RHB Asset Management

FUND FACTSHEET – DECEMBER 2018

All data expressed as at 30 November 2018 unless otherwise stated

3-year Fund Volatility
8.5
very high
Lipper Analytics 15 NOV 2018

RHB DANA HAZEEM

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.

INVESTOR PROFILE

This Fund is suitable for Investors who:

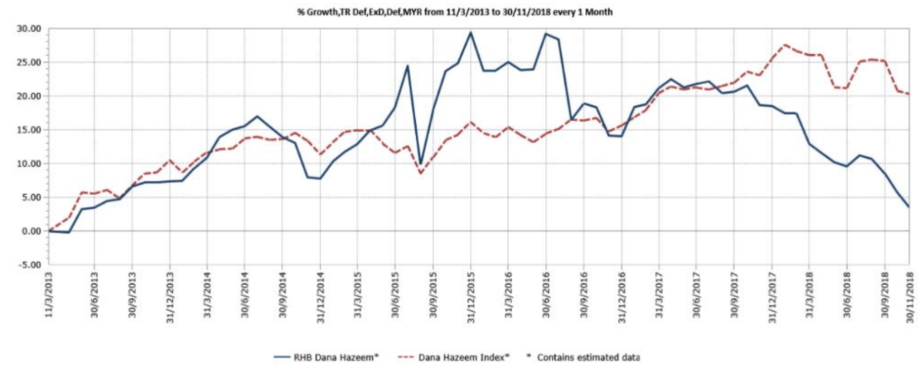
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

INVESTMENT STRATEGY

- 40% - 60% of NAV: Investments in Shariah-compliant equity and equity related securities of companies that have dividend and/or growth potential.
- 40% - 60% of NAV: Investments in non-equity Shariah-compliant investments.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-2.14**	**-6.53**	**-6.13**	**-12.73**
Benchmark	-0.37	-4.06	-0.81	-4.17

	1 Year	3 Years	5 Years	Since Launch
Fund	**-12.84**	**-17.17**	**-3.58**	**3.39**
Benchmark	-2.22	5.26	10.67	20.27

Calendar Year Performance (%)*

	2017	2016	2015	2014
Fund	**3.94**	**-11.88**	**20.04**	**0.35**
Benchmark	8.56	-0.40	4.29	0.75

Source: Lipper IM

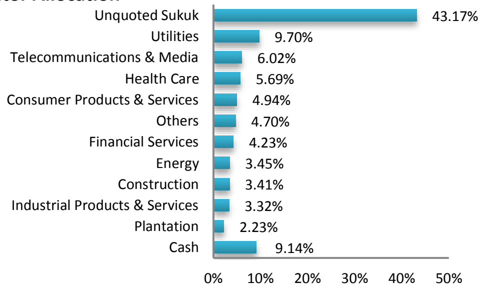
FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Balanced Fund (Shariah-compliant)
Fund Type	Income and Growth Fund
Launch Date	18 February 2013
Unit NAV	RM0.4209
Fund Size (million)	RM34.24
Units In Circulation (million)	81.34
Financial Year End	28 / 29 February
MER (as at 28 Feb 2018)	2.25%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Emas Shariah Index + 50% Maybank Islamic Bank Berhad 12-month Islamic FD
Sales Charge	Up to 6.38% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% 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

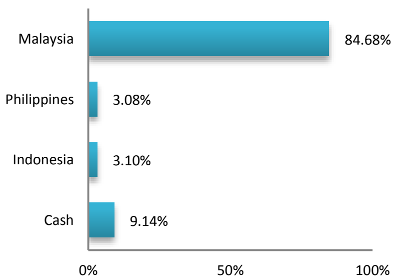
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

BRIGHT FOCUS BHD 5.0% (20/01/2023)	8.45
LEBUHRAYA DUKE FASA 3, 5.86% (23/8/2033)	7.83
BRIGHT FOCUS BHD 2.5% (24/01/2030)	7.58
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	7.05
TENAGA NASIONAL BHD	5.61

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4340	0.4945	0.5826
Low	0.4209	0.4209	0.4209

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
28 Feb 2018	-	-
20 Feb 2017	1.1000	2.18
25 Feb 2016	4.2500	7.90
26 Feb 2015	3.8000	6.98
26 Feb 2014	1.7000	3.25

Source: RHB Asset Management Sdn. Bhd.

3-year Fund Volatility 8.5 very high Lipper Analytics 15 NOV 2018

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MANAGER'S COMMENTS

MARKET REVIEW

EQUITY

Global equity markets rose 3.3% in the last week of November 2018 to advance 1.3% during the month, thereby curtailing year-to-date (YTD) losses to 4.3%, as Federal Reserve Chairman Jerome Powell hinted at the possibility of approaching the end to the hiking cycle. Asia ex-Japan equities rose 5.2% in November 2018, reducing YTD losses to -13.9%. The promise of an accommodative stance from the government, especially towards the private sector, at the end of October 2018 and optimism around a temporary truce in the United States-China trade war provided impetus to China (7.3%) and Hong Kong (7.0%) equities. Korea (+3.4%) underperformed relatively, given a weak 3Q earnings season and a gloomy earnings outlook for the technology sector in the region. Weak guidance from Apple led to the downward revision on technology countries like Korea and Taiwan.

