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	**2.39**	**-5.66**	**-8.51**	**-12.77**
Benchmark	2.73	-5.56	-6.21	-8.64

	1 Year	3 Years	5 Years	Since Launch
Fund	**-14.22**	**1.70**	**6.18**	**-13.35**
Benchmark	-7.78	14.36	40.36	35.96

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

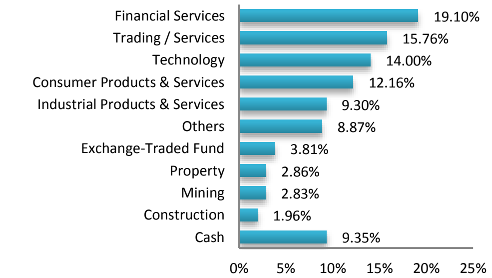
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	06 January 2006
Unit NAV	RM0.3299
Fund Size (million)	RM4.69
Units In Circulation (million)	14.22
Financial Year End	31 December
MER (as at 31 Dec 2017)	2.74%
Min. Initial 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.*

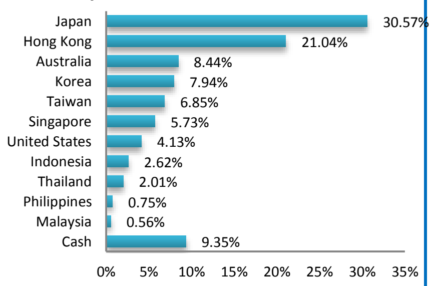
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ISHARES MSCI INDIA INDEX ETF	3.13
ALIBABA GROUP HOLDING SP ADR	2.87
RAKUTEN	2.87
TAIWAN SEMICONDUCTOR MANUFACTURING	2.61
TENCENT HOLDINGS LTD	2.49

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3300	0.3891	0.5975
Low	0.3222	0.3128	0.1994

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The month of November welcomed a recovery of 1.3%, reducing the year to date negative returns to 4.3%. President Donald Trump's tweets on his positive conversation with President Xi Jingping and dovish Fed talk boosted the global equity markets, even as Brent oil fell by more than 20%.

Within markets, Emerging Markets outperformed Developed Markets, with the United States (+1.7%) underperforming against Asia ex-Japan (+5.2%). Meanwhile, Japan eked out a small gain of +0.4% but Europe (-1.0%) underperformed in November. Within sectors, health care (+5.4%), real estate (+4.4%) and telecom (+3.9%) outperformed while energy (-3.9%) and information technology (-2.0%) suffered in November.

In Japan, the CAO consumer sentiment index edged down 0.1pt to 42.9 in November, slightly lower than market expectation. Since the beginning of the year, the trend of the index has declined moderately. November print was at the lowest level since December 2016, which was partly attributed to the recent rise (until 3Q18) in oil and fresh food prices, reflecting the unusual weather and natural disasters.

The Australia market, as measured by the ASX 200 (-2.8%), was the worst performing major market even as the AUD appreciated 3.3% against the USD. Information technology was the only sector that ended the month higher, partly due to the large sell-off in October. Energy was the largest underperformer, as oil prices corrected on surging supply and fears of weaker demand due to economic slowdown. Materials also underperformed, as Iron ore prices declined 13.4%. Banks managed to outperform, despite continued overhang from the royal commission inquiry into misconduct at banks.

RBA kept cash rate unchanged at 1.5% in November as expected. However, it signaled forecast revisions to employment and inflation, indicating a more optimistic economic outlook. On the economic front, unemployment rate was held stable at 5.0% and wages increased 0.6% in 3Q18. However, both consumer and business confidence declined.

In Asia, the Indonesia, Philippines and Singapore markets rebounded while Malaysia and Thailand fell further in November. Most ASEAN currencies appreciated against the US Dollar, except for the Malaysian Ringgit which was flat. Oil price fell 22%, driven by OPEC increasing supply ahead of Iran's sanction which caused unbalance in the market. The weakness in the oil price partly caused oil importing markets such as Philippines and Indonesia to rally.

Overall, the portfolio fared well during this risk on November month. However, one of our key deflector was Genting Malaysia (GENM). GENM is suing Fox for USD1 billion after Fox decided to terminate the Memorandum of Agreement signed between them for the rights to the 21st Century Fox outdoor theme park. From GENM's court filings, we understand that they have laid out ~USD 750m in expenses for the theme park to date. Due to material changes to company fundamentals, we have exited from this position.

MARKET OUTLOOK AND STRATEGY

The fund outperformed the index, as we turned defensive 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 are trading close to historical troughs, 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 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 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.