

### 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:

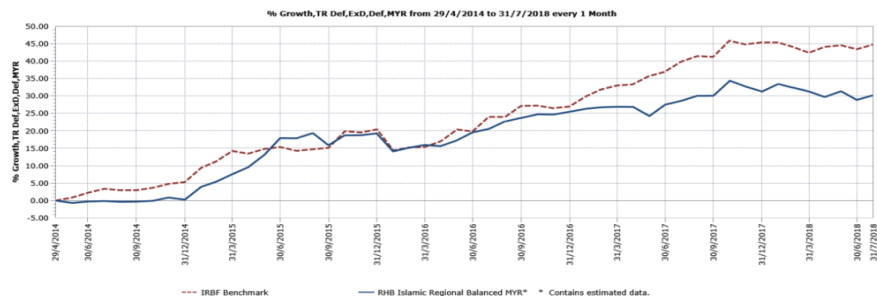
- want to have a balanced portfolio that provides both income and capital growth, and at the same time complies with the principles of Shariah; and
- are willing to accept moderate risk in their investments.

#### 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	1.03	0.39	-2.52	-0.88
Benchmark	0.93	0.46	-0.42	-0.43

	1 Year	3 Years	Since Launch
Fund	1.17	10.41	30.10
Benchmark	3.52	26.62	44.71

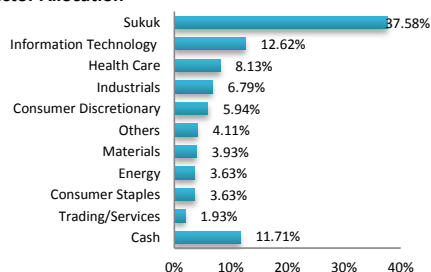
##### Calendar Year Performance (%)\*

	2017	2016	2015
Fund	4.61	5.27	18.90
Benchmark	14.50	5.41	14.33

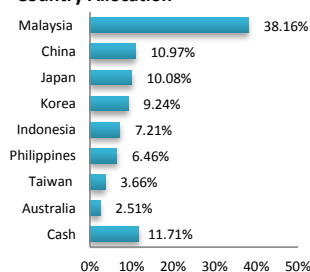
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



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

YTL POWER ISLAMIC MEDIUM TERM NOTE 5.050% (03/05/2027)	3.43
GII MURABAH 1/2017 (26/07/2027)	3.11
TAKEDA PHARM	2.83
SARIMELATI KENCANA	2.63
HUA HONG SEMI	2.47

\*As percentage of NAV

#### FUND DETAILS

<b>Investment Manager</b>	RHB Asset Management Sdn. Bhd.
<b>Trustee</b>	TMF Trustees Malaysia Bhd
<b>Fund Category</b>	Balanced fund (Shariah-compliant)
<b>Fund Type</b>	Income and growth
<b>RM Class Launch Date</b>	08 April 2014
<b>USD Class Launch Date</b>	17 June 2014
<b>Domicile</b>	Malaysia
<b>Base Currency</b>	Malaysian Ringgit (RM)
<b>Unit NAV</b>	RM1.3014
<b>Fund Size (million)</b>	RM161.73
<b>Units In Circulation (million)</b>	124.27
<b>Financial Year End</b>	30 April
<b>MER (as at 30 Apr 2018)</b>	2.09%
<b>Min. Initial Investment</b>	RM1,000.00
<b>Min. Additional Investment</b>	RM100.00
<b>Benchmark</b>	50% RAM QuantShop GII (medium term) Index + 50% FTSE Shariah Developed Asia Pacific Index
<b>Sales Charge</b>	Up to 5.00% of investment amount*
<b>Redemption Charge</b>	None
<b>Annual Management Fee</b>	1.80% p.a. of NAV*
<b>Annual Trustee Fee</b>	Up to 0.06% p.a. of NAV, subject to a min. of RM18,000p.a.*
<b>Switching Fee</b>	RM25.00 per switch*
<b>Distribution Policy</b>	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	1.3053	1.3616	1.3616
Low	1.2720	1.2720	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. We reduce exposure in China as risks are looming on heightening trade war with China and currency depreciation.

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**

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 (the Fed) may pull back from the hiking plans of another two 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. 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.

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

For our domestic market, despite the lingering concerns over further declines in foreign holdings in Malaysian Ringgit bonds/sukuk, we opine the depth of the market and presence of strong institutional investors to remain supportive of the local bond market. Any excessive upward movement in bond yields will continue to attract renewed bargain hunting interest from local onshore real money investors. A strong case in point was when 10-year benchmark Malaysian Government Securities (MGS) tested a high of 4.25% before drifting back lower to 4.06-08%, anchored by onshore demand interest. Additionally, lack of new bonds and sukuk supply this year will further cemented demand from local investors.

However, there may be potential reversal in investment sentiment as global central bank rhetoric in tandem with the Fed interest rates normalisation chatters continue to be in focus although prospects of steeper path to the Fed’s interest rate adjustment in 2019 and 2020 may be delayed as lingering global trade tension and higher interest rates could potentially dampen global growth prospects. Although Malaysian Ringgit bond/sukuk yields have since retraced lower anchored by real money support, risk of upside pressure for regional Asian bond curves to edge higher could still emerge as 10-year US Treasury may potentially retest the psychological 3.00% mark again.

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.

**DISCLAIMER:**

Based on the fund’s portfolio returns as at 15 July 2018, the Volatility Factor (VF) for this fund is 5.4 and is classified as “Low”. (source: Lipper) “Low” includes funds with VF that are above 1.9 but not more than 6.6 (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 30 June 2018 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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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