

RHB CAPITAL FUND

This Fund aims to achieve long term growth through capital appreciation with all income including profits on realisation of investments being automatically reinvested for its compounding effect.

INVESTOR PROFILE

This Fund is suitable for Investors who:

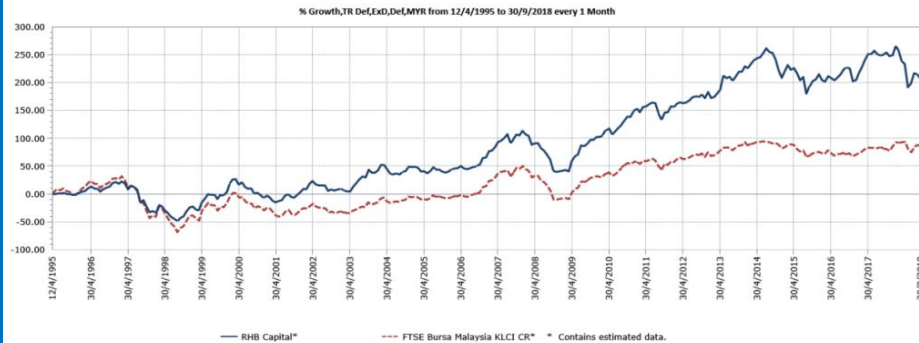
- want a professionally managed portfolio of shares and fixed income securities;
- have a medium to long term investment horizon of 3 to 5 years or more;
- want to achieve regular income and capital gain at an acceptable level of risk; and
- want to invest in shares but do not have the time to manage their own portfolio.

INVESTMENT STRATEGY

- Minimum of 60% and up to 95% of NAV will be invested in equities.
- Minimum of 5% of NAV will be invested in fixed income securities and/or liquid assets.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-2.32	3.29	-9.08	-11.72
Benchmark	-1.46	6.01	-3.77	-0.20

	1 Year	3 Years	5 Years	Since Launch
Fund	-12.00	5.15	-1.08	207.56
Benchmark	2.14	10.62	1.39	85.62

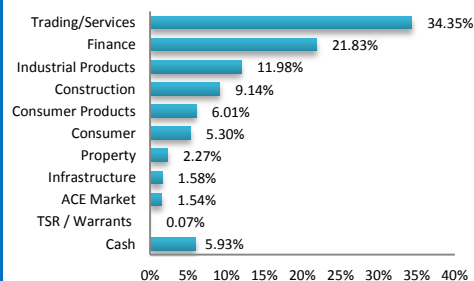
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	14.65	-3.32	1.93	-6.40	16.36
Benchmark	9.45	-3.00	-3.90	-5.66	10.54

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

MALAYAN BANKING BHD	6.17
TENAGA NASIONAL BHD	6.04
CIMB GROUP HOLDINGS BHD	5.49
AIRASIA GROUP BHD	5.16
DIALOG GROUP BHD	4.85

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9887	1.1724	1.5245
Low	0.9499	0.9127	0.4012

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
20 Apr 2018	1.1400	1.02
20 Apr 2017	6.5000	6.06
28 Apr 2016	10.3500	9.16
28 Apr 2015	11.5000	8.48
28 Apr 2014	11.0000	7.87

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

For the month of September 2018, FBM KLCI decline -26.5pts, or -1.5% MoM to 1,793 while MYR weakened 0.79% to 4.1390 in the month despite oil price rising +5%. However, September also saw net monthly inflows from foreign funds for the first time since GE14, albeit small, at +RM66.3m, thanks to the FTSE rebalancing on 21 September which resulted in net inflows into Malaysia with the inclusion of Hartalega and Dialog into the index.

The key headline in September 2018 was the end of the tax holiday with SST being re-introduced. The other big news is the announcement of the cancellation of 3 China-backed projects – the East Coast Railway (ECRL) and the 2 gas pipeline projects estimated at US\$23bn, with the penalty fee yet to be negotiated. More changes were seen in corporate Malaysia with the GLCs leading the pack. A new MCMC head was announced together with new heads at FGV, LTAT and MARA, while CIMB's chairman announced stepping down from his role at the end of the year.

The BNM MPC meeting held in the month did not reveal any surprises, as low inflation and the current account surplus provide flexibility for keeping policy rates on hold at 3.25%. The next and last MPC meeting for the year is scheduled on 8 Nov. Malaysia's exports rose 9.4% YoY in July to RM86.1 billion to a new record high on higher export volume of electrical & electronic products goods, crude petroleum, and natural rubber and timber. However there were declines for liquefied natural gas (-RM1.5 billion), palm oil and palm oil-based products (-RM862.9 million), and refined petroleum products (-RM768.3 million).

MARKET OUTLOOK AND STRATEGY

The EM currency weakness over the last six months is the result of dollar strength amid heightened trade tensions, while medium-term headwinds are not diminishing. The USD:MYR has weakened almost 7% against the USD since the last six months, to 4.14. While the MYR has held up relatively well vs. EM due to central bank exchange rulings and a positive current account surplus, what may work against the MYR is the high level of foreign ownership of 40% in Malaysia Government Securities (MGS), leaving little room for policy error, given the narrow fiscal space. A weaker MYR would be positive for exporters (including rubber manufacturers and tech), petrochemicals, plantations and tourism.

The coming budget in 2 November 2018 will be closely watch as investors will see how the new government will chart economy growth going forward. As the priority is to reduce the nation debt, we believe that certain sectors will face lower allocation and some form of taxes may be introduced to increase the national revenue.

In our view apart from global factors, return of foreign funds will hinge on 1) reaffirmation of MY sovereign credit rating 2) RM stability 3) market earnings/GDP outlook and 4) greater clarity on GLC leadership. We see upcoming Budget on 2 November 2018 as a key market event unlike previous Budgets.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 September 2018, the Volatility Factor (VF) for this fund is 12.5 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are 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 15 July 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 stock market risk, liquidity risk, individual stock risk and issuer 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.