RHB Asset Management

FUND FACTSHEET – OCTOBER 2018

All data expressed as at 30 September 2018 unless otherwise stated

RHB RETIREMENT SERIES - GROWTH FUND

The Fund seeks to provide capital growth.

INVESTMENT STRATEGY

- Up to 70% of NAV: Investments in equities.
- At least 30% and up to 50% of NAV: Investments in fixed income instruments and/or money market instruments.
- Up to 5% of NAV: Investments in cash or cash equivalents.

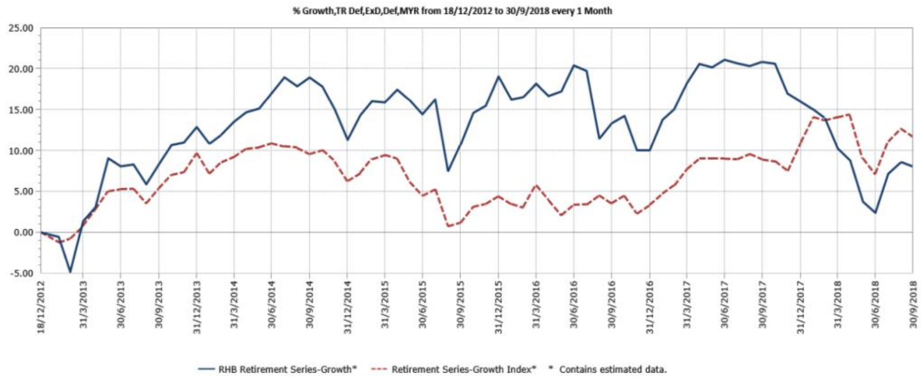
MEMBER'S PROFILE

This Fund is suitable for Members who:

- have high risk profile; and
- are in the age group of below 40 years old.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-0.54**	**5.46**	**-2.05**	**-6.87**
Benchmark	-0.90	4.29	-2.08	0.65

	1 Year	3 Years	5 Years	Since Launch
Fund	**-10.58**	**-2.42**	**-0.22**	**8.03**
Benchmark	2.51	10.41	6.00	11.67

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**5.45**	**-7.58**	**6.97**	**-1.41**	**12.86**
Benchmark	7.36	-1.02	-1.73	-3.15	8.35

Source: Lipper IM

FUND DETAILS

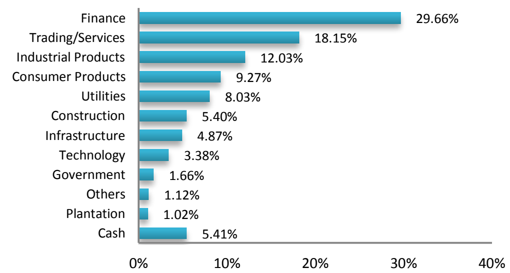
Provider	RHB Asset Management Sdn. Bhd.
Trustee	Deutsche Trustees Malaysia Bhd
Fund Category	Core (Growth)
Launch Date	18 December 2012
Unit NAV	RM0.4404
Fund Size (million)	RM18.59
Units In Circulation (million)	42.21
Financial Year End	31 May
MER (as at 31 May 2018)	1.13%
Min. Initial Investment	RM100.00
Min. Additional Investment	RM100.00
Benchmark	70% FBM KLCI + 30% Maybank's 12 mths FD Rate
Sales Charge	Up to 1.00% of NAV per unit*
Redemption Charge	None
Annual Management Fee	Up to 1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.04% p.a. of NAV*
Switching Fee	None
PPA (Private Pension Administrator) Annual Fee	RM8.00*
PPA Pre-retirement Withdrawal Fee	RM25.00 per withdrawal*
PPA Transfer Fee	RM25.00 per transfer*
Annual PPA Administration Fee	0.04% p.a. of NAV*
Distribution Policy	Incidental

