**RHB Asset Management**

# FUND FACTSHEET – AUGUST 2018

All data expressed as at 31 July 2018 unless otherwise stated

3-year Fund Volatility 11.6 very high Lipper Analytics 15 JUL 2018

## RHB DIVIDEND VALUED EQUITY FUND

This Fund aims to provide investors with total returns primarily through investment in equity and equity related securities of companies which offer attractive yields and sustainable dividend payments.

### INVESTOR PROFILE

This Fund is suitable for investors who:

• want capital growth as well as income; and
• willing to accept short term fluctuations in capital values.

### INVESTMENT STRATEGY

• Minimum of 70% and up to 98% of NAV: Investments in equities.
• Minimum of 2% and up to 30% of NAV: Investments in fixed income securities and/or liquid assets.

### FUND PERFORMANCE ANALYSIS

**Performance Chart Since Launch***


**Cumulative Performance (%)***

| | 1 Month | 3 Months | 6 Months | YTD |
|---|---|---|---|---|
| **Fund** | **0.69** | **-3.84** | **-11.19** | **-11.45** |
| Benchmark | 1.78 | 0.10 | -5.17 | -2.53 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|---|---|---|---|---|
| **Fund** | **-12.04** | **-2.93** | **6.18** | **49.32** |
| Benchmark | 0.25 | 40.13 | 80.23 | 216.41 |

**Calendar Year Performance (%)***

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Fund** | **7.51** | **0.15** | **10.57** | **0.00** | **-0.57** |
| Benchmark | 23.88 | 11.86 | 11.60 | 10.05 | 11.02 |

*Source: Lipper IM*

### FUND DETAILS

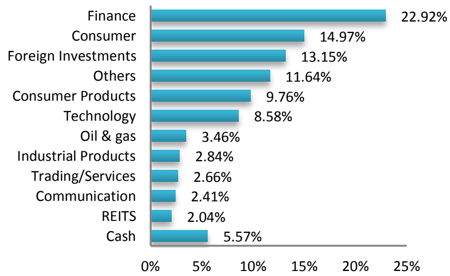
| | |
|---|---|
| **Manager** | RHB Asset Management Sdn. Bhd. |
| **Trustee** | HSBC (Malaysia) Trustee Bhd |
| **Fund Category** | Equity Fund |
| **Fund Type** | Capital Growth and Income Fund |
| **Launch Date** | 13 July 2005 |
| **Unit NAV** | RM0.3380 |
| **Fund Size (million)** | RM6.20 |
| **Units In Circulation (million)** | 18.35 |
| **Financial Year End** | 31 May |
| **MER (as at 31 May 2018)** | 2.52% |
| **Min. Initial Investment** | RM1,000.00 |
| **Min. Additional Investment** | RM100.00 |
| **Benchmark** | MSCI Asia Pacific Free ex Japan Index |
| **Sales Charge** | Up to 5.00% of NAV per unit* |
| **Redemption Charge** | None |
| **Annual Management Fee** | Up to 1.80% p.a. of NAV* |
| **Annual Trustee Fee** | 0.06% 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.*

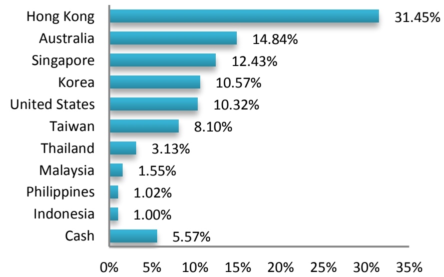
*For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

### FUND PORTFOLIO ANALYSIS

**Sector Allocation***




**Country Allocation***




**Top Holdings (%)***

| | |
|---|---|
| ISHARES MSCI INDIA INDEX ETF | 5.94 |
| TENCENT HOLDINGS LTD | 5.04 |
| SAMSUNG ELECTRONICS CO LTD | 4.58 |
| TAIWAN SEMICONDUCTOR MANUFACTURING | 4.21 |
| ALIBABA GROUP HOLDING | 4.04 |

**As percentage of NAV*

### FUND STATISTICS

**Historical NAV (RM)**

| | 1 Month | 12 Months | Since Launch |
|---|---|---|---|
| High | 0.3406 | 0.4401 | 0.6866 |
| Low | 0.3304 | 0.3299 | 0.2762 |

*Source: Lipper IM*

**Historical Distributions (Last 5 Years) (Net)**

| | Distribution (sen) | Yield (%) |
|---|---|---|
| 24 May 2018 | 2.0500 | 5.11 |
| 23 May 2017 | 4.2000 | 10.04 |
| 26 May 2016 | 2.6000 | 6.06 |
| 31 May 2015 | - | - |
| 31 May 2014 | - | - |

*Source: RHB Asset Management Sdn. Bhd.*

3-year Fund Volatility
11.6
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15 JUL 2018

# RHB DIVIDEND VALUED EQUITY FUND

This Fund aims to provide investors with total returns primarily through investment in equity and equity related securities of companies which offer attractive yields and sustainable dividend payments.

