RHB Asset Management

FUND FACTSHEET – OCTOBER 2018

All data expressed as at 30 September 2018 unless otherwise stated

3-year Fund Volatility 9.4 high Lipper Analytics 15 SEP 2018

RHB ASIA PACIFIC FUND

This Fund aims to achieve long term capital appreciation through investments in securities of companies listed or traded in emerging and developed markets.

INVESTOR PROFILE

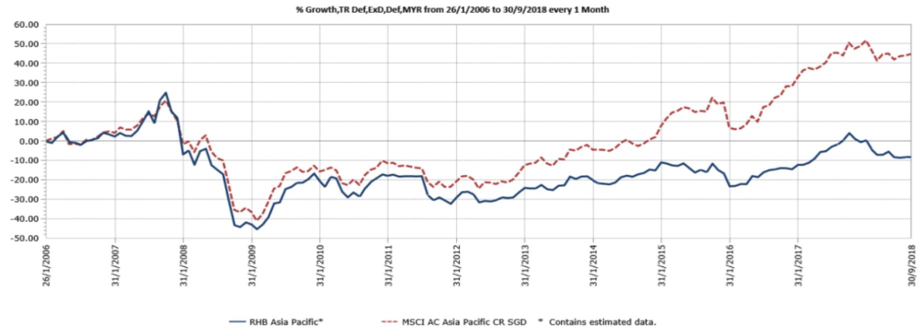
This Fund is suitable for investors who:
• wish to participate in the upside of the Asia Pacific markets;
• are willing to accept moderate to high risk in their investments;
• prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

• Up to 98% of NAV: Investments in securities of and securities relating to companies that have high growth potential.
• 2% - 10% of NAV: Investments in liquid assets including bonds, money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-0.09**	**-0.09**	**-1.38**	**-7.62**
Benchmark	0.56	2.02	2.40	-2.72

	1 Year	3 Years	5 Years	Since Launch
Fund	**-8.68**	**9.19**	**12.49**	**-8.23**
Benchmark	0.55	25.71	51.52	44.76

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**16.05**	**2.61**	**-1.76**	**3.89**	**11.26**
Benchmark	16.11	6.92	17.54	4.12	17.04

Source: Lipper IM

FUND DETAILS

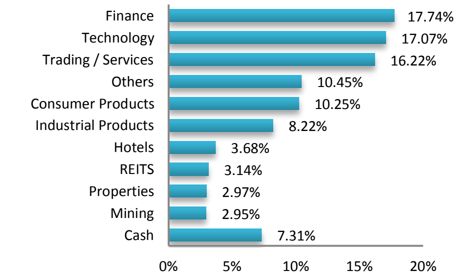
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	06 January 2006
Unit NAV	RM0.3494
Fund Size (million)	RM5.02
Units In Circulation (million)	14.38
Financial Year End	31 December
MER (as at 31 Dec 2017)	2.74%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI AC Asia Pacific Index (RM)
Sales Charge	Up to 5.26% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.07% 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.*

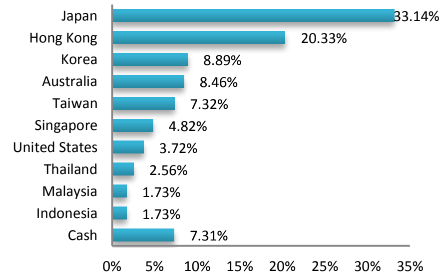
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

TOSHO CO LTD	3.68
TENCENT HOLDINGS LTD	3.06
SAMSUNG ELECTRONICS CO LTD	2.93
TAIWAN SEMICONDUCTOR MANUFACTURING	2.84
ISHARES MSCI INDIA INDEX ETF	2.82

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3505	0.4063	0.5975
Low	0.3368	0.3368	0.1994

Source: Lipper IM

RHB ASIA PACIFIC FUND

This Fund aims to achieve long term capital appreciation through investments in securities of companies listed or traded in emerging and developed markets.

MANAGER'S COMMENTS

MARKET REVIEW

Japan is the best performing market in Asia, clocking in +4.8% gains (in local currency term) for the month of September. Energy (+11%) on the back of higher oil and gas prices, Telcoms and Utilities (+8%) are outperformers as well. While the huge victory for Prime Minister Abe was not delivered during the LDP party election, the markets reacted positively on the U.S. – Japan trade talks. The Bank of Japan modestly tweaked the ceiling on their 10-year interest target band from 0.1% to 0.2% to allow for more flexibility for purchase while sustaining its rate low-for-long guidance in July.

