RHB ASIA PACIFIC FUND

This Fund aims to achieve long term capital appreciation through investments in securities of companies listed or traded in emerging and developed markets.

INVESTOR PROFILE

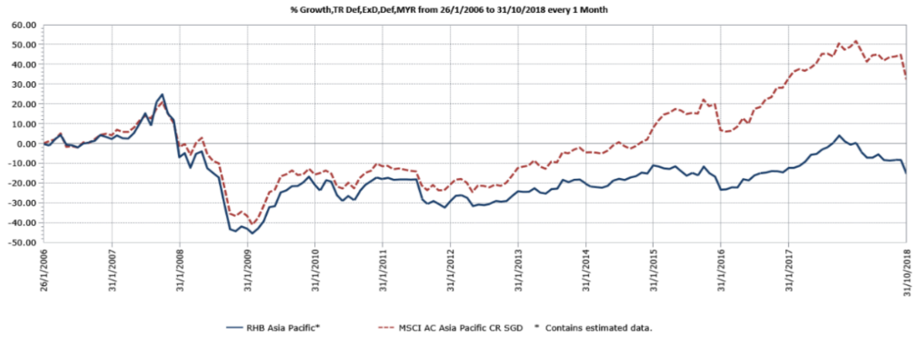
This Fund is suitable for investors who:
• wish to participate in the upside of the Asia Pacific markets;
• are willing to accept moderate to high risk in their investments;
• prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

• Up to 98% of NAV: Investments in securities of and securities relating to companies that have high growth potential.
• 2% - 10% of NAV: Investments in liquid assets including bonds, money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-7.78**	**-7.57**	**-9.09**	**-14.81**
Benchmark	-8.58	-7.84	-8.46	-11.07

	1 Year	3 Years	5 Years	Since Launch
Fund	**-18.60**	**-4.36**	**5.26**	**-15.37**
Benchmark	-12.06	8.29	39.29	32.34

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**16.05**	**2.61**	**-1.76**	**3.89**	**11.26**
Benchmark	16.11	6.92	17.54	4.12	17.04

Source: Lipper IM

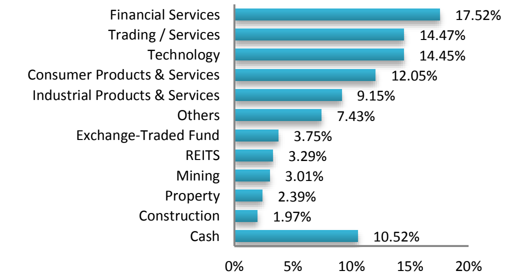
FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	06 January 2006
Unit NAV	RM0.3222
Fund Size (million)	RM4.61
Units In Circulation (million)	14.30
Financial Year End	31 December
MER (as at 31 Dec 2017)	2.74%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI AC Asia Pacific Index (RM)
Sales Charge	Up to 5.26% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.07% 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

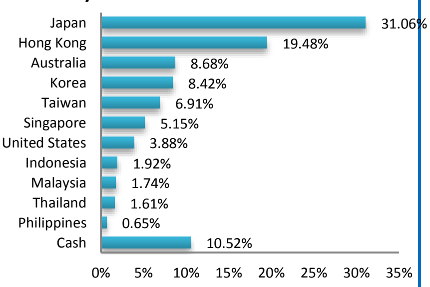
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ISHARES MSCI INDIA INDEX ETF	3.07
SAMSUNG ELECTRONICS	2.87
TAIWAN SEMICONDUCTOR MANUFACTURING	2.75
ALIBABA GROUP	2.58
RAKUTEN	2.46

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3494	0.4063	0.5975
Low	0.3128	0.3128	0.1994

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The market sell-off in the month of October with MSCI Asia Pac ex Japan fell 10.3%, bringing the year to date to a negative return of -17.2%. The market sell-off was broad-based across all the sectors. Relatively, defensives outperformed with utilities (-5.9%) and telecom (-6.3%) in October whilst technology (-14.9%), consumer discretionary (-13.6%) and healthcare (-13.6%) sectors suffered. By markets, the ASEAN markets outperformed (-5.0%) while Korea (-12%) and China (-11.3%) underperformed.

