RHB Asset Management

FUND FACTSHEET – NOVEMBER 2018

All data expressed as at 31 October 2018
unless otherwise stated

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

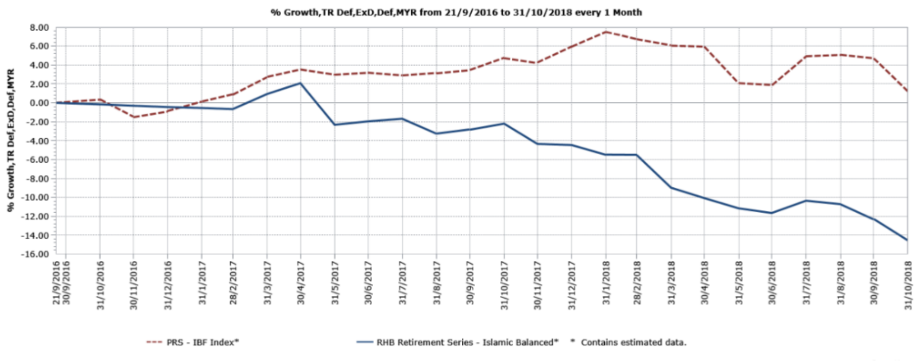
- At least 95% of NAV: Investments in units of RHB Dana Hazeem.
- 1% to 5% of NAV: Investments in liquid assets including Islamic money market instruments and placements of cash.

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	**-2.60**	**-4.73**	**-5.03**	**-10.61**
Benchmark	-3.36	-3.58	-4.50	-4.48

	1 Year	Since Launch
Fund	**-12.68**	**-14.58**
Benchmark	-3.42	1.18

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	RM0.4271
Fund Size (million)	RM0.59
Units In Circulation (million)	1.39
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

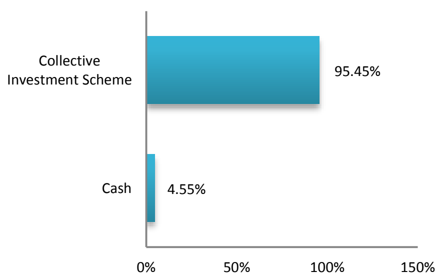
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*

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	95.45

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4402	0.4899	0.5131
Low	0.4224	0.4224	0.4224

Source: Lipper IM

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RHB Asset Management Sdn Bhd (174588-X)

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PROVIDER'S COMMENTS

MARKET REVIEW

EQUITY

Global equity market tumbled in the month of October 2018 with Dow Jones declined more than almost 9% during the month. This has completely erased the gain for the year and Dow Jones is now trading at level below 1 January 2018. The meltdown continued towards the end of the month as United States (US) talks about extending tariffs to all Chinese imports. Nasdaq also briefly broke below 7000 level on news that United Kingdom (UK) might introduce much expected new tax on technology companies.

Asia was not spared from the meltdown with Taiwan and Korea being the worst hit countries with major indices down approximately 13% to 14%. Technology sector globally suffered the most as Amazon and Google miss earnings. Also, there were reports that China hacked into US companies by implanting a chip on serves destined for the US.

FBM KLCI declined by 4.7% to close at 1709 points, whilst FBM Shariah Index fell 7.15% to 11,772 level, which are the least affected among the region. Telecommunication and technology sector were the worst performing sector. Foreigners were also concerned over rumors on the introduction of capital gain tax. "A New Dawn" investor conference was held on 9 October 2018 with major speakers like Tun Dr. Mahathir bin Mohamad and Finance Minister Lim Guan Eng to address investors' concerns. Malaysia is returning back into a position of prudence and is in restructuring mode to fix weaknesses and pare back debt. Slightly reduced Gross Domestic Product (GDP) growth while improving the daily life outcome of Malaysia's bottom 40%/middle class population is an acceptable balance. Pakatan Harapan government aims to scale back equity stake in Government-Linked Companies (to help with Budget 2019) and over time reduce "crowding out" of private businesses. Greater equity participation will be encouraged and a higher free-float eventually will help improve liquidity and cost of funding.

On the corporate front, MYEG and Datasonic share price was battered on worries about the fallout from the charges against former Deputy Prime Minister Datuk Seri Ahmad Zahid Hamidi. On 19 October 2018, MYEG share prices hit limit down and trading was suspended in the afternoon session. MYEG released a press statement to Bursa Malaysia last Friday that its company was not implicated in the charges against former Deputy Prime Minister Datuk Seri Ahmad Zahid Hamidi. The Malaysian government has rescinded its earlier decision to terminate MMC-Gamuda Joint Venture's contract for the Klang Valley Mass Rapid Transit Line 2 (MRT2) underground works. The contract value will be reduced by RM3.6 billion to RM11.9 billion. The Energy, Green Technology, Science and Climate Change Minister Yeo Bee Yin announced that four proposed Independent Power Producer (IPP) contracts have been cancelled. These are (a) Tenaga National Berhad and Malakoff's 700 megawatt (MW) gas plant in Kapar; (b) Tenaga National Berhad and Aman Majestic Sdn Bhd's 1,400MW plant in Paka; (c) Sabah Development Energy (Sandakan) Sdn Bhd and SM Hydro Energy Sdn Bhd's 300MW gas plant in Sandakan; and (d) Edra Power Holdings Bhd's 400MW solar plant.

