RHB Asset Management

FUND FACTSHEET – OCTOBER 2018
All data expressed as at 30 September 2018 unless otherwise stated

3-year Fund Volatility 11.2 very high Lipper Analytics 15 SEP 2018

RHB DIVIDEND VALUED EQUITY FUND

This Fund aims to provide investors with total returns primarily through investment in equity and equity related securities of companies which offer attractive yields and sustainable dividend payments.

INVESTOR PROFILE

This Fund is suitable for investors who:
- want capital growth as well as income; and
- willing to accept short term fluctuations in capital values.

INVESTMENT STRATEGY

- Minimum of 70% and up to 98% of NAV: Investments in equities.
- Minimum of 2% and up to 30% of NAV: Investments 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	**-1.85**	**-0.69**	**-3.72**	**-12.66**
Benchmark	-0.66	1.09	1.85	-3.19

	1 Year	3 Years	5 Years	Since Launch
Fund	**-15.26**	**-4.89**	**4.77**	**47.29**
Benchmark	0.19	37.87	69.37	214.26

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**7.51**	**0.15**	**10.57**	**0.00**	**-0.57**
Benchmark	23.88	11.86	11.60	10.05	11.02

Source: Lipper IM

FUND DETAILS

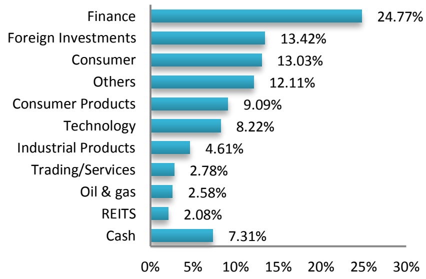
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Capital Growth and Income Fund
Launch Date	13 July 2005
Unit NAV	RM0.3333
Fund Size (million)	RM5.97
Units In Circulation (million)	17.92
Financial Year End	31 May
MER (as at 31 May 2018)	2.52%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI Asia Pacific Free ex Japan Index
Sales Charge	Up to 5.00% of NAV per unit*
Redemption Charge	None
Annual Management Fee	Up to 1.80% p.a. of NAV*
Annual Trustee Fee	0.06% 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.*

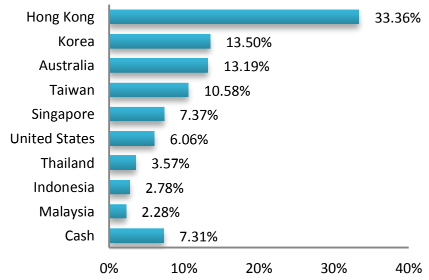
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

TENCENT HOLDINGS LTD	5.44
SAMSUNG ELECTRONICS CO LTD	4.89
TAIWAN SEMICONDUCTOR MANUFACTURING	4.77
ISHARES MSCI INDIA INDEX ETF	4.18
ALIBABA GROUP HOLDING	3.77

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3397	0.4401	0.6866
Low	0.3232	0.3232	0.2762

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
24 May 2018	2.0500	5.11
23 May 2017	4.2000	10.04
26 May 2016	2.6000	6.06
31 May 2015	-	-
31 May 2014	-	-

Source: RHB Asset Management Sdn. Bhd.

RHB DIVIDEND VALUED EQUITY FUND

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MANAGER'S COMMENTS

MARKET REVIEW

Within Asia ex Japan, the Thailand market (+2.9% USD terms) was the best performer in September, largely 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. Elections may be held next year during February – May 2019. Philippines and India underperformed, while the China market continued to suffer from trade war (-1.7% USD terms). The U.S. government implemented a further 10% tariff on another $200 billion of Chinese imports on 24th September, with the rate rising to 25% next year (1st January 2019). In response, the State Council announced plans of lowering tariffs and incentivizing foreign investments.

Policy risk is increasing in Chinam 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, and as a result, the pharmaceutical sector fell -20-25% in the month of September. When market shares reshuffles, we do have winners. Market leaders in the Pharmaceutical sectors with deep pocket for R&D will likely to emerge as winners and increase their market share. This short term pain will translate into long term gains, hence we maintained our weights in this sector.

The TWSE index declined marginally in September (-0.5%), but still outperformed Asia and other emerging markets. Foreigners recorded the second month of net buying in September (US$2.1b). The outperformance in Taiwan was attributed to non-tech sectors such as financials and materials. Financials outperformed as expected due to rising interest rates, while the petrochemical tilt in the materials sector outperformed because of rising oil prices. The tech sector disappointed due to weaknesses in semiconductor prices and the underwhelming launch of the new Apple iPhone. 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 September 2018. The LCD model (XR) is priced at USD749, versus the USD600-USD699 that Street was expecting. While the XS model (last year's iPhone X) costs USD999, compared to USD899 expected. XS Max (bigger version of X) at $1,099 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 more information regarding to the new phones.

Singapore and Thailand markets had positive returns, unlike the rest of the ASEAN markets in September. Philippines market led the decline, and was followed by Malaysia. ASEAN currencies generally depreciated across the board compared to the U.S. Dollar, except for the Singapore Dollar and Thai Baht. The 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. The 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 positioning in the Energy sector has yielded strong results 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 beneficial 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 accelerated 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.

On the 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, 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 U.S. 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 the 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, and we will shift our focus in that direction.