Policy risk is increasing in China, especially in privately owned sectors like healthcare, internet technology and most recently gas distribution sectors. Investors have been cashing out of these sectors in the light of the uncertainty in government policy. In the healthcare sector, State Medical Insurance Administration announced that they are going to start tendering trial for 33 drugs in 11 cities. This will result in increased competition amongst companies in the Chinese Pharmaceutical sector and will cut price levels of domestic drugs. As a result, the pharmaceutical sector fell -20-25% in the month of September. When market shares reshuffle, we will have winners. Market leaders in the Pharma sectors with deep pocket for R&D for new drugs will likely emerge as winners and increase market share. The short term pain will translate long term gains, hence we keep our weights in this sector.

The TWSE index declined marginally in September (-0.5%), outperforming Asia and other emerging markets. Foreigners recorded the second month of net buying in September (USD2.1bn). The outperformance in Taiwan was contributed by non-tech sectors such as financials and materials. Financials outperformed on expectation of rising interest rates while the petrochemical tilt in the materials sector outperformed with rising oil prices. The tech sector disappointed due to weakness in semiconductor prices and the underwhelming new Apple iPhone launch. The Apple supply chain was under some pressure during the month. Specifications of the new iPhones were generally in-line with market expectations – with all 3 new models featuring thin bezels and facial recognition. However, the market appeared to have some concerns over the pricing of the new iPhones, which were launched in Sept'18. The LCD model (XR) is priced at USD749, versus the USD600-USD699 that Street was expecting. The XS model (last year's iPhone X) costs USD999, compared to USD899 expected. XS Max (bigger version of X) at USD1,099 is expensive compared to USD999 expected. Due to the high prices of these phones, we do not expect iPhone sales to be particularly strong. We remain underweight in the Apple Supply chain, and will reassess the situation towards the latter part of the year, when there is some clarity on the new phones for 2019.

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 vs. the US Dollar, except for the Singapore Dollar and Thai Baht. Thailand market was the best performer in September, driven by the royal approval of the two key organic laws required for the upcoming election. These laws include the election of MPs and the selection of senators. Current account remained in surplus as gold and oil imports were higher. Elections may be held next year during February – May 2019. There could be a rate hike at the end of the year as the Bank of Thailand confirms that policy normalization would be needed.

MARKET OUTLOOK AND STRATEGY

Our overweight position in the Energy sector has yielded much fruits for the Fund as this sector continues to outperform general market across Asia. We remain positive on oil prices and the E&P sector. We believe the market remains modestly undersupplied into 2019 and capex spending is starting to turn the corner. "Higher for longer" oil prices will be beneficiary for E&P companies. The capex related sector recovery is expected to be broader in 2019 than 2017-18. Furthermore, this time round, we are also seeing acceleration in projects in the gas sector. From discussion with upstream oil and gas companies, they are indicating that order flows are coming back as well. We are starting to position our fund into oil and gas services related companies.

Within oil and gas related industries, we like Hyundai Heavy Industries Holdings. On top of oil fundamentals, we do see another catalyst from restructuring in this company. The holding company owns Hyundai Oilbank, which is due for an IPO next year. Hyundai Oilbank is in midst of debottlenecking efforts to increase its production capacity by 20% by mid-2019. The listing of Hyundai Oilbank will further narrow the shareholdings discount of Hyundai Heavy Industries Holdings.

We remain selective on our portfolio in Taiwan, preferring companies with differentiated earnings growth drivers. We continue to favour TSMC as the dominant leader in cutting edge chips. We remain underweight to financials, but within the sector, we prefer banks to insurers. Banks' lending spread will increase with rising US interest rates and the stiff competition among insurers will lead to strong bancassurance fee revenue.

We are cautiously optimistic on our markets given the depreciation of currencies across the 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 on external factors such as poorer sentiment from the impact of the trade war tariffs and possible stronger US dollar impact on emerging countries.

Over the next 5-10 years, Asia and especially ASEAN will emerge as the region with relatively stronger growth than the rest of the world. ASEAN, with its structural advantage in demographics, will emerge as the complimentary piece to China's evolvement 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 place for equity investments. We would look to buy stocks during periods where investors largely ignore these positive developments in the region.