RHB Asset Management

FUND FACTSHEET – AUGUST 2018

All data expressed as at 31 July 2018 unless otherwise stated

3-year Fund Volatility 12.4 very high Lipper Analytics 15 JUL 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:

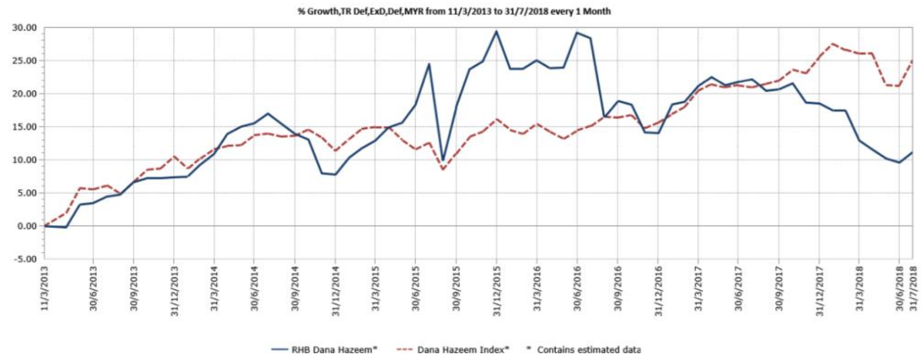
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

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	**1.48**	**-0.31**	**-5.31**	**-6.18**
Benchmark	3.22	-0.77	-1.94	-0.38

	1 Year	3 Years	5 Years	Since Launch
Fund	**-8.97**	**-10.66**	**6.41**	**11.16**
Benchmark	3.40	11.08	17.84	25.04

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

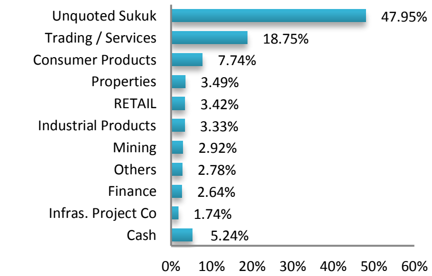
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Balanced Fund (Shariah-compliant)
Fund Type	Income and Growth Fund
Launch Date	18 February 2013
Unit NAV	RM0.4525
Fund Size (million)	RM41.41
Units In Circulation (million)	91.53
Financial Year End	28 / 29 February
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.*

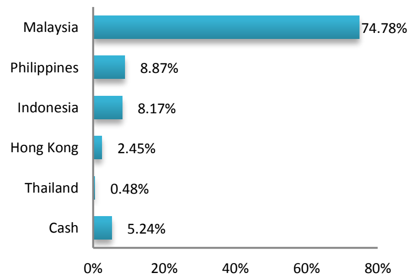
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

CAGAMAS BHD 3.95% (26/10/2018)	10.87
BRIGHT FOCUS BHD 2.5% (24/01/2030)	7.46
BRIGHT FOCUS BHD 5.0% (20/01/2023)	7.37
LEBUHRAYA DUKE FASA 3, 5.86% (23/8/2033)	6.42
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	5.81

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4536	0.4971	0.5826
Low	0.4428	0.4428	0.4428

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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RHB DANA HAZEEM

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MANAGER'S COMMENTS

MARKET REVIEW

EQUITY

MSCI World Equities rose 2.9% in July 2018, lifting year to date (YTD) returns back to positive territory (+2.4%), as investor sentiment rebounded from panic levels with the gradual dissipation of uncertainties around trade tariffs. The United States (US) (+3.5%) and Europe (+3.3%) led from the front by forging a trade deal, while Japan (+0.4%) stayed flat. This, coupled with strong economic growth in the US and Federal Reserve (the Fed) Governor Jerome Powell's testimony to the Congress, drove 10-year Treasury yields up by 10 basis points (bps) to 2.96%. As a result, Emerging Markets (EMs) (+1.7% in July, -6.1% YTD) breathed a sigh of relief, ending the month on a positive note for the first time since January 2018.

MSCI Asia Ex Japan equities edged up 0.3% in July 2018, with YTD returns at -5.5%, as underperformance by heavyweights China (-3.1%) and Korea (-1.5%) weighed on the otherwise modest gains of the region. Despite reversal to an expansionary policy stance, China continued to languish on the back of the Sino-US trade conflicts as well as from prior tightening. MSCI ASEAN (+4.0%) performed strongly as all countries posted positive returns.

FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI) rose 5.3% month-on-month (MoM) in July 2018, mirroring the strong performance in Association of Southeast Asian Nations (ASEAN) while the FTSE Bursa Malaysia Emas Shariah rose 5.94% driven by mid-size companies. Overnight Policy Rate (OPR) was unchanged, Malaysian Ringgit (MYR) was stable while 10-year Malaysian Government Securities (MGS) fell 4.1% MoM to 4.07%. telcommunications, oil and gas and industrials outperformed while consumer staples underperformed, led by defensive British American Tobacco (BAT) and plantations due to ongoing trade war.

On the corporate front, IHH Healthcare is set to win the bid for Fortis Healthcare after it offered to pay 180 rupees/share, valuing India's second-largest hospitals chain at 93.35 billion rupees.

