

RHB RETIREMENT SERIES - ISLAMIC BALANCED FUND

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 by investing in one target Shariah-compliant fund.

[^] "long-term" in this context refers to a period between 5 – 7 years.

INVESTMENT STRATEGY

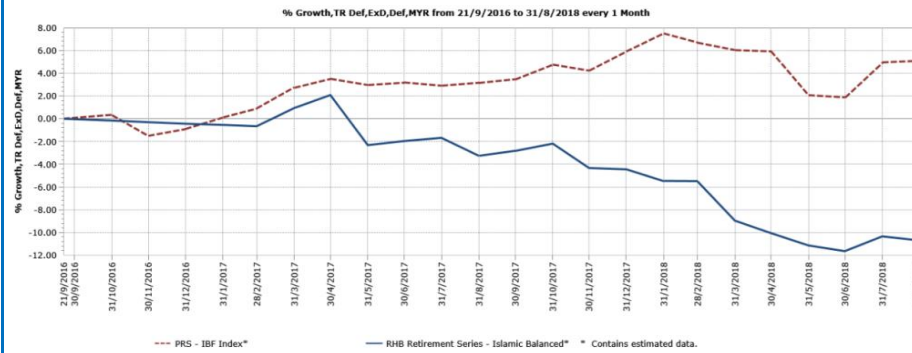
- At least 95% of NAV: Investments in units of Dana Hazeem.
- 1% to 5% of NAV: Investments in liquid assets including Islamic money market instruments and placements of cash.

MEMBER'S PROFILE

The Fund is suitable for Members 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.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-0.40	0.50	-5.50	-6.55
Benchmark	0.13	2.94	-1.52	-0.80

	1 Year	Since Launch
Fund	-7.69	-10.70
Benchmark	1.87	5.07

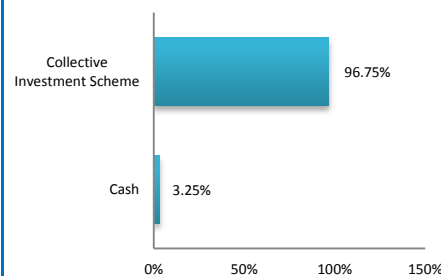
Calendar Year Performance (%)*

	2017
Fund	-4.02
Benchmark	6.87

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Asset Allocation*



Top Holdings (%)*

RHB DANA HAZEEM 96.75

*As percentage of NAV

FUND DETAILS

Provider	RHB Asset Management Sdn. Bhd.
Trustee	Deutsche Trustees Malaysia Bhd
Fund Category	Feeder fund – balanced (Shariah-compliant)
Launch Date	01 September 2016
Unit NAV	RM0.4465
Fund Size (million)	RM0.58
Units In Circulation (million)	1.29
Financial Year End	31 May
MER (as at 31 May 2018)	Not available #
Min. Initial Investment	RM100.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Emas Shariah Index + 50% Maybank 12-month Islamic FD
Sales Charge	Up to 3.00% of NAV per unit*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.04% p.a. of NAV*
Switching Fee	None
PPA (Private Pension Administrator) Annual Fee	RM8.00*
PPA Pre-retirement Withdrawal Fee	RM25.00 per withdrawal*
PPA Transfer Fee	RM25.00 per transfer*
Annual PPA Administration Fee	0.04% p.a. of NAV*
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.
The MER for the financial year is not comparable, mainly due to the expenses are borne by the PRS Provider during the financial year.

FUND STATISTICS

Historical NAV (RM)			
	1 Month	12 Months	Since Launch
High	0.4507	0.4910	0.5131
Low	0.4422	0.4387	0.4387

Source: Lipper IM

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PROVIDER'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.

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 is management risk and specific risks of the target Fund are market risk, particular security risk, reclassification of Shariah status risk, interest rate risk and credit/default 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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