive commodities currency. We therefore raise initiate our exposure into Australia market and looking to add further 5% of our portfolio Net Asset Value (NAV).

Technology sector has been one of the worst performing sectors in Asia Pacific as weakened demand on the new Iphone (Iphone 8, Iphone 8 plus and Iphone X) suggest that smartphone market value already hit saturation points. However, we believe, technology sectors have long way to go as digital economy emerge to replace traditional brick and mortar economy. Having said that, we think new grow drivers will now come from other areas such as 3D sensing, Electric Vehicle & Autonomous Driving and Artificial Intelligence. Hence, we are looking to add more related stocks into our portfolio.

Philippines market continues to get special attention for our long-term strategy. The country has one of the highest Gross Domestic Product (GDP). Philippines market last year was hit by massive devaluation of Philippine Peso (PHP) from 2017 to March 2018 as investors concern over the country’s current account deficit. However, we think investors are overreacted as Philippines trade deficit at its worst stand at -0.8% of its GDP. In addition, this trade deficit mostly attributed to rising imports of capital goods which include equipment and machineries which is likely for the infrastructure project that over the longer term has positive outcome to the economy. We see much more reasonable valuation of Philippines market, couple with already weak currency, we huge upside potential to Philippines market at current level. We shifted our exposure from Consumer sector to more cyclical sectors especially into the conglomerate with exposure in Constructions.

Sukuk

The International Monetary Fund (IMF) predicted that the world’s economy’s strongest upswing since 2011, will continue for another 2 years but warned slowdown or recession will take effect thereafter. Such prediction was on the back the post impact arising from synchronized tightening monetary policies by central banks, the end of US fiscal stimulus and continued China economic slowdown. IMF also warned that escalating trade wars if left unresolved, may lead to global recession.

As we are cognizant on the US Federal Reserve (US Fed) decision to normalise rates which is expected to rise at a faster pace than what is currently priced in, we forecast a 25 basis points (bps) hike every quarter to end-2019. 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. Hence we are underweight to neutral duration for USD portfolio.

Uncertainties abound ahead of Malaysian election in May plus rising global yields, we advocate to undertake more neutral duration strategy for Sukuk portfolio. Bank Negara Malaysia Monetary Policy Committee (MPC) meeting in May will be closely monitored on central bank’s assessment on growth and inflation outlook. Any excessive upward movement in yields could pave way for buying opportunities for Malaysian Ringgit Sukuk.

DISCLAIMER:

Based on the fund’s portfolio returns as at 15 April 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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