

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:

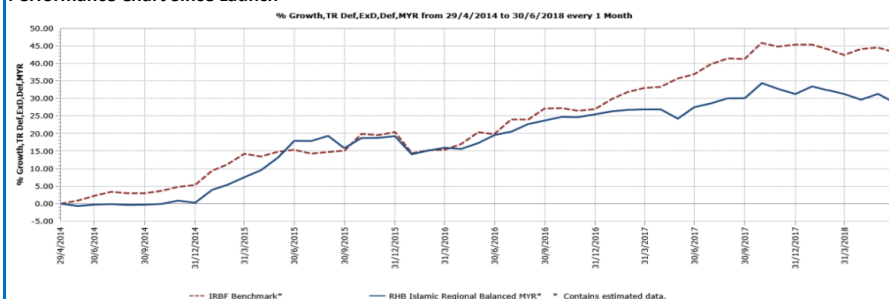
- want to have a balanced portfolio that provides both income and capital growth, and at the same time complies with the principles of Shariah; and
- are willing to accept moderate risk in their investments.

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*



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	-1.89	-1.84	-1.90	-1.90
Benchmark	-0.91	0.57	-1.48	-1.48

	1 Year	3 Years	Since Launch
Fund	1.00	9.23	28.77
Benchmark	4.61	24.11	43.19

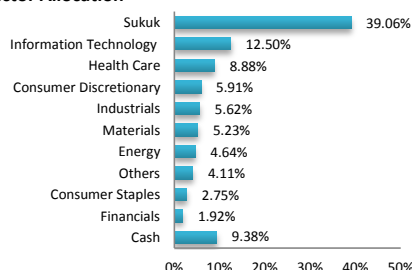
Calendar Year Performance (%)*

	2017	2016	2015
Fund	4.61	5.27	18.90
Benchmark	14.50	5.41	14.33

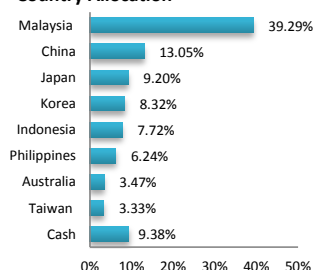
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

YTL POWER ISLAMIC MEDIUM TERM NOTE 5.050% (03/05/2027)	3.64
GII MURABAH 1/2017 (26/07/2027)	3.27
TAKEDA PHARM	3.03
SARIMELATI KENCANA	2.56
HUA HONG SEMI	2.56

*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	RM1.2881
Fund Size (million)	RM151.77
Units In Circulation (million)	117.82
Financial Year End	30 April
MER (as at 30 Apr 2018)	2.09%
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

*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 STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.3273	1.3616	1.3616
Low	1.2765	1.2691	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. However, we remain positive on the overall outlook of regional equity market and maintain high equity allocation. China remains as our top invested market with focus on the healthcare sector. We also maintain high exposure in Japan and South Korea.

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) suggested that smartphone total 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 growth 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.

Sukuk

Our views on US Federal Reserve (Fed)’s policies are now aligned towards another two rate hikes over 2Half2018. Tightening United States Dollar (USD) liquidity conditions are likely to drive further strength in the Greenback, and should continue pressuring Asia Ex-Japan currencies over the remainder of the year. We expect investors to withdraw capital from Emerging Markets, in line with our argument for a USD strength.

US monetary policies are more likely to be data-driven, given the elimination of forward guidance, and that another two Fed Fund Rates (FFR) hikes this year will put rates closer to its terminal value. Any hint that the Federal Reserve may pull back from the hiking plans of another 2 times this year, could slow the curve’s direction towards inversion. However the latest monthly job market reading stands to secure the solid economy trajectory to warrant tighter monetary policy.

With monetary policy trajectories in other major economies lagging behind the US, the base case is for these central banks to attempt normalisation. Already, we are seeing the European Central Bank (ECB) and Bank of Japan (BoJ) slowing down their balance sheet purchases. The risk of continued global tightening in liquidity will eventually impact global growth and hence may force central bankers to reconsider the current monetary approach.

On global strategy, we remain neutral duration on USD denominated Sukuk in view of further rise in US interest rates.

On the local front, uncertainties surrounding foreign perception towards Malaysia’s political scene and economy post 14th general election (GE14) advocated for selling pressure mainly from foreign investors. A sizable RM13 billion foreign outflows were recorded in May 2018. However, local investors remained supportive of the market which is a sign that markets remain confident under the new government regime which is not likely has any significant detrimental impact on the country’s economic fundamentals. New policies such as reduction in Goods and Services Tax (GST) to zero% effective June 2018 and the three months tax holiday till September may provide increase in consumer demand. The new Malaysian government undertone is focusing primarily on reducing public debts and had showed confidence in achieving the previous 2.8% fiscal deficit target, eyeing additional revenues from oil prices and Government-Linked Company dividends. If delivered successfully, would be a credit positive in the medium/ long term and this will also restore investors’ confidence in Malaysia.

With these scenarios, we still have a positive long-term view for Malaysia and remain comfortable in tactically nimble around the duration or buying on dips to the portfolio since we do not expect further rate hikes for this year.

DISCLAIMER:

Based on the fund’s portfolio returns as at 15 June 2018, the Volatility Factor (VF) for this fund is 5.7 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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