RHB Asset Management

FUND FACTSHEET – JULY 2018

All data expressed as at 30 June 2018 unless otherwise stated

3-year Fund Volatility 12.5 very high Lipper Analytics 15 JUN 2018

RHB DANA HAZEEM

The 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:

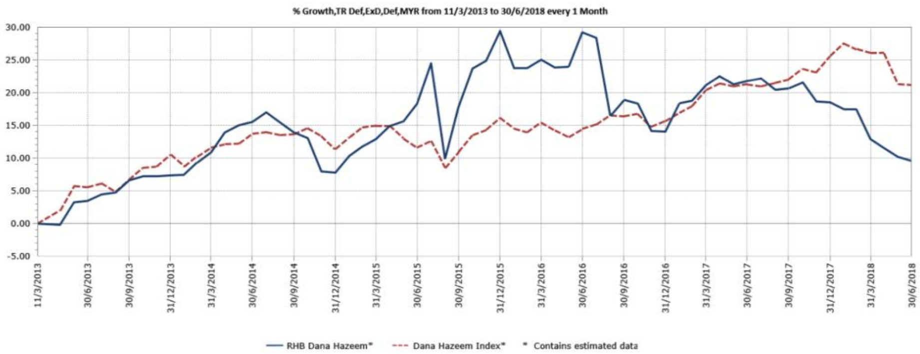
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

INVESTMENT STRATEGY

- 40% - 60% of NAV: Investments in Shariah-compliant equity and equity related securities of companies that have dividend and/or growth potential.
- 40% - 60% of NAV: Investments in non-equity Shariah-compliant investments.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-0.56**	**-2.96**	**-7.55**	**-7.55**
Benchmark	-0.10	-3.84	-3.49	-3.49

	1 Year	3 Years	5 Years	Since Launch
Fund	**-10.01**	**-7.39**	**5.85**	**9.54**
Benchmark	-0.08	8.57	14.76	21.13

Calendar Year Performance (%)*

	2017	2016	2015	2014
Fund	**3.94**	**-11.88**	**20.04**	**0.35**
Benchmark	8.56	-0.40	4.29	0.75

Source: Lipper IM

FUND DETAILS

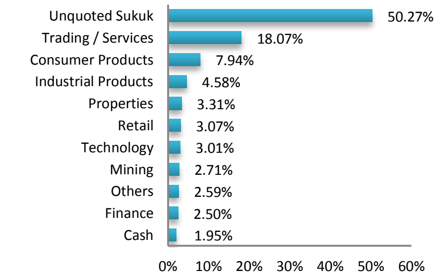
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Balanced Fund (Shariah-compliant)
Fund Type	Income and Growth Fund
Launch Date	18 February 2013
Unit NAV	RM0.4459
Fund Size (million)	RM42.26
Units In Circulation (million)	94.77
Financial Year End	28 / 29 February
MER (as at 28 Feb 2018)	2.25%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Emas Shariah Index + 50% Maybank 12-month Islamic FD
Sales Charge	Up to 6.38% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Annually, if any

**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*

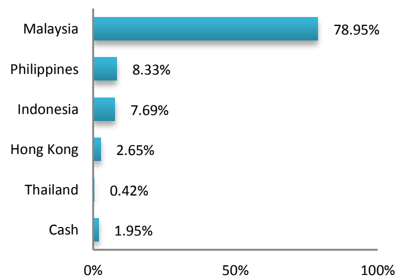
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

CAGAMAS BHD 3.95% (26/10/2018)	10.66
BANK MUAMALAT (M) BHD 5.8% (15/06/26)	9.26
BRIGHT FOCUS BHD 2.5% (24/01/2030)	7.24
BRIGHT FOCUS BHD 5.0% (20/01/2023)	7.20
LEBUHRAYA DUKE FASA 3, 5.86% (23/8/33)	6.26

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4558	0.4982	0.5826
Low	0.4442	0.4442	0.4442

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
28 Feb 2018	-	-
20 Feb 2017	1.1000	2.18
25 Feb 2016	4.2500	7.90
26 Feb 2015	3.8000	6.98
26 Feb 2014	1.7000	3.25

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

EQUITY

For the month of June 2018, performance major equity markets worldwide remained subdued as global trade woes continue to dominate headlines. Brent crude oil price jumped the most in 11 weeks, up 5.15% to United States Dollar (USD) 79.44 per barrel on after a four-day rally underpinned by unexpected supply disruptions in Canada, Libya and Venezuela. The level of foreign funds exiting Asia ebbed towards the end of June 2018.

Mirroring markets elsewhere in Asia, Bursa continued to experience its ninth week of foreign attrition albeit at a slower pace. The Kuala Lumpur Composite Index (KLCI) fell 2.8% in June 2018 as investors continued to re-price policy risk. Significant foreign net selling of RM4.9 billion, bringing 6M2018 foreign net selling to RM6.8 billion vs. net inflow of RM10.8 billion in 2017. Defensive healthcare (Top Glove-led) outperformed the most, on above trend volume growth and Malaysian Ringgit (MYR) weakness. Telcos underperformed the most (Telekom/Axiata-led) on lower broadband charges and Government-Linked Company risk. Financials underperformed as investors re-priced earnings-per-share (EPS) and multiples risk. Energy (Dialog-led) underperformed despite higher Brent crude oil price of US$79/per barrel (+2.4% month-on-month).

S&P Global Ratings has reaffirmed Malaysia's foreign currency and local currency ratings as "stable", indicating it may raise the ratings over the next 24 months if the strong economic performance continues. On the corporate front, on 29 June 2018, the Energy Commission (EC) announced that the Malaysian government has approved the continued implementation of the imbalance cost pass-through (ICPT) mechanism for the period of 1 July-31 December 2018. The average base tariff is unchanged at 39.45 sen/ kilowatt per hour. The ICPT implementation is only applicable in Peninsular Malaysia whereas the implementation of incentive-based regulation (IBR) in Sabah and the federal territory of Labuan has been postponed to 1 January 2019.