Japan came off -8.5% with the market melt-down. As quite widely expected, the policy board of the BoJ decided to leave its monetary operation directives unchanged with the text of forward guidance untouched at the 31 October meeting. Importantly, the BoJ further revised down its inflation rate forecasts into FY2020, following major downgrades made at the end-July meeting. The Bank appears to have become even more cautious about the inflation outlook. Since the end-July meeting, it has stressed the importance of impacts of structural disinflationary forces such as technology innovation and changes in logistics structure.

The market went jittery with concerns that the global economy reached a major turning point. IMF revised down its global growth forecasts since July 2016. On a brighter note, from the perspective of growth alone, the global growth rate is still at a respectable 3.7% for 2018-19 even after a 0.2 percentage point lower for both years than forecast in April and remain steady at its 3.7% in 2017. The sell-off has likely overshot fundamentals as the investors over re-acted to even modest changes in the late cycle environment.

China suffered from huge sell off pressure in October (MSCI China -11.1%) mainly due to a number of reasons; 1) Trump's threat to apply import tariffs on all of the remaining USD260bn worth of China imports, 2) weaker third quarter earnings on major US tech names, 3) Continued currency depreciation of RMB, 4) weak set of China economic data. Nevertheless, we saw a relief rally during the end of October when market speculated a potential resolution in the US/China trade war situation. China reported its third quarter GDP growth figures, slowing down to 6.5% yoy compared to 6.7% in the second quarter.

Major government officials publicly expressed their views upon the undervalued A-share market, and reiterated their positive stance on China's long term economic growth outlook. In terms of the policy wise, government stood up with numerous market stabilization measures including; 1) encouraging local government to establish new managed funds to support listed companies with healthy long term growth prospect, 2) encouraging private funds to participate in private placements, equity transfer agreements and merger and acquisition transactions, 3) loosening the cap for insurance companies to further invest in specific managed equity products.

In ASEAN, currencies depreciated against the US Dollar except for the Philippines which appreciated. Philippines and Indonesia were the outperformers in October in this region. The Philippines central bank raised its overnight rates by another 50bops to 4.5% bringing to a total of 150bps since May to curb inflation. Inflation hits a 9-year high at 6.7% in September. The government has also mulled the postponement of the scheduled 2019 increase in fuel excise taxes for at least three months.

The Indonesia market current account deficit in 3Q will likely be high but we expect a recovery in 4Q. Parliament has approved the FY19 fiscal budget which expects a 1.84% GDP budget deficit, inflation of 3.5%, RP/$ at 15,000. The government has surprised the market by not hiking excise tax on cigarettes. This is an unprecedented move as excise usually increases about 10% every year. The main reason is due to combat illegal cigarettes and protect consumer confidence in 2019 given the weakening Indonesia Rupiah and also Presidential Elections next year. The government also plan to bring VAT on services export from 10% to 0%.

MARKET OUTLOOK AND STRATEGY

The fund outperformed the index as we turned defensives and raised our cash level quickly in October. We expect a volatile market in near term, but do see that China policy support as an important game changer to stabilise the sentiment and hopefully the economy. Furthermore, with the trade tension showing budding signs of revalidation, we are cautiously optimistic on the market for the rest of the year. Markets is trading close to historical trough, which adds to the attractive of using some cash to nibble on stocks that display solid fundamentals despite the headwinds from macro factors.

Like what we have highlighted in our previous newsletters, we remain positive on oil prices and the E&P sector. We believe capex spending is starting to show sign of recovery. "Higher for longer" oil prices will be beneficiary for E&P companies. The capex related sector recovery is expected to be broader in 2019 than 2017-18. We would keep our overweight in gas-related companies as well.

We remain selective on the hardware technology sector and have equal-weighted high beta exposures in Taiwan and Korea, preferring companies with defensives earnings growth drivers. We continue to favour TSMC as the dominant leader in cutting edge chips.

ASEAN is looking attractive and seems to be bottoming out as suggested by its relative outperformance during October meltdown. We are adding some weights there into the financials and the consumer sectors based on our bottom up analysis. In 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. We would look to buy stocks during periods where investors largely ignore these positive developments in the region.