

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:

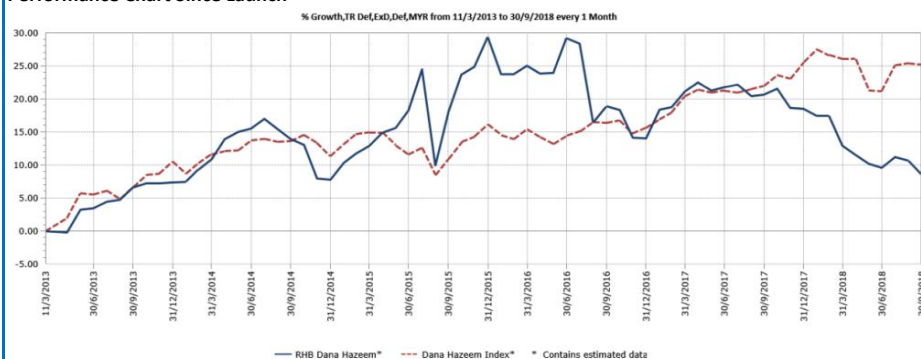
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

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	-1.87	-0.90	-3.83	-8.38
Benchmark	-0.14	3.34	-0.63	-0.26

	1 Year	3 Years	5 Years	Since Launch
Fund	-10.00	-7.85	1.81	8.55
Benchmark	2.67	12.86	17.37	25.18

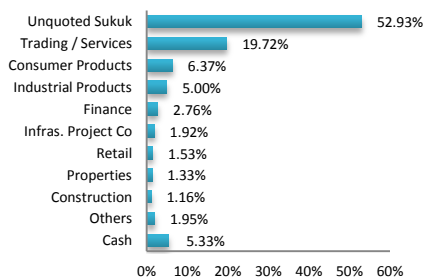
Calendar Year Performance (%)*

	2017	2016	2015	2014
Fund	3.94	-11.88	20.04	0.35
Benchmark	8.56	-0.40	4.29	0.75

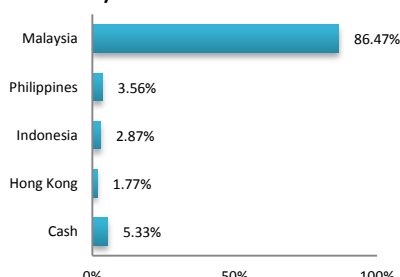
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

CAGAMAS BHD 3.95% (26/10/2018)	11.93
BRIGHT FOCUS BHD 2.5% (24/01/2030)	8.33
BRIGHT FOCUS BHD 5.0% (20/01/2023)	8.11
LEBUHRAYA DUKE FASA 3, 5.86% (23/8/2033)	7.08
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	6.39

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4503	0.4968	0.5826
Low	0.4395	0.4395	0.4395

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.

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MANAGER'S COMMENTS

MARKET REVIEW

EQUITY

For the month of September 2018, FBM Shariah Index declined -128.51 points, or -1% month-on-month to 12,679 level while Malaysian Ringgit (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 General Election 14, albeit small, at +RM66.3 million, 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 Sales and Services Tax (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\$23 billion, with the penalty fee yet to be negotiated. More changes were seen in corporate Malaysia with the Government-Linked Companies (GLCs) leading the pack. A new Malaysian Communications and Multimedia Commission (MCMC) head was announced together with new heads at Felda Global Ventures (FGV), Lembaga Tabung Angkatan Tentera (LTAT) and Majlis Amanah Rakyat (MARA), while CIMB's chairman announced stepping down from his role at the end of the year.

The Bank Negara Malaysia (BNM) Monetary Policy Committee (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 November 2018. Malaysia's exports rose 9.4% year-on-year (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).

FIXED INCOME

Federal Reserve (Fed) hiked key interest rate by 25 basis points (bps) on 26 September 2018 and Fed signaled a continued monetary tightening plan in response to the strong economic growth. Rhetoric suggest prospects of another 25bps hike by end 2018 as the pace of United States (US) Fed hikes for 2018 have remained on track and well telegraphed to the market. The policy tone of Federal Open Market Committee (FOMC) meeting was also slightly hawkish given that the Fed had dropped referring to its policy being the accommodative stance though Chairman Jerome Powell played down the significance of that move and said it was not a policy signal. Global local currency government bond/sukuk yields in Asia have crept higher impacted by rising United States Treasury (UST) yields coupled with fear of contagion risks emanating from Turkey and Argentina which worsen in August and September 2018. At the close, the UST 2-, 5-, 10- and 30-year closed the month higher at 2.82% (August 2018: 2.63%), 2.95% (2.74%), 3.06% (2.86%) and 3.21% (3.02%) respectively.

