RHB Asset Management

FUND FACTSHEET – SEPTEMBER 2018

All data expressed as at 31 August 2018 unless otherwise stated

3-year Fund Volatility **12.0** very high
Lipper Analytics 15 AUG 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:

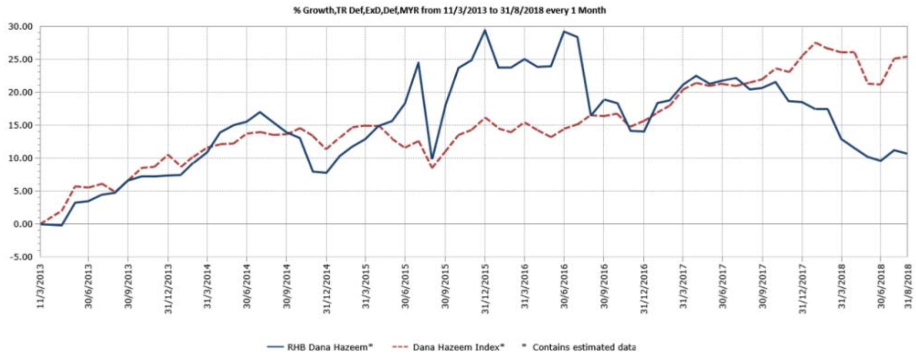
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

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	**-0.49**	**0.42**	**-5.78**	**-6.63**
Benchmark	0.26	3.38	-0.97	-0.12

	1 Year	3 Years	5 Years	Since Launch
Fund	**-8.12**	**0.73**	**5.59**	**10.62**
Benchmark	3.23	15.57	19.59	25.36

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

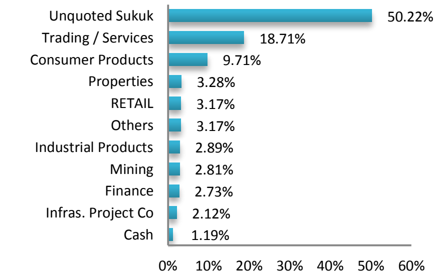
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Balanced Fund (Shariah-compliant)
Fund Type	Income and Growth Fund
Launch Date	18 February 2013
Unit NAV	RM0.4503
Fund Size (million)	RM39.76
Units In Circulation (million)	88.30
Financial Year End	28 / 29 February
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.*

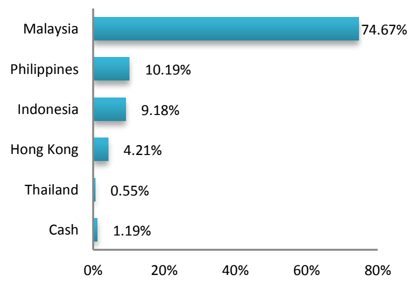
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

CAGAMAS BHD 3.95% (26/10/2018)	11.32
BRIGHT FOCUS BHD 2.5% (24/01/2030)	7.88
BRIGHT FOCUS BHD 5.0% (20/01/2023)	7.70
LEBUHRAYA DUKE FASA 3, 5.86% (23/8/2033)	6.72
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	6.07

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4549	0.4968	0.5826
Low	0.4458	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.

3-year Fund Volatility 12.0 very high Lipper Analytics 15 AUG 2018

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MANAGER'S COMMENTS

MARKET REVIEW

EQUITY

For the month of August 2018, global equity market continued to rise. MSCI World Equities was up 0.6% during the month (year-to-date: +1.9%), riding on the strength of United States (US) equities (+3.1%) although investors were concern over high valuation in US market. Developed Markets (DM) outside US failed to provide respite to investors with Europe falling 3.1% and Australia 2.6%, while Japan (+0.2%) stayed flat. MSCI Asia Ex Japan declined 1.2% in August 2018, with year-to-date returns at -6.6%, as underperformance by China (-3.9%) and Hong Kong (-2.6%) weighed on the region. China continued on its downtrend as the US upped the ante in the Sino-US trade conflict by preparing to impose harsher tariffs on an additional US Dollar 200 billion worth of Chinese imports.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI) started the month relatively stable, before turning positive in the second week of the month supported foreign inflows. The index later declined on 13 August 2018 on selling pressure due to the issue with the Turkey crisis. The Lira crumbled after Trump approved of higher tariffs and threat of sanctions. The index staged a recovery on the 20th of August 2018, on optimism over US-China trade talks which boosted sentiments. This buoyed the index to close at an intraday high on 23 August 2018, lifted by index heavyweights. The positive momentum continued; with the index then closed at its three-month high on news of the new North American Free Trade Agreement (NAFTA) deal which improved investors risk appetite. Foreigners net sold Malaysian Ringgit MYR 98.9 million worth of shares, bringing the total year-to-date net selling to MYR8.6 billion. Best performer sector was Industrial Production (+3.72%%) with the biggest movers being Petronas Chemicals (PChem) (+7.49%), Hartalega (+15.45%), and TOP Glove (+9.86%). Worst performer sector was Construction (-5.76%) being dragged down by Gamuda (-4.39%) and IJM (-4.59%). The FTSE Bursa Malaysia Emas Shariah Index lost 3.68 points or -0.03% for the month of August.

On the economic front, Malaysia's 2Q2018 Gross Domestic Product (GDP) growth of only 4.5% year-on-year (YoY) was a sharp miss of the Bloomberg consensus for 5.2% YoY. However, the underlying data are better than the headline implies. Domestic demand growth accelerated to 5.6% YoY from 4.1% YoY driven by consumption. The miss in the overall number came from shocks to the mining and agriculture sector that seem to be reversing.

