

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.

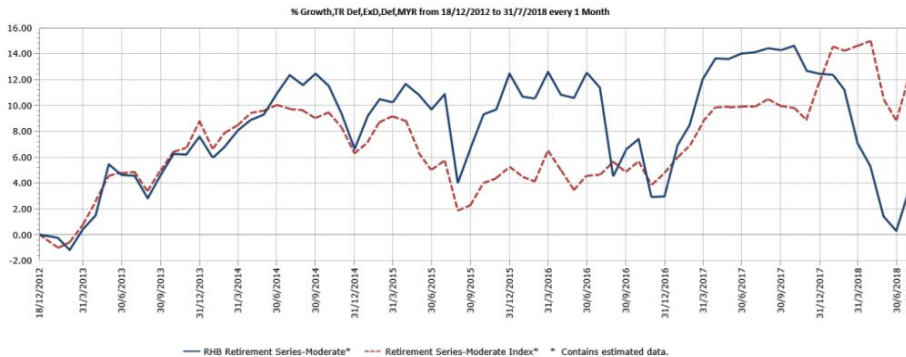
MEMBER'S PROFILE

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	3.23	-1.66	-7.83	-7.88
Benchmark	3.21	-2.36	-1.98	0.40

	1 Year	3 Years	5 Years	Since Launch
Fund	-9.24	-6.60	-0.94	3.56
Benchmark	2.16	6.18	7.07	12.28

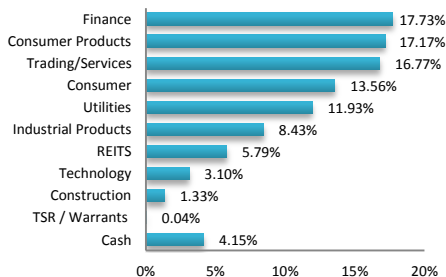
Calendar Year Performance (%)*

	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)	11.93
KUALA LUMPUR KEPONG BHD (AA1)	11.41
GENM CAPITAL	8.65
CIMB GROUP HOLDINGS BHD (A1)	5.93
PWSB (AAA)	5.79

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4440	0.4938	0.5485
Low	0.4278	0.4278	0.4278

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.

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PROVIDER'S COMMENTS

MARKET REVIEW

Equity

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 Fed Governor Jerome Powell's testimony to the Congress, drove 10-year Treasury yields up by 10bp 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.

FBM KLCI rose 5.3% mom in July 2018, mirroring the strong performance in ASEAN. OPR was unchanged, MYR was stable while 10-year MGS fell 4.1% mom to 4.07%. Telcos, oil and gas and industrials outperformed while consumer staples underperformed, led by defensive BAT and plantations due to ongoing trade war.

On the economic front, Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 3.25% at its fourth monetary policy meeting this year. This is the first meeting chaired by new Governor Datuk Nor Shamsiah Mohd Yunus. The decision came widely expected. Inflation rate slowed sharply in June 2018 to +0.8% YoY (May 2018: +1.8% YoY) as the zero rating of GST resulted in slower increases or declines in prices of CPI basket of goods and services. S&P Global Ratings expects Malaysia to record strong consumption growth in 2018 driven by steady income growth amid a one-off boost in the second quarter following the phasing out of the goods and services tax (GST). For June 2018, data from the Statistics Department showed that the country's retail sales grew faster at 9.3% yoy, from 7.9% yoy May 2018, partly supported by the zero-rated GST.

The Penang government will consider requesting RM1bil soft loan from the federal government to expedite the Penang Transport Master Plan.

Fixed Income

U.S. Treasuries

US Treasury ("UST") 10-year yields started the month of June 2018 2.87% and closed higher month end at 2.96% After ranging at 2.83 to 2.87 levels for most of the month, there was a sharp 9bp selloff higher as speculation emerged that the impending Bank of Japan ("BOJ") policy rate meeting on 30-31July, with media reports suggesting that the BOJ might be tweaking the yield curve control to deliver a more natural rise in long term interest rates via policy adjustment. This served to lead the UST to sharply selloff as Japanese Government Bonds ("JGB") 10y yields sold off 5bps. We ended the month with UST 9bps higher MoM at 2.96%. The US Treasury bond yield curve had bear flattened slightly from June as the short end rates continues the march higher due to the rate hike expectations.

Ringgit Sovereign Bond

Local government bonds continue to mirror some level of gyrations with the UST yield, influenced by Fed normalization chatters and lingering global trade tension sparked by Trump protectionism measures, but it ended well supported towards the end of the month. Overall trading volume of Malaysia's sovereign papers boosted higher at around RM60 billion during the month of July 2018 compared to RM37 billion in previous month. We are of the view that higher bond yields sparked bargain hunting interest by the onshore real money investors as they were seen sidelined on the run-up to the general election in prior month. As a result, Malaysia Government Securities ("MGS") rallied across the tenor where the 10-year MGS appeared the best performer, closed the month by 14 basis points ("bps") lower.

Ringgit Corporate Bond

On the Ringgit corporate bonds, July emerged better in terms of trading activity as the sentiment and liquidity of the bond market improved. The average daily volume recorded RM446 million in July 2018 which is more than 1.5 times the average daily volume recorded in previous month amounted to RM257 million. Most of the trading activities were most concentrated in Government Guaranteed ("GG") space which supported due to the supply dynamic at this juncture in our opinion. In July, Government Guaranteed ("GG")/AAA space witnessed the highest trades changing hands at about 56% followed by AA space by 39% and single-A or lower by 5%.

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 (GLICs). 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 KL-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

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. This figure is well below Bank Negara Malaysia ("BNM") comfort threshold of 2.5%. With inflation to taper lower this year barring any significant whipsaw in prices of oil and lower Malaysia GDP forecasted for 2018, BNM is expected to maintain the OPR at 3.25%. It is also the government's preference to implement policies that are "for the people" in view of the challenges due to rising costs over these years. Nevertheless, we will derive a better picture of the economic and policy guidance when the newly appointed Bank Negara Malaysia governor chairs her first MPC on 11 July 2018.

With CPI staying below 2% since Feb, the real OPR rate remains above 1%, and could return to the "accommodative range" only from mid-2019 on base effects. With the MPC signaling comfort with its current policy stance, we expect BNM to maintain rates through 2H18, as the temporary disinflation weakens the case for rate hikes, while financial stability considerations may raise the hurdle for rate cuts.

We will continue to tactically invest in both government and corporate bonds for yield pick-up; notwithstanding higher participation in new issuances to ride on the re-pricing 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.

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