

### RHB RETIREMENT SERIES - MODERATE FUND

The Fund seeks to provide returns through a balanced mix of income and growth.

#### INVESTMENT STRATEGY

- Up to 60% of NAV: Investments in equities.
- At least 40% of NAV: Investments in fixed income instruments and/or money market instruments.
- Up to 5% of NAV: Investments in cash or cash equivalents.

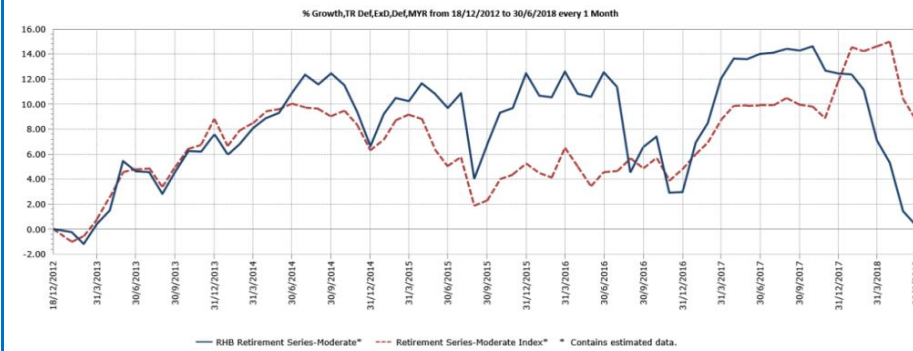
#### MEMBER'S PROFILE

This Fund is suitable for Members who:

- have medium risk profile; and
- are in the age group of 40 years old and above but have not yet reached 50 years old.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	-1.10	-6.32	-10.77	-10.77
Benchmark	-1.49	-5.08	-2.72	-2.72

	1 Year	3 Years	5 Years	Since Launch
Fund	-12.01	-8.54	-4.10	0.32
Benchmark	-1.02	3.58	3.81	8.79

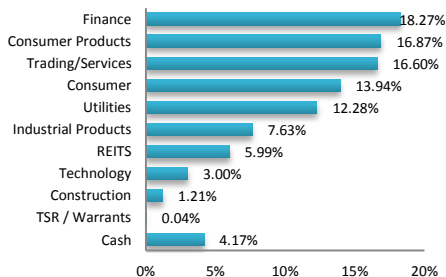
##### Calendar Year Performance (%)\*

	2017	2016	2015	2014	2013
Fund	9.17	-8.43	5.47	-0.89	7.58
Benchmark	6.71	-0.38	-1.00	-2.29	7.61

Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Asset Allocation\*



##### Top Holdings (%)\*

TANJUNG BIN ENERGY ISSUER BHD (AA3)	12.28
KUALA LUMPUR KEPONG BHD (AA1)	11.77
GENM CAPITAL	9.00
CIMB GROUP HOLDINGS BHD (A1)	6.12
PWSB (AAA)	5.99

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4402	0.4938	0.5485
Low	0.4284	0.4284	0.4284

Source: Lipper IM

##### Historical Distributions (Last 3 Years) (Net)

	Distribution (sen)	Yield (%)
26 May 2016	2.7300	5.48
29 May 2015	2.6200	4.99
28 May 2014	2.5000	4.78

Source: RHB Asset Management Sdn. Bhd.

**RHB RETIREMENT SERIES - MODERATE FUND**

The Fund seeks to provide returns through a balanced mix of income and growth.

**PROVIDER'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 USD79.44 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 FBMKLCI fell 2.8% in June 18 as investors continued to re-price policy risk. Significant foreign net selling of RM4.9 bil, bringing 6M2018 foreign net selling to RM6.8 bil vs. net inflow of RM10.8 bil in 2017. Defensive healthcare (Top Glove-led) outperformed the most, on above trend volume growth and MYR weakness. Telcos underperformed the most (Telekom/Axiata-led) on lower broadband charges and GLC risk. Financials underperformed as investors re-priced EPS and multiples risk. Energy (Dialog-led) underperformed despite higher Brent crude oil price of US\$79/bbl (+2.4% M/M).

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 Jun 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 Dec 2018. The average base tariff is unchanged at 39.45 sen/kWh. 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 Jan 2019. Overall Malaysia market also experienced window dressing for the last half yearly trading day, in which recovered some losses for the month performance.