## MANAGER'S COMMENTS

**MARKET REVIEW**

After a flattish equity return in June, the month of July saw MSCI World recover with a positive gain of 2.9%, its second strongest monthly gain in 2018 after January's 5.6% gain. ASEAN (+4.0% USD terms), US (+3.5%), Europe (+3.2%) have closed the month in green, and Japan (+0.4%) was flattish. Hong Kong/China (-3.1%) and Korea (-1.5%) were hurt by the looming trade war sentiment. IMF estimates that a 10% rise in import tariffs amongst both the US and the rest of the world would result in a 1% fall in world trade and a 0.5% fall in world GDP. Export oriented countries like Hong Kong, Singapore, South Korea, and Taiwan would be the hardest hit in Asia should a full-scale trade war break out.

On 1st August, The Trump administration reported plans to announce more aggressive retaliation against China, and has directed US trade representative to consider increasing the proposed level of the additional tariff duty from 10% to 25% on the US$200bn Chinese products announced on 10th July. The news pushed Shanghai Composite down 2% on the 2nd August.

The UST 10 years close the month of July at 2.96%, up by 10bps as market participants looking for action with the Bank of Japan which saw JGB 10 year testing a high of 0.099% in July. Bank of Japan introduced forward guidance which raised the ceiling on their 10-year interest target band from 0.1% to 0.2% to allow for more flexibility for purchases while sustaining its rate low-for-long guidance. The Dollar Index (DXY) was relatively range bounded around 94.5.

In July, PMI remained in expansionary territory despite slowing down in both US and Asia, mainly driven by improvements in Europe. US's ISM manufacturing PMI eased to 58.1 in July from 60.2 the previous month, while the Eurozone's manufacturing PMI improved +0.2pts to 55.1. In Asia, China's Caixin PMI eased by 0.2pts at 50.8 while ASEAN slipped 0.6pts to 50.4 in July.

Macro overhangs from the escalation in trade war as Trump admin announced another US$200bn tariff plan, and a further 3% CNY depreciation in July triggered another wave of selling in the Hong Kong China market (-3.1%). A relief rally towards month end, triggered by State Council's stimulus package which includes potentially increased spending on infrastructure projects and the PBOC easing guidance on wealth management products, managed to salvage some stock market performance. Not surprisingly, utilities i.e. gas distributors as well as sectors that will benefit from infrastructure spending, such as materials and industrials, were the outperformance. Meanwhile, consumer discretionary, healthcare and internet tech disappointed.

ASEAN markets rebounded the most in July after a lacklustre June. The Indonesian market recovery was driven by the coal and financial sectors. Bank Indonesia has signaled that they would rather stabilize the currency at the expense of pursuing economic growth.

**MARKET OUTLOOK AND STRATEGY**

The portfolio gained 0.7% this month. We managed to weather market volatility by skewing our portfolio towards companies with strong balance sheets and good cash flow generation. However, our bias in new economy technology sector became our key deflector this month, while stock picks in ASEAN helped lift the portfolio.

China internet sector had a pretty tough month with majority of the stocks seeing share price correction. Tencent, last year's market darling, saw its share price corrected 25% from the peak this year due to (1) premium valuation compared to peers and (2) lack of positive catalysts in seasonally weak 2Q18. One week into 2Q18 results season, industry developments so far have not met lofty expectations. Despite solid revenue growth within the search engine industry, both Baidu and Sougou guided rising traffic acquisition costs in 2H18. We believe the intensifying war of user acquisition among internet companies will continue in the coming quarters, as China mobile internet user growth decelerates. We reviewed the sector and have re-position the fund into companies with reasonable valuation that were beaten down by the market unfairly. Sectors look oversold in the near term and remain an attractive growth sector in the new economy.

Overall, we expect trade tension to remain headwinds for the stock market. The next US$200bn tariff plan will be on public consultation until early September. Our best case scenario is not for a massive escalation into a full blown threat and government policy measures will be ratcheted up along the way to stabilize domestic demand in China. Macro data and events (i.e. financial market volatility and trade tension with the US) are material in deciding the pace and intensity of wave of easing/stimulus.

On the back of a wide performance gap between developed markets and Asia, we do see value emerging in the Asian equity market, especially in resilient sectors like consumption, healthcare and internet technology. YTD, oil and gas equities have been one of our outperformers in the portfolio, riding on the back of high energy prices/volume. We expect this trend to continue. Emerging market is the region to benefit most from a rebound in the global industry cycle, given its YTD underperformance.

For ASEAN, we are cautiously optimistic on these markets as currency headwinds is starting to stablise the near term. We are looking to deploy some cash in ASEAN companies given that the markets are trading one standard deviation below its long term 5 year PE mean and valuations of some oversold quality companies are getting attractive.