FIXED INCOME

Global volatility spiked after German Chancellor Angela Merkel announced that she will be stepping down after her current term ends. On a positive note, the United Kingdom (UK) and European Union (EU) struck a tentative Brexit deal for financial services. Besides that, President Trump said he had a "very good conversation" with President Xi, signaling trade talks progress ahead of the G20 summit in Argentina at the end of November 2018. United States Treasury (UST) yields headed north amid renewed market optimism following stronger job data and potential development between China and US on trade. 10-year UST hit a high of 3.23% in the month of October 2018 before retreating to close the month at 3.14% given the increasingly appealing inflation-adjusted yields. Renewed support for UST is expected as recent upward movement in yields could pave way for attractive yield hunters. At the close, the UST 2-, 5-, 10- and 30-year closed the month higher at 2.87% (September 2018: 2.82%), 2.97% (2.95%), 3.14% (3.06%) and 3.39% (3.21%) respectively.

The local market was on the sidelines mostly in October 2018 in anticipation of Malaysia 2019 Budget announcement by the Pakatan Harapan government on 2 November 2018. Although there are some talks about austerity budget by the new government, the reopening auction of 10-year Government Investment Issues (GII) 10/28 had a strong reception, garnering a strong bid-to-cover of 2.235x and an average yield of 4.313% even though they announced larger than expected issue size of RM4.0 billion. There was a net outflow in fixed income foreign flows in September 2018, widened to RM3.0 billion (August 2018: RM2.4 billion) but partly due to bond maturity. Foreign shares of Malaysian Government Securities (MGS) and MGS+GII declined to 39.5% (August 2018: 40%) and 24.1% (August 2018: 24.7%) respectively. MGS benchmark issues ended the month higher in yields as the global market yields also trended higher with the 3-, 5-, 7-, 10-,15-, 20- and 30-year MGS closed at 3.66% (September 2018: 3.56%), 3.79% (3.75%), 4.01% (3.95%), 4.08% (4.07%), 4.56% (4.49%), 4.78% (4.69%) and 4.95% (4.90%) respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII followed the same trend at 3.74% (September 2018: 3.70%), 3.90% (3.82%), 4.11% (4.02%), 4.25% (4.14%), 4.59% (4.56%), 4.78% (4.75%) and 4.96% (4.93%) respectively.

Despite the reintroduction of sales and services tax (SST) effective September 2018, Consumer Price Index (CPI) continued to see moderate gains as expected, increasing 0.3% year-on-year (YoY) in September 2018 (August 2018: +0.2% YoY) and hovering near its slowest since February 2015, as further deceleration in transport prices offset faster gains in other major categories. Meanwhile, core CPI bounced back to register a positive reading for the first time in three months, rising 0.3% YoY in September 2018 after declining 0.2% YoY in the preceding two months, still offering very benign inflation outlook.

The expectation of US Federal Reserve to raise another 75 basis points in 2019 has put pressure on emerging market currencies especially countries which has current account deficit and high inflation. Malaysian Ringgit has also suffered and down 2.5% and 6.8% in the last 3 months and 6 months respectively despite higher oil price and positive current account surplus. Malaysian Ringgit will normally strengthen along with oil price but the correlation breaks down from April 2018 when the Malaysian Ringgit moves in the opposite direction. Crude oil price now has stabilized around United States Dollar (USD) 75/barrel while Malaysian Ringgit closed the month 1.11% weaker at 4.1842 per USD against 4.1383 as at end September 2018.

MARKET OUTLOOK AND STRATEGY

Equity

Malaysia's economy is showing resilience and continues to perform however at moderating pace. Fiscal consolidation may see transitory impact on growth. Hence, going forward, government policy priorities will balance the objectives of fiscal consolidation and ensuring more inclusive economic growth. In this regard, we foresees a short-term impact on economic growth pursuant to the implementation of the fiscal reforms. However, structural policy measures as well as high impact development programmes and projects will continue to be implemented, albeit in a more transparent and financially sustainable manner. The growth outlook until 2020 can be deemed as cautiously optimistic.

Overall, we retain our view that the stock market could be volatile in the months ahead due to short-term domestic policy uncertainty and external risk factors. However, we are positive on the government's push to reform the country in the medium-to-long term. 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.

Fixed Income

The key event in November 2018 will be the much anticipated Budget 2019 which will be tabled on 2 November 2018 where rating agencies and the market will watch closely due to the recent fiscal developments. The Government is expected to remain committed towards fiscal consolidation over the medium-term. Local bond/sukuk market remain resilient and holding up well as the adjusted higher yield level quickly been met by the real money investors and bargain hunters as lower inflation and GDP numbers bode well for local bonds/sukuk market. As inflation remains within comfortable ranges, we expect the Overnight Policy Rate (OPR) to also remain unchanged in the medium term.

Going forward, although Malaysian Ringgit (MYR) bond/sukuk yields are likely to be influenced by upward pressure as US Federal Reserve normalization continues to resonate on top of the uncertainties of global macro-economic landscape, 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.

DISCLAIMER:

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 Disclosure Document in relation to the RHB Retirement Series dated 2 December 2015 and its supplementary(ies)(if any) ("Disclosure Document"), before investing. The Disclosure Document 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 Disclosure Document relates will only be made on receipt of a form of application referred to in the Disclosure Document. For more details, please call 1-800-88-3175 for a copy of the PHS and the Disclosure Document or collect one from any of our branches or authorised distributors. The Provider wishes to highlight the specific risks of the Fund is management risk and specific risks of the target Fund are market risk, particular security risk, reclassification of Shariah status risk, interest rate risk and credit/default risk. These risks and other general risks are elaborated in the Disclosure Document. 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.