

RHB KIDSAVE TRUST

This Fund aims to maximise total returns through a combination of long term growth of capital and current income consistent with the preservation of capital.

INVESTOR PROFILE

This Fund is suitable for Investors who:

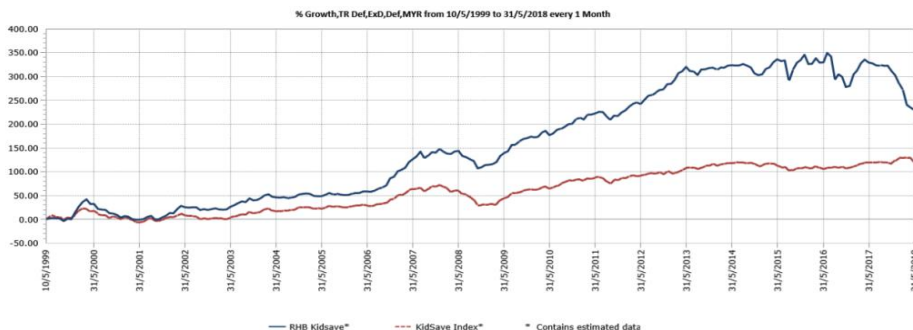
- are willing to accept moderate risk in their investments in order to achieve long term capital growth and income.

INVESTMENT STRATEGY

- 40% - 60% of NAV: Investments in equities.
- 40% - 60% of NAV: Investments in fixed income securities, money market instruments, cash and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-1.52	-11.31	-19.81	-17.94
Benchmark	-4.19	-3.50	1.56	-1.31

	1 Year	3 Years	5 Years	Since Launch
Fund	-23.12	-24.15	-21.28	230.22
Benchmark	0.57	4.09	5.93	120.52

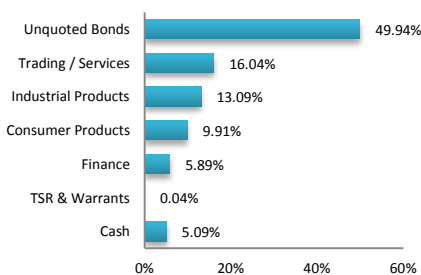
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	5.81	-14.59	10.75	-3.79	9.09
Benchmark	7.16	-0.40	-0.67	-2.03	7.62

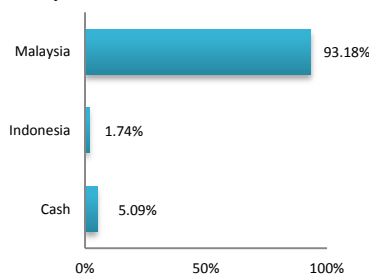
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

BRIGHT FOCUS BHD 2.5% (24/01/2030)	12.26
MUAMALAT IMTN 5.50% (25/11/2021)	7.54
UNITED U-LI CORPORATION	6.33
BRIGHT FOCUS BHD 2.5% (22/01/2031)	5.51
MEX II SDN BHD 6.2% (29/04/2032)	4.37

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4114	0.5244	0.7191
Low	0.3999	0.3999	0.3999

Source: Lipper IM

Historical Distributions (Last 4 Quarters) (Net)

	Distribution (sen)	Yield (%)
28 Jun 2016	0.0800	0.15
28 Mar 2016	0.2650	0.50
16 Dec 2015	0.8950	1.68
28 Sep 2015	0.2500	0.48

Source: RHB Asset Management Sdn. Bhd.

RHB KIDSAVE TRUST

This Fund aims to maximise total returns through a combination of long term growth of capital and current income consistent with the preservation of capital.

MANAGER'S COMMENTS

MARKET REVIEW

Equity

Global equities ended the month of May 2018 flat, dragging year to date (“YTD”) returns to -0.8%. Developed market were mostly down with Europe falling -4.0% and Japan -1.1%, as investors responded with a risk-off stance to a host of factors that include the expectations of a growth slowdown outside the US, the political uncertainty in Italy and Turkey, the renewal of sanctions on Iran and the currency crisis in Argentina. The rally in Brent crude oil (+4.6%) continued in the first half of May 2018 but rolled over later on, as the reversal of prior supply cuts came back into consideration.

Asia Ex Japan Index equities lost 1.6% in May 2018, dragging YTD returns to -0.6%. China added 1.5% on the basis of the positive impact from the inclusion of A-shares in the Morgan Stanley Capital International (“MSCI”) benchmark indices. India (-3.7%) was adversely impacted by foreign outflows as overseas investors worried about the impact of higher oil prices as well as the results of the Karnataka state elections. Korea (-5.2%) had a tumultuous month, as the prospects of the North Korea-US Summit see-sawed. Indonesia (-1.9%) conducted two rate hikes to arrest the slide in the Rupiah (-2.3% YTD), while the Philippines (-4.9%) hiked once.

FTSE Bursa Malaysia (“FBMKLCI”) ended at 1740.62 points, decreased by -6.94% month-on-month (mom) basis, while on the year-to-date (ytd) basis, it has decreased by -3.13%. Investor sentiments were dampened by the higher than expected government total debt, and uncertainty over budget financing after the abolishment of GST and review of mega projects in the country.

Fixed Income

U.S. Treasuries

US Treasury (“UST”) 10y yields climbed from 2.96% at the start of the month to break convincingly over the psychological level of 3.05% in the middle of the month to reach a high of 3.12% before closing at 2.87% for the month of May 2018 as improving macro fundamentals, potential denuclearization efforts being on track and aversion of trade tariffs between United States (“US”) and China were derailed by Italian political turmoil as President Sergio Mattarella vetoed a bid by the Five Star Movement and League to form a coalition government.

