RHB RETIREMENT SERIES - ISLAMIC BALANCED FUND

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 by investing in one target Shariah-compliant fund.

^ "long-term" in this context refers to a period between 5 – 7 years.

INVESTMENT STRATEGY

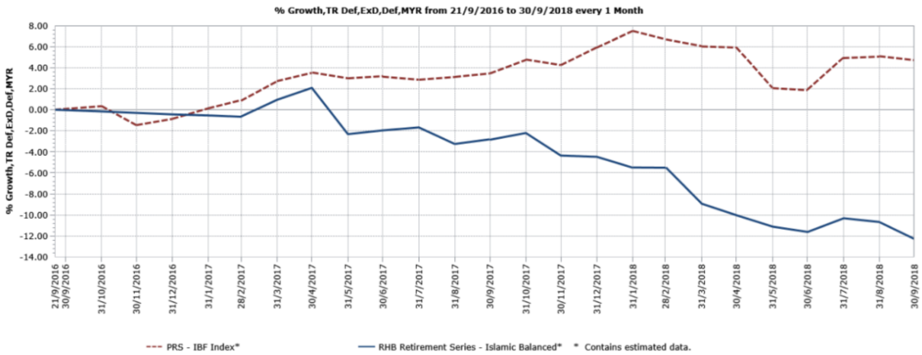
- At least 95% of NAV: Investments in units of RHB Dana Hazeem.
- 1% to 5% of NAV: Investments in liquid assets including Islamic money market instruments and placements of cash.

MEMBER'S PROFILE

The Fund is suitable for Members 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.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-1.79**	**-0.75**	**-3.67**	**-8.23**
Benchmark	-0.36	2.77	-1.27	-1.15

	1 Year	Since Launch
Fund	**-9.76**	**-12.30**
Benchmark	1.19	4.70

Calendar Year Performance (%)*

	2017
Fund	**-4.02**
Benchmark	6.87

Source: Lipper IM

FUND DETAILS

Provider	RHB Asset Management Sdn. Bhd.
Trustee	Deutsche Trustees Malaysia Bhd
Fund Category	Feeder fund – balanced (Shariah-compliant)
Launch Date	01 September 2016
Unit NAV	RM0.4385
Fund Size (million)	RM0.58
Units In Circulation (million)	1.32
Financial Year End	31 May
MER (as at 31 May 2018)	Not available #
Min. Initial Investment	RM100.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Emas Shariah Index + 50% Maybank 12-month Islamic FD
Sales Charge	Up to 3.00% of NAV per unit*
Redemption Charge	None
Annual Management Fee	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	Annually, if any

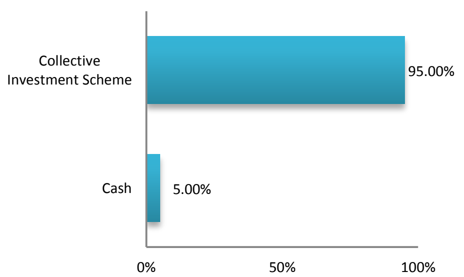
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*

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.

 # The MER for the financial year is not comparable, mainly due to the expenses are borne by the PRS Provider during the financial year.

FUND PORTFOLIO ANALYSIS

Asset Allocation*



Top Holdings (%)*

RHB DANA HAZEEM	95.00

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4465	0.4910	0.5131
Low	0.4362	0.4362	0.4362

Source: Lipper IM

RHB Asset Management

FUND FACTSHEET – OCTOBER 2018

All data expressed as at 30 September 2018
unless otherwise stated

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PROVIDER'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 significant 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 concensus 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 govvies 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.