

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:

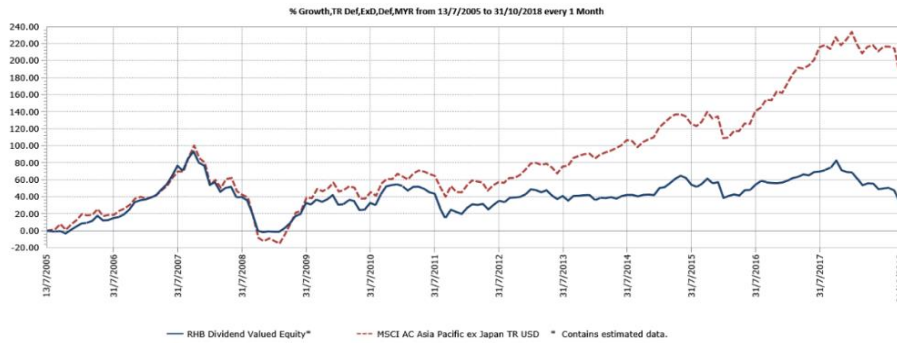
- want capital growth as well as income; and
- willing to accept short term fluctuations in capital values.

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	-8.91	-10.15	-13.59	-20.44
Benchmark	-9.26	-9.88	-9.79	-12.16

	1 Year	3 Years	5 Years	Since Launch
Fund	-26.33	-16.56	-4.73	34.17
Benchmark	-12.86	19.02	51.66	185.16

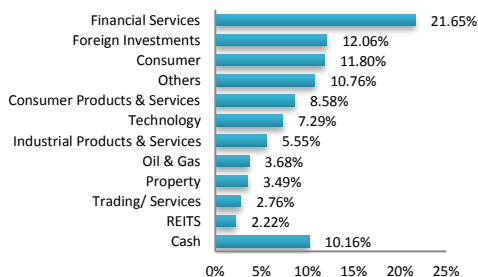
Calendar Year Performance (%)*

	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

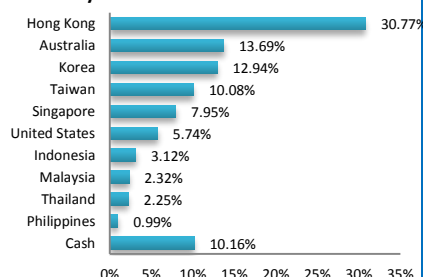
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SAMSUNG ELECTRONICS CO LTD	4.84
TAIWAN SEMICONDUCTOR MANUFACTURING	4.66
ISHARES MSCI INDIA INDEX ETF	4.59
TENCENT HOLDINGS LTD	3.94
ALIBABA GROUP	3.62

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3335	0.4401	0.6866
Low	0.2960	0.2960	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

The market sell-off in the month of October with MSCI Asia Pac ex-Japan falling 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. Within markets, the ASEAN markets outperformed (-5.0%), while Korea (-12%) and China (-11.3%) underperformed.

The market was 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 April forecasts and remaining consistent with the 3.7% forecasted back in 2017. The sell-off has likely overshoot fundamentals, as we witness investors overreacting 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; and 4) weak set of China economic data. Nevertheless, we saw a relief rally at the end of October when market speculated a potential resolution in the U.S. – China trade war situation. China reported its third quarter GDP growth figures, which has slowed 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. Policy wise, the government introduced numerous market stabilization measures including: 1) encouraging local governments 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; and 3) loosening the cap for insurance companies to further invest in specific managed equity products.

Within ASEAN, most 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 50bps to 4.5%, bringing to a total of 150bps since May to curb inflation, which has hit a 9-year high of 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 Q4 2018. Parliament has approved the 2019 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 taxes usually increase by about 10% every year. This is to combat illegal cigarettes and protect consumer confidence in 2019, given the weakening Indonesia Rupiah as well as preparing for the upcoming Presidential Election in 2019. The government also plans to bring down VAT on services exports 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's supportive policies as an important game changer to stabilise sentiments and 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 attractiveness 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 beneficial for E&P companies. The capex related sector recovery is expected to be broader in 2019 than 2017-18. We would keep our overweight position 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's meltdown. We are adding some weights there into the financials and consumer sectors based on our bottom up analysis. Over the next 5-10 years, Asia, especially ASEAN, will emerge as the region with relatively stronger growth compared to the rest of the world. ASEAN, with its structural advantage in demographics, will emerge as the complimentary piece to China's evolution 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.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 October 2018, the Volatility Factor (VF) for this fund is 11.2 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 15 July 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 of the Fund are stock market risk, currency risk, liquidity risk, country risk, sector risk, interest rate risk, credit/default risk, issuer risk, inflation/purchasing power risk and regulatory 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.