

RHB ASEAN FUND

This Fund aims to achieve medium to long term capital appreciation through investments in securities of companies with high growth potential.

INVESTMENT STRATEGY

- 70% to 98% of NAV: Investments in equities and equity related securities (such as warrants).
- Up to 30% of NAV: Investments in fixed income securities such as government and semi-government bonds, corporate debt securities and money market instruments.
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

INVESTOR PROFILE

This Fund is suitable for investors who:

- wish to participate in the potential and investment opportunities of the fast growing ASEAN economies; and
- are willing to accept higher risk in their investments in order to achieve medium to long term capital growth.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.06	4.73	-1.85	-5.34
Benchmark	0.35	6.18	-2.71	-5.75

	1 Year	3 Years	5 Years	Since Launch
Fund	-6.00	16.44	22.80	73.17
Benchmark	-2.11	18.61	22.45	55.35

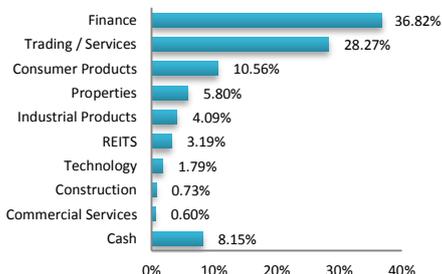
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	10.85	5.55	2.67	10.86	2.48
Benchmark	13.98	7.64	-2.79	10.16	-0.92

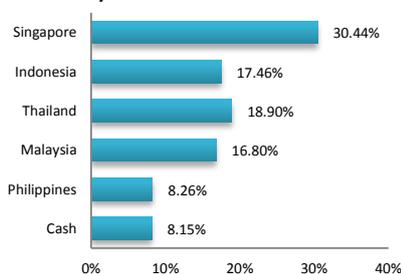
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

DBS GROUP HOLDINGS LTD	7.40
UNITED OVERSEAS BANK LTD	5.86
SINGAPORE TELECOMMUNICATIONS	4.22
PUBLIC BANK BHD	3.82
KASIKORNBANK PCL NVDR	3.45

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5003	0.5806	0.6743
Low	0.4856	0.4713	0.4562

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
20 Apr 2018	3.4000	6.05
28 Apr 2017	-	-
28 Apr 2016	6.0000	11.24
28 Apr 2015	6.0000	10.12
28 Apr 2014	5.8000	9.54

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

The Singapore and Thailand markets had positive returns, unlike the rest of the ASEAN markets in September. Philippines market led the decline, followed by Malaysia. ASEAN currencies generally depreciated across the board versus the US Dollar, save for the Singapore dollar and Thai Baht.

The Thai market was the best performer in September, as it was spurred by the royal approval of the two key organic laws required for the upcoming elections. These laws include the election of MPs and the selection of senators. Current accounts remained in surplus as gold and oil imports trended upwards. Elections may be held next year, with an estimated date between February and May. There could be a rate hike at the end of the year as the Bank of Thailand confirms that policy normalization would be needed.

Malaysia's August headline inflation declined 0.2% y-o-y after the GST repeal in June, whereas transportation inflation increased 2.1% y-o-y, as fuel subsidies were re-introduced in the same month. The new government has scrapped the three China-backed pipeline projects (with an estimated value of USD 2bn), but the East Coast Rail Link is still under review. The next key event would be the Malaysian budget announcement on 2nd November, which would provide more clarity on the GDP deficit.

Singapore will likely be seeing a steeper NEER policy band in October. Singapore's August non-oil domestic exports (NODX) fell 0.5% m/m sa in USD terms. The headline CPI also declined, due to a fall in accommodation costs as government housing rebates were disbursed in July.

The Indonesian trade deficit in August was larger than expected, at -USD1.02bn compared to the expected -USD0.6bn. The current account deficit could still remain close to 3% over the coming months, and the Indonesian rupiah could also be under stress, moving beyond the USD-IDR 15,000 psychological level. The Indonesian Central Bank hiked their interest rate by 25 bps in the September, as pressures on the macro front mount. Indonesia has hiked their interest rate five times to 5.75% this year.

The Philippines markets will likely see higher inflation levels over the coming month, given that the super typhoon Mangkhut wrecked its rice production and may cause oil prices to rise. Rice losses accounted for 68.3% of total damages done to the Philippines farming sector. The BSP (Central Bank of Philippines) also raised its interest rate by another 50bps last September, and has now raised its rates by 150bps since May – the most aggressive since 2000. The high inflation numbers will be an overhang for investors.

MARKET OUTLOOK AND STRATEGY

We are cautiously optimistic on our markets given the depreciation of ASEAN currencies and growing macro concerns in Philippines and Indonesia. We have moved our strategy towards a more defensive stance, as we see further headwinds in the ASEAN markets due to external factors such as poorer sentiments from the impact of the trade war tariffs and a possible stronger US dollar impact on emerging countries.

In the next 5-10 years, Asia and especially ASEAN will emerge as the region with relatively stronger growth as compared to the rest of the world. ASEAN, with its structural advantage in demographics, will emerge as the complimentary piece to China's evolution into a giant consumption economy. Adding on to the commitments by the governments in Asia/ASEAN towards infrastructure development, the region will feature prominently as the location for equity investments. We would look to buy stocks during periods where investors largely ignore these positive developments in the region.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 September 2018, the Volatility Factor (VF) for this fund is 10.7 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 8.7 but not more than 11.1 (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 Master Prospectus dated 3 September 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master 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 Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are country risk and currency risk. These risks and other general risks are elaborated in the Master 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.