RHB Asset Management

FUND FACTSHEET – MAY 2018

All data expressed as at 30 April 2018 unless otherwise stated

3-year Fund Volatility 8.3 high Lipper Analytics 15 APR 2018

RHB MUDHARABAH FUND

This Fund aims to provide a balanced mix of income and potential for capital growth by investing in stocks listed on the Bursa Malaysia or on any other stock exchanges, unlisted stocks and Islamic debt securities and other non-interest bearing assets acceptable under principles of Shariah. The Fund's activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah Adviser of the Fund.

INVESTOR PROFILE

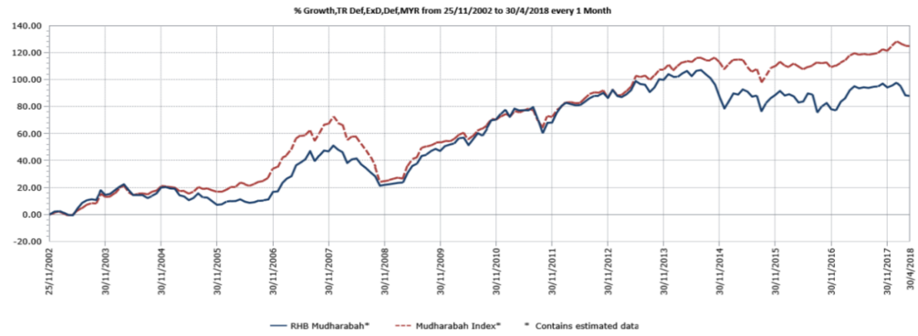
This Fund is suitable for Investors who want:
• an investment that complies with the principles of Shariah;
• a professionally managed portfolio of Shariah-compliant equities, sukuk and Islamic debt securities;
• to have a balanced portfolio that provides both income and capital growth; and
• to invest in shares but do not have the time to manage their own portfolio.

INVESTMENT STRATEGY

• Up to 60% of NAV will be invested in Shariah-compliant equities;
• Minimum of 40% of NAV will be invested in Islamic debt securities, sukuk, Islamic money market instruments and/or liquid assets acceptable under Shariah principles.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-0.24**	**-4.95**	**-4.54**	**-3.84**
Benchmark	-0.10	-1.43	1.13	0.03

	1 Year	3 Years	5 Years	Since Launch
Fund	**-3.62**	**-2.49**	**-1.94**	**59.59**
Benchmark	2.34	4.87	15.47	N/A

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**10.31**	**-7.40**	**7.08**	**-12.27**	**6.06**
Benchmark	6.92	-1.44	2.79	-1.66	9.65

Source: Lipper IM

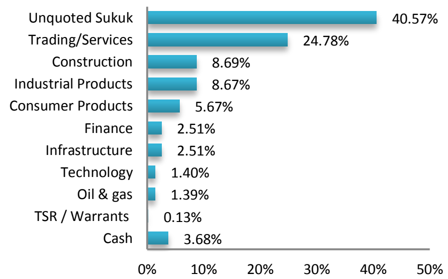
FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	CIMB Islamic Trustee Bhd
Fund Category	Balanced fund (Shariah-compliant)
Fund Type	Capital Growth and Income Fund
Launch Date	09 May 1996
Unit NAV	RM0.8023
Fund Size (million)	RM14.74
Units In Circulation (million)	18.37
Financial Year End	28 or 29 February
MER (as at 28 Feb 2018)	1.79%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50%FBM Emas Shariah + 50%MIB12 mths Islamic FD-i
Sales Charge	Up to 6.00% of NAV per unit*
Redemption Charge	None
Annual Management Fee	Up to 1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.09% p.a. of NAV*
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 PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

RHBA (AA3)	6.82
ANIH BHD (AA)	3.58
MEX II (AA-IS)	3.53
SPG (AA-)	3.43
YTL POWER INTERNATIONAL BHD (AA1)	3.42

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.8160	0.8543	1.0388
Low	0.7770	0.7770	0.4095

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
28 Feb 2018	-	-
28 Feb 2017	-	-
29 Feb 2016	-	-
28 Feb 2015	-	-
26 Feb 2014	4.0000	4.56

Source: RHB Asset Management Sdn. Bhd.

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RHB MUDHARABAH FUND

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MANAGER'S COMMENTS

MARKET REVIEW

EQUITY

Global equities were propelled by Developed Markets (+1.0%) to edge up 0.8% in April 2018, lifting year-to-date (YTD) returns to -0.6%. Among the Developed Markets, United States (US) added 0.3%, Europe 2.2% and Japan 0.7%. Futures markets participants are anticipating three more rate hikes in 2018, driving 10-year Treasury yields to scale 3.0% for the first time since 2014. The consequent strengthening of the United States Dollar (USD) (+2.1%) caused further downslide in Emerging Markets (EMs) Commodities performed strongly in April 2018 - energy prices sustained their rally from March 2018 (Brent Crude: +8.5%, Gasoline: +5.2%), industrial metals rose sharply (Aluminium: +12.5%, Copper: +1.4%).