FIXED INCOME

Emerging market sell-off drove safe haven demand sending US Treasuries (UST) yields and the USD higher month-on-month. At the close, the UST 2-, 5-, 10- and 30-year closed the month 4 to 11 basis points lower at 2.63% (July 2018: 2.67%), 2.74% (2.85%), 2.86% (2.96%) and 3.02% (3.08%) respectively. Federal Reserve (the Fed) chairperson, Jerome Powell stuck to his usual rhetoric in his Jackson Hole speech, mildly disappointing hawkish speculators eyeing for a more aggressive stance. The Fed remains on track to deliver 2 more rate hikes this year, supported by a stronger than expected 2Q 2018 revised GDP print (4.2% quarter-on-quarter Seasonally Adjusted Annual Rate) while core Personal Consumption Expenditure (PCE) is expected to print 2.0% YoY, in line with the Fed's target although it is drawing the ire of President Trump who wished for a greater policy support. However the outburst failed to dampen the strength on the Greenback, with investors remaining confident towards Fed's independence.

In Malaysia, 2Q 2018 GDP slowed to 4.5% YoY (consensus: 5.2%; 1Q 2018: 5.4%), reinforcing views of dimmer Overnight Policy Rate (OPR) hike prospects. MYR traded softer, weakening 1.08% in August 2018 to close at 4.1090 against USD impacted by rebound of USD strength although Malaysian Government Securities (MGS) yields ticked lower as foreign investors return to the bond markets. Bank Negara Malaysia (BNM) also remained committed towards financial markets developments and capabilities, offering greater flexibility in Foreign Exchange (FX) hedging and interest rate derivatives, which goes a way to reap dividends over the medium term. These recent amendments to the Foreign Exchange Administration (FEA) regulations are market friendly measures which may narrow the perceived risk premium of Malaysian assets and improve market liquidity. Foreign funds turned net buyers in July 2018 registering RM4.0 billion inflows to our domestic market, ending the three consecutive months of foreign outflows. The foreign share of MGS+ Government Investment Issue (GII) increased to 24.8% from 24.7% in June 2018. The return of foreign demand is in sync with the flows pattern observed in emerging markets. With foreign inflows coming back to our bond market, MGS benchmark issues ended the month better closing the 3-, 5-, 7-, 10-,15-, 20- and 30-year MGS at 3.53% (July 2018: 3.57%), 3.70% (3.75%), 3.93% (3.97%), 4.04% (4.07%), 4.47% (4.53%), 4.67% (4.77%) and 4.90% (4.92%) respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30 years GII followed suit closing at 3.51% (July 2018: 3.55%), 3.82% (3.86%), 4.01% (4.05%), 4.14% (4.19%), 4.54% (4.61%), 4.75% (5.00%) and 4.92% (4.94%) respectively.

On economic data front, headline inflation rate up 0.9% in July 2018, matched market expectations. The inflation rate remains below 1% as it is the second month during tax holiday period. On the other hand, core inflation went down to deflationary level of 0.2% YoY for the first time. Malaysia's current account surplus narrowed sharply to RM3.9 billion in 2Q 2018 compared to RM15 billion in the previous quarter, making it the smallest surplus since 3Q16. Exports growth expanded by 7.6% YoY in June 2018, improved from 3.4% YoY gain registered in the preceding month. In the upcoming month, we foresee Malaysia's exports to remain positive on the back of zero-rated GST, tax holiday period and stable retail fuel price. Nevertheless, protectionism and trade tension remain a concern to the economy.

KLIBOR 1-,3-,6-, and 12-months closed unchanged at 3.43% (July 2018: 3.43%), 3.69% (3.69%), 3.80% (3.80%) and 3.90% (3.90%) as liquidity remained ample.

MARKET OUTLOOK AND STRATEGY

Equity

The market has over this period suffered due to a combination of external and domestic factors such as trade-related tensions, slowdown in global growth momentum, worsening China growth amidst deleveraging, unwinding of central bank liquidity, MYR weakness and uncertainties over the policies of the new government. Foreign equity outflows from ASEAN, including Malaysia, during this sell-off have been intense, and we believe the bulk of the sell-off may have already occurred. However, we believe near-term uncertainty, especially around Malaysia's fiscal deficit situation after the withdrawal of Goods and Services Tax (GST), could remain a sticking point especially for foreign investors. That said, we are reluctant to be underweight on the market and would still like to give the benefit of the doubt to the new government as they come out with policies and direction to deliver on their promise of reforms over medium-term. We believe an economy with less leakages will likely be able to fully realise its growth potential and investors may be more willing to give a higher valuation premium eventually. With this in mind, we see value emerging for investors with medium-term investment horizon and investing opportunities in selected themes/sectors/stocks at more palatable valuations.

Fixed Income

In early September 2018, Malaysia's Ringgit drop to the lowest level in more than 9 months as a selloff in emerging markets fuels contagion fears. USD/MYR is likely to rise to 4.20 by year end as the dollar continues to strengthen on higher US rates and global trade tensions. BNM maintained OPR at 3.25% as expected in 5th September 2018 Monetary Policy Committee meeting. We see the central bank to maintain a stable monetary policy through 2019 while allowing the Malaysian Ringgit to weaken further as risks to growth increase and inflation remains muted.

Domestic macro conditions are still supportive for Malaysia's bond market. Headline Consumer Price Index (CPI) remained weak at +0.9% YoY in July 2018, while core CPI went into negative territory at -0.2% YoY. Though the re-introduction of Sales and Services Tax (SST) in September 2018 is expected to induce upward revision of prices, inflation is likely to remain muted. 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.

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