FIXED INCOME

The Federal Reserve (Fed) raised Fed Fund Rates as widely expected by 25 basis points (bps) to 1.75% - 2.00% and the median dot plot has been revised to show 4 hikes in 2018 instead of the initial 3. USD closed a quarter positively for the first time since 2016 largely contributed by brightening growth and inflation outlook in the United States (US) against the rest of the world. Consequently, short term interest rates rose and the curve flattened further close to 30bps for the 2/10 as risk aversion (particularly the escalating US-China trade tensions) kept the longer tenors anchored. At the close, the United States Treasury (UST) 2-, 5-, 10- and 30-year closed the month at 2.53% (April 2018: 2.43%), 2.74% (2.70%), 2.86% (2.86%) and 2.99% (3.03%) respectively.

In Malaysia, the Malaysia Government Securities (MGS) curve steepened modestly after the 14th general election (GE14) as investors shed duration. MGS benchmark issues ended the month mixed due to policy uncertainties and inflation data. At close, the 3-, 5-, 7-, 10-,15-, 20- and 30-year MGS last traded at 3.62% (May 2018: 3.75%), 3.85% (3.84%), 4.05% (4.02%), 4.20% (4.18%), 4.63% (4.61%), 4.92% (4.91%) and 4.95% (5.00%) respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30 years Government Investment Issue (GII) on the other hand closed at 3.60% (May 2018: 3.76%), 4.00% (4.03%), 4.18% (4.17%), 4.31% (4.31%), 4.73% (4.73%), 5.00% (4.84%) and 4.98% (5.00%) respectively. Total foreign holdings of Malaysia government bonds/ sukuk stood at RM171.7 billion, a decline of RM9.82 billion from the April 2018 figure of RM181.5 billion, it was the biggest monthly decline since March 2017. United States Dollar/ Malaysian Ringgit (USD/MYR) also depreciated due to policy uncertainties as there is further revision in several government-backed mega projects.

Corporate bonds issuance totaled RM55 billion in the first half of 2018. Issuance momentum has slowed down since May 2018 and will remain subdued in the near term given uncertainties in the changing domestic landscape post GE14. Cancellation of mega projects could reduce future issuances but there will still be funding needed for ongoing projects.

On economic data front, exports expanded by 14% year-on-year (yoy) to RM84.2 billion in April 2018, following a single digit growth in the preceding month. Acceleration in exports was mainly due to growth in manufactured goods and mining goods. Similarly imports rebounded by 9.1% yoy to RM71.2 billion resulting a trade surplus of RM13.2 billion. Moving forward, Malaysia's export performance will maintain on upbeat momentum in upcoming months despite the change of government in fact zero-rated Goods and Services Tax (GST), tax holiday period until Sales and Services Tax (SST) implementation in September 2018 and stable retail fuel price will support our exports as it will reduce business cost and eventually increase competitiveness. Headline inflation rose to 4-month high at 1.8% in line with consensus expectations while core inflation stayed at its lowest point of 1.5% in May 2018. Malaysia inflation is expected to moderate in upcoming months contributed by the factors discussed above.

Kuala Lumpur Interbank Offered Rate (KLIBOR) 1-,3-,6-, and 12-months closed unchanged at 3.43% (May 2018: 3.43%), 3.69% (3.69%), 3.80% (3.80%) and 3.90% (3.90%) as liquidity remained ample.

MARKET OUTLOOK AND STRATEGY

Equity

The recent outflows of foreign funds caused concerns among investors in the short to medium term. There were also concerns over recession hitting the US in the coming year or two coupled with lofty valuations of developed markets and their hawkish and protectionist stances. Although growth has moderated but it is still in expansionary mode.

There are also uncertainties on the domestic front as the new government settles down and works through its plan. We need to give time as changes cannot happen overnight especially the ones that involve existing laws which entails a complex procedure. The government is looking to review and relook at mega projects and determine its profitability and viability. But certainly it has negatively impacted the construction sector but nonetheless should not derail interest of foreign investors, The focus on improving corporate governance are actually big pluses to entice foreign investors which is further enhanced by the government's stance in ensuring a good relationship with foreign investors.

While we are waiting for the dust to settle as far as the government policies and actions are concerned, we should not forget the headwinds from the geopolitical events which is not just affecting the local market but also neighbouring countries and even developed nations (e.g. US-China trade war, US-North Korea plan to denuclearise the Korean peninsula).

Hence we expect markets to be quiet in the next month as investors would wait for foreigners to exit. At the time of writing, we opined that valuations are compelling and it is ripe for the funds to slowly accumulate on weaknesses.

Fixed Income

Malaysian market continued to be supported by local players as despite a sizable foreign outflows in May 2018, there wasn't a significant pressure on the MGS curve. The reaffirmation of fiscal deficit/ Gross Domestic Product ratio in Financial Year 2018 at 2.8% by Ministry of Finance (MOF) with the zero rated GST and the revelation of large Public Private Partnership (PPP) obligations indicates that there may be some fiscal flexibility for the government in addition to the windfall revenue from higher oil prices. The current tone from the new government appears to be focusing on reducing public debts which, if delivered successfully would be a credit positive in the medium/ long term and this will also restore investors' confidence in Malaysia.

We still have a positive long-term view for Malaysia and remain comfortable in tactically nimble around duration or buying on dips to the portfolio since we do not expect further rate hikes for this year. We also remain overweight corporate bond on healthy credit spreads and yield premium.