Asia Ex Japan equities rose 0.6% in April 2018 after a roller coaster ride during the month. China and Hong Kong fell sharply in the first week on rising trade war concerns as China retaliated to the US tariffs on Chinese imports announced in March 2018, leading to consideration of additional tariffs by the US. However, markets recovered during the second half as tensions diffused with the continued opening up of the economy by China. A 100 basis points (bps) Required Rate of Return (RRR) cut by the People's Bank of China (PBoC) provided comfort for investors. India (+4.1%) staged a mild recovery during the month after substantial underperformance in the first quarter, driven by the strong performance of software sector (+7.2%). Korea (+2.7%) was the cynosure in April 2018 with the historical Summit with North Korea paving the way for a peaceful, nuclear-free Korean Peninsula. Taiwan (-4.6%) was dragged down by the tech sector (-7.8%), which was suffering from the muted demand for iPhones as well as softer guidance from analysts for the next fiscal year.

The Kuala Lumpur Composite Index (KLCI) ended April 2018 with a 0.4% month-on-month (MoM) gain to close at 1,870 points and raised its cumulative gain to 4.1% in YTD. This could be due to foreign net buy of RM1.5 billion (bn) during the month. The KLCI also outperformed the MSCI Asia Pacific ex-Japan index (MXASJ) in April as well as the broader market and small cap sectors. The best performing sectors in April 2018 were Real Estate Investment Trust (REIT), construction and finance sectors. April 2018 was an eventful month for the Malaysian market. Malaysia's Prime Minister announced the dissolution of Parliament on 6 April 2018, paving the way for a general election (GE14) on 9 May 2018. Bursa Malaysia implemented the intraday short-selling framework for all investors on 16 April and the KLCI index posted a new record high of 1,895 points on 19 April 2018.

FIXED INCOME

As the overall expectations of trade war eased coupled with higher than expected economic numbers prompted a continuation in US Treasury (UST) sell off in April, with yields on 10y UST pulled back from its psychological level 3% to trade at the high of 2.9945% before closing at 2.95% (+21.4bps MoM). The front end to the belly of the curve, were seen climbing at higher pace than the longer-end of the curve. Stronger economic data printed in April have raised expectations on future rate hikes hence pushed the UST yields higher. For 1Q18, the US Growth Domestic Product (GDP) advanced at an annualised rate of 2.3% quarter-on-quarter higher than 2.0% expectation driven by sound business investment and smaller trade deficit. The inflation as seen in core Personal Consumption Expenditures (PCE) rose by 2.5% quarter-on-quarter (4Q17: 1.9%) entrenched from the recent rise in commodity prices.

At the close, the UST 2-, 5-, 10- and 30-year closed the month at 2.49% (March 2018: 2.27%), 2.80% (2.56%), 2.95% (2.74%) and 3.12% (2.97%) respectively.

Rising global bond yields led by UST, pushed yields higher for local sovereign bonds with Malaysian Government Securities (MGS) and Government Investment Issue (GII) yields climbed 10 to 23bps across all tenures. However, trading volume declined substantially as most players stayed on the sideline in view of the upcoming election date in early May. Similarly, Malaysian Ringgit continued its downward slides against USD as foreign investors exiting both local equity and bond market. Malaysian Ringgit closed weaker by 1.55% at 3.9235. The 3-, 5-, 7-, 10-,15-, 20- and 30-years MGS last traded at 3.77% (March 2018: 3.43%), 3.78% (3.54%), 4.05% (3.83%), 4.16% (3.94%), 4.69% (4.41%), 4.74% (4.54%) and 4.89% (4.79%) respectively. Whilst GII followed the same trend with the 3-, 5-, 7-, 10-, 15-, 20- and 30 years closed at 3.79% (March 2018: 3.61%), 3.92% (3.82%), 4.13% (4.00%), 4.23% (4.15%), 4.75% (4.55%), 4.86% (4.77%) and 4.92% (4.90%) respectively.

Malaysia registered foreign currency reserves of USD107.8bn as at 30 March 2018, an increase from end-February's level and the highest level in three years. In Malaysian Ringgit (MYR) terms, foreign currency reserves suffered a MoM loss of RM3.1bn to RM416.4bn. The MYR weakened in early April 2018, after rebounding in March, amid escalating trade tensions between the US and China to close weaker by 1.55% at 3.9235.

The month of April saw primary of MYR12.4 billion total issuance with Government Guaranteed issuance led by Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) tapped the market for an additional MYR3 billion. The AAA rated Cagamas Berhad came to the market for an additional MYR400 million issuance while in the AA space, Asian Finance Bank drew down MYR2.3 billion from its AA1 rated sukuk Murabahah programme and WCT Holdings Berhad issued MYR310m AA- sukuk with 8-year maturities, following its recent issuance in February 2018.

MARKET OUTLOOK AND STRATEGY

Equity

The unpredictability of how the trade relationship between the US and China unfolds ahead is now a key risk to equity markets – now well-conditioned to keep buying the dip. The potential risks will weigh on technology stocks, and escalation fears are likely to be a drag on the market. Investors remain complacent on inflation and monetary policies and, as the US Federal Reserve (US Fed) normalises and rates rise at a faster pace than what is currently priced in, we forecast a 25bps hike every quarter to end-2019.

Apart from Malaysia General Elections or GE14 results, investors will be tracking 1Q18 corporate earnings season and the 1Q18 GDP growth for Malaysia due out on 17 May 2018. We probably expect to see corporates to announce poor earnings due to margin squeeze arising from high commodity prices. In this regard, we are in no hurry to accumulate and would only buy on weaknesses.

Fixed Income

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.

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