On May 23, the Federal Open Market Committee (“FOMC”) meeting minutes were released which market perceived as slightly more dovish as it communicated the fed’s acceptance of inflation overshooting 2% suggesting no rush to tighten more aggressively. Fed’speak over the month included Bostic, Harker, Kashkari, Dudley, Kaplan and Evans, the only notable rhetoric was Kaplan in a Bloomberg interview reiterating concerns over the shape of the yield curve but acknowledging that the Fed Neutral rate would be in the range of 2.5%-2.75% (100bps from current rates).

The May 24th Deadline for US tariffs on Chinese goods were allowed to pass, with the US holding off imposing tariffs after high level talks between Beijing and Washington agreed they will keep talking about measures under which China will import more energy and agricultural commodities from the United States to close the \$335 billion annual U.S. goods and services trade deficit with China.

Ringgit Sovereign Bond

Malaysian Ringgit (“MYR”) continued to depreciate in May 2018 against the United States Dollar (“USD”) despite Brent crude continuing to rally another 6% for the month. The Government Investment Issues (“GII”) – Shariah compliant version of MGS mirroring the same pattern with its MGS counterpart.

On the local economic front, Malaysia’s Consumer Prices Index (“CPI”) for April 2018 was flat month on month, printing at 1.4% YoY vs 1.3% YoY previous month and below consensus estimates of 1.6% YoY with communication leading the decline while the other components were broadly benign. Headline CPI was stable likely due to the pass through from the monthly adjustments in fuel prices being held constant in the past month with RON95 at MYR2.20/litre and RON97 at MYR2.47/litre. March Industrial Production printed at 3.10% lower than estimates of 3.5%, but higher than last month’s 3% reading, while March Trade Surplus registered higher than expectations at MYR 14.69bio due largely in part on Imports decelerating while Exports were +2.2% YoY. Bank Negara Malaysia (BNM) in the meeting immediately following the election results, kept Overnight Policy Rate (“OPR”) unchanged at 3.25% as widely expected, citing resilient domestic demand, strength in external demand and that the overall risk to global growth is balanced. Their suggestion that “the degree of monetary accommodativeness is consistent with the policy stance to ensure that the domestic economy continues on a steady growth path amid lower inflation” is consistent with the tone of the past monetary policy meetings. We still maintain our overall view that there would be no further changes to the OPR rate for the rest of this year.

Ringgit Corporate Bond

May 2018 witnessed quite significant drop in trading activity as uncertainty surrounded market participants as Malaysia held its 14th General Election. For this month, most of the trading activities were skewed towards AA space which saw about 48% of the trades changing hands followed by Government Guaranteed (“GG”)AAA by 45% and single-A or lower by 7%.

Within Government Guaranteed (“GG”)AAA space, the short-dated Cagamas maturing 2019 garnered more than RM200 million transaction volume with the yield moved lower by an average of 7 basis points month-over-month. Volume was seen in long-tenor Danga maturing 2030 which traded 2 basis points higher at 4.87% for the amount of RM130 million. Elsewhere in AA-rated space, Southern Power Generation (“SPG”) papers were actively traded during the month across the tenors with yield moved higher by 3 to 6 basis points for a cumulative amount of RM240m. For the A-rated universe, UMW Holdings Perpetual paper rallied another 12 basis points with RM165 million changing hands and closed at 6.05%.

MARKET OUTLOOK AND STRATEGY

Equity

The United States Dollar (“USD”) recent strengthening against the Euro dollar has raised nervousness about emerging markets (“EM”). A stronger USD and higher United States Treasury yields would of course impose pain on EM asset prices, but we do not think EM is primed for any kind of major crisis. That view is reinforced by the fact that EM currencies are not especially expensive by historic standards. While we don’t see huge financial vulnerability in EM, a strong USD will push growth risks to the downside and inflation risks to the upside.

We opined that foreign investors will re-focus at Malaysia given better transparency and corporate governance from the new Pakatan Harapan government. Once the new government announce measures to plug in the revenue gap from the removal of Goods and Services Tax (“GST”) and efforts to cut unnecessary spending, we believe that the market would stage a strong recovery. In the near term, we believe uncertainty over the state of the nation’s fiscal position and external headwinds from the outflow of funds from emerging markets amid rising USD and trade tensions will lead to a choppy domestic equity market.

Fixed Income

Barring any unforeseen circumstances, the Malaysian economy is expected to continue its strong momentum in 2018 although slower than 2017. BNM is still targeting the economy to achieve between 5.5% and 6.0% GDP in 2018. The recovery of the oil price will also be positive for the economy. As part of asset allocation strategy, we continue to overweight credit over government bonds for yield pick-up despite higher risk-free rates because we see improving credit profile in corporates in certain sectors and see the recent selloff as an opportunity to add positions on any undervaluation of bonds. With some allocation in MGS bonds for liquidity purposes on any sharp selloff and subject to the yields in developed markets stabilizing, so we can establish the new support levels.

DISCLAIMER:

Based on the fund’s portfolio returns as at 15 May 2018, the Volatility Factor (VF) for this fund is 13.4 and is classified as “Very High”. (source: Lipper) “Very High” includes funds with VF that are more than 10.6 (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 Master Prospectus dated 3 August 2017 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 for the Fund are market risk, particular securities risk, interest rate risk and credit/default 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.

RHB Asset Management Sdn Bhd (174588-x)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000