Month of September 2018 also saw the Trump administration slapped a 10% tariff on about United States Dollar (USD) 200 billion of Chinese goods on 24 September 2018 and more than double the rate in 2019, setting up what could be a prolonged trade war between the world's two biggest economies. On another hand, global benchmark Brent crude jumped to a four-year high of above USD80 a barrel during the month, after Saudi Arabia and Russia ruled out any immediate increase in production despite calls by US President Donald Trump for action to raise global supplies.

In Malaysia, BNM maintained the Overnight Policy Rate (OPR) at 3.25% as it acknowledges that the local economy faces downside risks from heightened trade tensions in the immediate term. Malaysia has also cut its 2018 growth forecast to 5% from 5.5-6.0% as 2Q2018 Gross Domestic Product (GDP) came in slower with expansion of 4.5% compared to Q12018's 5.4%. MYR traded softer on the back of USD strengthening, down 0.7% in September 2018 to close at 4.1383 against USD from 4.1090 in August 2018. Foreign funds resumed net selling of Malaysian Ringgit bonds/sukuk in August 2018 with RM2.4 billion outflows. The foreign share of Malaysian Government Securities (MGS) declined to 40% versus 40.5% recorded in July 2018. MGS benchmark issues ended the month slightly higher in yields with the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS at 3.56% (August 2018: 3.53%), 3.75% (3.70%), 3.95% (3.93%), 4.07% (4.04%), 4.49% (4.47%), 4.69% (4.67%) and 4.90% (4.90%) respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year Government Investment Issue pared up better at 3.70% (August 2018: N/A), 3.82% (3.86%), 4.02% (4.01%), 4.14% (4.14%), 4.56% (4.54%), 4.75% (4.75%) and 4.93% (4.92%) respectively.

On economic data front, Malaysia's Consumer Price Index (CPI) have fallen to +0.2% YoY in August 2018 versus consensus of +0.4% and +0.9% YoY growth recorded in July 2018. This marked the lowest rate in 42 months and the slowdown movement was mainly due to the impact of cost of fuels. BNM's international reserves fell to USD103.9 billion as at 14 September 2018 from US104.4 billion as at 30 August 2018. The reserves position is sufficient to finance 8.1 months of retained imports and is 0.9 times the short-term external debt. Malaysia household debt to GDP has continued to moderate, standing at 83.8% in 1H18 compared to 84.2% in 2017.

MARKET OUTLOOK AND STRATEGY

Equity

The Emerging Market (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 MGS, leaving little room for policy error, given the narrow fiscal space. A weaker MYR would be positive for exporters (including rubber manufacturers and technology), 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 Malaysia sovereign credit rating 2) MYR 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.

Fixed Income

Regional government bond/sukuk yields have edged higher but MYR govies appear more resilient compared to peers markets like Indonesia and Philippines. We believe MYR bond/sukuk market remains as one of the deepest in the region, supported by still healthy macro dynamics. The recent upward adjustment in MYR government bond/sukuk yields could pave the way for bargain hunts and may have already started as bond/sukuk yields have since converged lower. Onshore real money investors are supporting MYR market and reinvest at higher yielding levels when valuation becomes attractive. Benign inflation outlook with receding CPI bode wells for fixed income market as real yields are still attractive. Key risk events to watch will be upcoming Malaysia Budget 2019 to be tabled on 2 November 2018 as fiscal consolidation measures are expected to be announced and another is US mid-term election on 6 November 2018.

Going forward, although MYR bond/sukuk yields are likely to be influenced by upward pressure as US Fed normalization continues to resonate, we are still upbeat on 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/sukuk on healthy credit spreads and yield premium.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 September 2018, the Volatility Factor (VF) for this fund is 9.9 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 3 August 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 for the Fund are market risk, particular security risk, reclassification of Shariah status risk, interest rate risk, credit/default 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.

RHB Asset Management Sdn Bhd (174588-x)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000

www.rhbgroup.com

 RHB Group  @RHBGroup  RHB Group  RHBGroup

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