**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

Asset Allocation*



Top Holdings (%)*

YTL POWER INTERNATIONAL BHD (AA1)	8.03
HONG LEONG ASSURANCE BHD (AA3)	7.52
MALAYAN BANKING BHD	7.06
PUBLIC BANK BHD	5.47
AMMB HOLDINGS BHD	5.45

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4428	0.4940	0.5784
Low	0.4362	0.4153	0.4153

Source: Lipper IM

Historical Distributions (Last 4 Years) (Net)

	Distribution (sen)	Yield (%)
23 May 2017	2.0000	4.08
26 May 2016	3.1000	5.97
29 May 2015	3.0000	5.44
28 May 2014	2.7000	5.00

Source: RHB Asset Management Sdn. Bhd.

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PROVIDER'S COMMENTS

MARKET REVIEW

Equity

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 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 November. 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).

Fixed Income

U.S. Treasuries

US Treasury ("UST") 10-year yields started out the month of September 2018 at 2.90% and yields steadily climbed higher through the month, as initial fears of the United States Trade Representative ("USTR") imposing a 25% tariff on the additional $200bio of imports from China concluded with just 10% imposed, which the market reacted favorably to. Another factor that contributed to the higher UST yields could be the resumption of a heavy corporate bond supply as the market came back from summer holidays resulting in US Treasury selling as investors seek to reposition into the higher yields from corporate bonds.

Ringgit Sovereign Bond

On the local front, BNM at their last Monetary Policy Meeting ("MPC") kept policy rates on hold as widely expected. However, the MPC was seen to be less optimistic on domestic growth as the "ongoing infrastructure projects" are no longer a driver of fixed investments. Therefore, public spending was seen to weigh heavily to support the domestic growth for the time being. We are of the view that the upcoming Budget 2019, scheduled to be on 2nd November 2018, will provide further clarification on the government's efforts and plans to improve domestic growth while being prudent in terms fiscal measures.

Ringgit Corporate Bond

In the ringgit corporate bond space, overall monthly trading volume moderated in the month of September 2018 amid higher government bond yields as the markets were caught by surprise on the overall contagion risk fears on emerging market currencies. Most of the trading activities were highly concentrated in Government Guaranteed ("GG") space. During the month, a combination of Government Guaranteed ("GG") and AAA space witnessed the highest number of trades, changing hands at about 58% followed by AA space by 40% and single-A or lower by 2%.

In the primary market space, we witnessed moderate fresh primary issuances in the month of September 2018 with a cumulative issuances of less than MYR2 billion.

MARKET OUTLOOK AND STRATEGY

Equity

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.

Fixed Income

On the domestic MYR front, as we had stated previously, the recent upward adjustment of yields emerged as a trading opportunity to tactically acquire bonds for investments since we do not anticipate further rate hikes domestically for this year. However, with domestic growth seen stabilizing and BNM appearing to be comfortable with the current policy stance, we are of the view that the recent data is not sufficient for BNM to consider a cut in interest rates. Therefore, we are expecting the current government bond yields to be range-bound as further upward adjustment in the local government bonds yield will entice real money support and bargain hunters while we think the hurdle has increased for the curve to shift significantly lower in the absence of either large foreign inflows or an explicit dovish signal from the central bank. In terms of corporate bonds, we remain constructive on the demand and supply dynamics in this space as supply remains moderate. There were only a total of MYR20.2 billion issuances in the 3rd Quarter of 2018 versus MYR25.4 billion issued in the 2nd Quarter of 2018. With over MYR26 billion maturity expected in this upcoming final quarter of the year from both corporate and government bonds space, we anticipate these to bode well for the supply and demand dynamics of the local bonds market as investors searching for higher new issuance yield premium for the portfolio. It will also cap further deterioration in yields for corporate bonds segment while lending support to secondary market trading. Therefore, strategically, we will tactically invest in corporate bonds where we see yields as attractive vis a vis its decent credit fundamentals; notwithstanding higher participation in new issuances to ride on the re-pricing of yields to boost overall portfolio yield.