**Fixed Income**
*U.S. Treasuries*

US Treasury ("UST") 10-year yields started the month of June 2018 below 2.90%, at 2.87% due to Italian political turmoil, however began its ascension higher to reach 2.975% (2Y was +3bps to 2.524%) within a week on worries that the European Central Bank ("ECB") may wind down its EUR 2.55 trillion (USD \$3 trillion) Quantitative Easing ("QE") program earlier than the anticipated September 2018 timing, which triggered a broad selloff in German Bunds and core European government bonds, spilling over to the US Treasuries. After brief attempts to head higher to above 3%, we ended the month with a rally to 2.86% as the second round of escalating trade tensions between the 2 biggest economies in the world weighed on global growth sentiment. The UST issued a total of \$715bio of bills and bonds in the month of June 2018 mainly in the front end bills of 1 to 6 month tenor.

*Ringgit Sovereign Bond*

Malaysian Ringgit ("MYR") continued to depreciate in June 2018 against the United States Dollar ("USD") despite Brent crude continuing to rally another 6% for the month. USDMYR climbed from 3.9798 at the start of the month and closed the end of the month at 4.037, representing a -1.437% total return. Local government bonds bull-flattened in line with the move in US Treasuries with the long end closing 3 basis points ("bps") lower month-over-month while 10-year Malaysia Government Securities ("MGS") closed the month almost flat from last month.

*Ringgit Corporate Bond*

Despite the festival month during June 2018, trading activities witnessed some improvement compared to a month before as the post-election noises guided the yield higher and created investment entry value for the under-invested books which have sidelined prior to the election. In addition, quarter-end period provided some trading activities in the local bond market. The average daily volume improved slightly to RM267 million during the month compared to a lackluster RM189 million achieved in previous month of May. As usual for this month, most of the trading activities were skewed towards AA space which saw about 53% of the trades changing hands followed by Government Guaranteed ("GG")/AAA by 42% and single-A or lower by 5%.

**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 U.S 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**

The sharp rally in safe haven assets was fuelled on escalating trade tensions brewing up again between the US and China, rattling markets. Aside from this there was also some key events happening in the Emerging Market Space. The Standard & Poor's 500 Index ("SPX") closed at 2,718 (-0.66% MoM) while the SPX Volatility Index ("VIX") rose above 15 towards the end of the month to close at 16.09

On the local front, with the neutralization of Good and Service Tax ("GST") to 0% from 1st of June 2018, preliminary calculation suggested that the average headline CPI could come in below 2% for 2018. BNM is expected to maintain the OPR at 3.25%.

The appointment of Nor Shamsiah is much lauded as it demonstrates continuity in BNM's monetary and fiscal policies. On the other hand, the reaffirmation of Government to achieve fiscal deficit to Gross Domestic Product ("GDP") at 2.8% indicates some fiscal flexibility as the revenue from higher oil prices seeing to be supportive at this juncture as well as commitment for expenditure rationalization within the government's ministries and agencies. Correspondingly, with an objective to reduce public debts and reviewing of some higher cost infrastructure projects, if delivered successfully, is a credit positive in medium to long-term for Malaysia.

In terms of strategy, we view the recent upward adjustment of yields as a trading opportunity to tactically acquire bonds for investments since we do not anticipate further rate hikes domestically for this year. Furthermore, in terms of corporate bonds, we saw only a few issuances of primary bonds after the recent general election as quite a significant number of planned infrastructure projects would be reviewed to reign in control on the country's debt burden. These factors bode well for the supply and demand dynamics of the local bonds market that will cap further deterioration in yields for corporate bonds segment while lending support to secondary market trading. Therefore, strategically, we will tactically invest in bonds where we see yields as attractive vis a vis its decent credit fundamentals; notwithstanding higher participation in new issuances to ride on the repricing of yields to boost overall portfolio yield.

**DISCLAIMER:**

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 Disclosure Document in relation to the RHB Retirement Series dated 2 December 2015 and its supplementary(ies)(if any) ("Disclosure Document"), before investing. The Disclosure Document 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 Disclosure Document relates will only be made on receipt of a form of application referred to in the Disclosure Document. For more details, please call 1-800-88-3175 for a copy of the PHS and the Disclosure Document or collect one from any of our branches or authorised distributors. The Provider wishes to highlight the specific risks of the Fund are equity risk, credit risk, interest rate risk, liquidity risk, income distribution risk and derivatives risk. These risks and other general risks are elaborated in the Disclosure Document. 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**
[www.rhbgroup.com](http://www.rhbgroup.com)


RHB Asset Management Sdn Bhd (174588-X)