The highest civil appeal court in Dubai has ruled in favour of WCT in a civil suit brought against it by Dubai-based Meydan Group LLC and the court has dismissed the appeal filed by Meydan. The Penang government will consider requesting RM1 billion soft loan from the federal government to expedite the Penang Transport Master Plan.

FIXED INCOME

Trade war escalation with both US and China having locked in a trade tariffs on $34 billion of each other's goods earlier this month and market await the potential impact on further increase of tariffs from 10% to 25% on another $200 billion in Chinese imports. Global growth is expected to be constrained by i) persistent and rising trade protectionism risks, ii) shifting expectations of monetary policy normalization in advanced economies, iii) deleveraging cycle in China and iv) geopolitical tensions. The escalation of a tit-for-tat trade dispute grew as China and European Union have said they would retaliate against the planned tariffs by the US. Should the tariff dispute involve more major economies on a larger scale, the impact to global growth will be more significant. Based on an International Monetary Fund (IMF) study, protectionism in the global arena that raises tariff by 10% on imports would lead to lower global Gross Domestic Product (GDP) by approximately 1.75%. At the close, the US Treasury 2-, 5-, 10- and 30-year closed the month weaker at 2.67% (June 2018: 2.53%), 2.85% (2.74%), 2.96% (2.86%) and 3.08% (2.99%) respectively.

In Malaysia, MYR weaker by 0.7% versus the greenback MoM while 3-year and 10-year MGS yields tightened 5-13 bps. Bank Negara Malaysia (BNM) kept its OPR unchanged at 3.25% in July 2018 Monetary Policy Committee (MPC) but warned of increasing downside risks due to global developments. Outflows from Malaysian assets appear to set to continue, given various risk-off events over the month with foreign investors pulled RM6.0 billion out of Malaysian Government Securities (MGS) in the month of June 2018. But local govvies seemed supported mainly by local demand and we have also seen foreign investors started to come back to our shore. MGS benchmark issues ended the month better closing the 3-, 5-, 7-, 10-,15-, 20- and 30-year MGS at 3.57% (June 2018: 3.62%), 3.75% (3.85%), 3.97% (4.05%), 4.07% (4.20%), 4.53% (4.63%), 4.77% (4.87%) and 4.92% (4.95%) respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30 years Government Investment Issue (GII) followed suit closing at 3.55% (June 2018: 3.60%), 3.86% (4.00%), 4.05% (4.18%), 4.19% (4.31%), 4.61% (4.73%), 5.00% (5.00%) and 4.94% (4.98%) respectively.

On economic data front, consumer sentiment turns optimistic post the 14th General Election as the new government cancelled the Goods and Services Tax (GST) effective 1st June 2018 along with sound macroeconomic environment push up the sentiment to optimistic level at 132.9 point, highest in 21-year. Apart from GST, stable retail fuel prices will keep inflationary pressure at low level and thus supporting domestic demand. External reserve fell marginally by United States Dollar (USD) 0.1 billion to USD104.6 billion as at mid July 2018 from USD104.7 billion at end-June 2018, amid continued net foreign sells in Malaysian equities and bonds/sukuk. The latest external reserves figure is equivalent to 7.5 months of retained imports and 1.1 times of short-term external debt. 2Q 2018 recorded net foreign selling in the bond market (-RM24.3 billion), however the dips in MGS yields so far this month suggest some stabilization in the local bond market on easing foreign selling pressure plus local buying interest.

MARKET OUTLOOK AND STRATEGY

Equity

We continue to expect the OPR to stay unchanged at 3.25% for the rest of this year. The tone of the latest MPC statement was expectedly more dovish, and we think BNM is likely in a wait-and-see mode. Lower headline inflation gives BNM room to ease monetary policy if needed. But for now, a steady growth path supported by sustained domestic demand and net exports should keep the policy rate flat.

FBMKLCI likely to continue in consolidation mode as investors stay on the sidelines awaiting second quarter corporate results. We expect June export growth numbers to rebound boosted by MYR depreciation and a favourable base effect. We believe a similar base effect and a likely pick-up in private consumption after the zero-rating of the goods and services tax may have led to even stronger import growth, narrowing the trade surplus.

Investors will be closely tracking development regarding policy and leadership changes at the Government-linked Investment Companies. Investors will be also keeping close tabs on developments relating to the restructuring and takeover of Syarikat Pengeluaran Air Selangor Sdn Bhd (SPLASH), developments on the fate of the Kuala Lumpur-Singapore High Speed Rail and East Coast Rail Link projects, as well as fulfillment of Pakatan Harapan's 10 promises in its manifesto as it approaches the 100 days anniversary on 18 August 2018.

Fixed Income

A few central banks meeting in the last week of July and early August 2018 – the Bank of Japan (BOJ) left rate unchanged offering some minor tweaks to its monetary policy, the Fed held fed fund rate steady and is expected to hike next month while the Bank of England (BOE) raised interest rate for the first time this year.

For Malaysian market, GST zerorisation and fixed fuel prices can be offset by Sales and Services Tax (SST) reintroduction, higher oil revenue, higher dividends from Government-Linked Companies (GLCs) and expenditure cuts to meet government's unchanged 2018 budget deficit to GDP target of 2.8%. With inflation rate remaining below BNM forecast of 2-3%, we expect the central bank to leave OPR unchanged at 3.25% for the rest of 2018. With all these factors, 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. We also remain overweight corporate bond on healthy credit spreads and yield premium.