

RHB ASIAN REAL ESTATE FUND

This Fund aims to achieve a long term capital appreciation through investments in the real estate market.

INVESTOR PROFILE

This Fund is suitable for investors who:

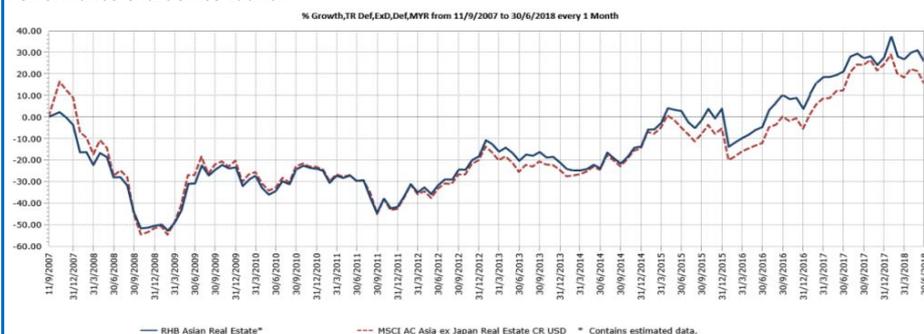
- wish to participate in the opportunities offered by the Asian real estate markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

- Up to 98% of NAV (with at least 70% of NAV in equity): Investments in primarily Asian real estate securities and listed Real Estate Investment Trusts (REITs).
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-4.02	-0.85	-1.57	-1.57
Benchmark	-4.81	-2.42	-7.16	-7.16

	1 Year	3 Years	5 Years	Since Launch
Fund	3.82	22.31	57.56	25.64
Benchmark	2.78	21.10	55.09	15.42

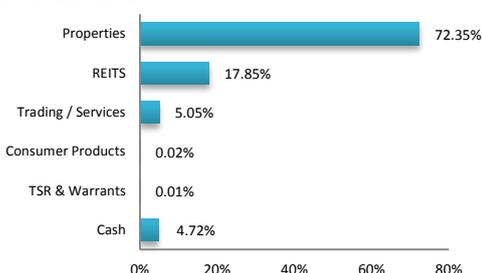
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	22.97	0.04	20.18	9.37	-3.54
Benchmark	31.42	-0.05	11.03	13.08	-5.65

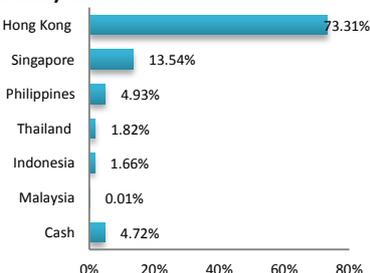
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

CK ASSET HOLDINGS LTD	8.91
SUN HUNG KAI PROPERTIES	8.47
LINK REIT	8.28
SHIMAO PROPERTY HOLDINGS LTD	6.01
CHINA OVERSEAS LAND & INVEST	5.83

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6818	0.6977	0.6977
Low	0.6173	0.6026	0.2187

Source: Lipper IM

RHB ASIAN REAL ESTATE FUND

This Fund aims to achieve a long term capital appreciation through investments in the real estate market.

MANAGER'S COMMENTS

MARKET REVIEW

In June, global PMI remained in expansionary territory, carried by improvements in Europe despite slowdowns in US and Asia. The US flash composite PMI eased slightly to 56.0 in June, from the 56.6 recorded the previous month, while the Eurozone flash composite PMI improved +0.7pts to 54.8 due to stronger services PMI. In Asia, China's PMI Caixin eased by 0.1pts to 51, but remain in healthy range.

The Chinese property sector was the worst performing sector in China in June. The sector was sold off with tightening liquidity conditions and weak market sentiment. In the midst to control real estate prices and leverage, the National Development and Reform Commission (NDRC) reiterated its stance to limit offshore bond issuance for property developers. In selected cities, mortgage rates for first time buyers increased above the benchmark lending rates.

In Hong Kong, housing prices continued to rise. The government passed of slew of housing policies aimed at moderating prices, such as converting land for private residential development to public housing developments. At the same time, it increased the discount of such subsidized flats from 30% to 50%. Flats left vacant for more than 6 months will be incur vacancy tax charged at 200% of the rental value. Share prices of property developers were hit by these measures. Consequently, share price of asset owners outperformed.

The ASEAN property market fared better. In Singapore, shares of real estate companies held up due to its stable recurring income and positive sector news. Prices of office property continued to increase, led by the recent divestment of Twenty Anson road by Capitaland Commercial Trust. Private residential property rose by 3.4% in 2Q2018, lower than the previous month. In Thailand, activities were centered around the industrial estate sector. Firms in the sector increased its investment budget and raised revenue target for the year on the back of robust demand for warehouse and factories in the eastern economic corridor.

MARKET OUTLOOK AND STRATEGY

We maintain our positive view over China's property sector, but favour companies that have ample funding resources. Sell-through rate for new launches and improving sentiment in the secondary market reflect robust end-user housing demands. So far, major developers are on track to deliver their sales target for the year. Property domestic bonds have accelerate partly to roll over existing debts. We uphold our view that asset churn could be even faster for listed developers, due to better capital redeployment. Currently, large-cap names with solid market share, or mid-cap names with low valuation and high dividend yields are our top picks.

We are getting a little more comfortable with the Hong Kong property sector, as we are seeing corporates refining their capital management strategy to adapt to this current environment. The property market will likely to remain active with forecasts of 10-15% increase in housing prices for 2018. As of April, housing prices were up 10% compared to the end of 2017. Increasingly, we are seeing the concerns on the rising interbank rates and weaker HKD getting priced into the equity. Again, developers with strong balance sheets, abundant farmland reserves or enlarged recurring incomes from overseas projects are our preferred choice.

We remain selective in ASEAN property stocks. We maintain our positive view over Philippines and Singapore. For Philippines, we maintain our positive view over landlords despite near-term policy headwind, and we are positive on large developers with exposure in urban areas outside Metro Manila, where demand growth is the strongest. We like Singapore developers, as the physical market continues to recover. However we are cognizant that property markets might face increasing risks. We remain neutral on Indonesia, although achieved presales and guidance from developers have improved. Near term catalyst is still absent given smart money stays side-lined, and macro risks will remain a drag for the year.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 June 2018, the Volatility Factor (VF) for this fund is 16.1 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 September 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 of the Fund are real estate risk, foreign investment risks such as country risk and currency risk and equities investment risks such as market risk and particular security 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.