FTSE Bursa Malaysia KLCI Index (KLCI) posted its third consecutive monthly decline of 1.7% month-on-month (MoM) in November 2018. The KLCI fell 29.4 points to close at 1,679 points at end November 2018. As a result, KLCI's YTD losses widened to 6.5%. Meanwhile, FTSE Bursa Malaysia Shariah Index fell 1.18%. We believe the decline could be due to foreign selling, weaker than expected results from earnings season, and losses in the Genting group's share prices. The latter was due to higher gaming taxes announced in Budget 2019 as well as news that the group has filed a United States (US) $1 billion legal suit against Walt Disney Co and Twenty First Century Fox Inc over the cancellation of the first Fox branded theme park. Foreigners were again net sellers in November 2018 with a net ouflow of RM0.7 billion.

Malaysia real Gross Domestic Product (GDP) growth softens to 4.4% year-on-year (YoY) in 3Q18 (from 4.5% in 2Q18), which is a tad lower than Bloomberg market consensus of 4.6%. A mildly expansionary 2019 budget with allocations for tax refunds and supportive measures has also provided more policy clarity. Key contributors to growth in 3Q18 were domestic demand particularly private sector spending while net exports turned bumpy. Key sectors that recorded expansion were services, manufacturing, and construction, while agriculture and mining & quarrying contracted further.

The current account surplus narrowed slightly to RM3.8 billion or 1.0% of GDP in 3Q18 (from RM3.9 billion or 1.1% in 2Q18), bringing YTD current account surplus to RM22.7 billion or 2.1% of GDP. The narrower surplus in 3Q18 was mainly due a wider deficit in the income account, which was offset by a higher goods trade surplus and narrower services deficit. Malaysia's modest growth is in line with a trend of slowing growth in the region. Emerging Market (EM) growth has been waning since March this year, affected by rising global interest rates, trade tensions, and idiosyncratic stress events in Argentina and Turkey. The main concerns going into 2019 remain the ongoing US-China trade dispute and the quantum of Federal Reserve rate.

FIXED INCOME

The dominant theme for 3rd quarter of 2018 besides the US were the developments happening in Europe with Italy's opposition unable to form a coalition government and their debt concerns amid a budget spat with the European Union (EU). Uncertainties surrounding the Brexit deal has also drove risk aversion with the 10-year gilt yield declining 22 basis points quarter-to-date (QTD). On United States Treasury (UST), the 10-year yield was initially sold higher to 3.24% but then managed to recover most of the losses. At the close, the UST 2-, 5-, 10- and 30-year closed the month lower at 2.79% (October 2018: 2.87%), 2.81% (2.97%), 2.99% (3.14%) and 3.29% (3.39%) respectively. Thus far in 2018, the US economy has been posting strong macro numbers and the Federal Reserve has committed to their tightening path with three 25 basis points rate hikes already and market is pricing in another hike for the last meeting in December 2018.

On Malaysia front, Bank Negara Malaysia (BNM) kept Overnight Policy Rate (OPR) unchanged at 3.25% in their last Monetary Policy Committee (MPC) meeting in November 2018 as widely expected. The statement was largely neutral with the central bank expect underlying inflation to remain contained in the absence of strong demand pressure, which likely mean inflation would likely be due to cost pressure and therefore not likely to spur OPR higher. Malaysia 3Q18 GDP was at +4.4% YoY against +4.6% YoY consensus and 2Q18's +4.5%. The growth fell below expectation at 1.6% quarter-on-quarter (QoQ), extending slowdown despite a stronger demand offset by a more challenging external environment. Malaysia's slower growth are consistent with its peers Indonesia, Philippine and Thailand in the 3Q's economic growth. Unexpectedly there was large foreign inflow from Malaysian Ringgit bond/sukuk market of RM7.8 billion in October 2018 probably due to improving risk sentiment toward EM debts. YTD foreign outflows narrowed to RM14.4 billion (September 2018: -RM22.2 billion) and foreign shares of Malaysian Government Securities (MGS) and MGS+Government Investment Issues (GII) increased to 40.7% (September 2018: 39.5%) and 25% (September 2018: 24.1%) respectively. Malaysia foreign reserved declined by United States Dollar (USD) 1.1 billion and stood at USD101.7 billion in October 2018 (September 2018: USD102.8 billion).

The October 2018 inflation data were mostly in line with economists' expectations, which resulted in mild net buying of bond/sukuk post data release. Headline inflation accelerated to +0.6% YoY in October 2018 (September 2018: +0.3%). These are steeper than the pick-up in core inflation (+0.4% YoY in October 2018 versus +0.3% YoY in September. The seasonally-adjusted headline Consumer Price Index (CPI) rose just 0.2% MoM in October 2018 versus +0.4% MoM in September 2018. MGS benchmark issues ended the month mostly higher with the 3-, 5-, 7-, 10-,15-, 20- and 30-year MGS closed at 3.68% (October 2018: 3.66%), 3.86% (3.79%), 4.05% (4.01%), 4.12% (4.08%), 4.54% (4.56%), 4.75% (4.78%) and 4.92% (4.95%) respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII followed the same trend at 3.78% (October 2018: 3.74%), 3.93% (3.90%), 4.14% (4.11%), 4.23% (4.25%), 4.59% (4.59%), 4.78% (4.78%) and 4.93% (4.96%) respectively.

MARKET OUTLOOK AND STRATEGY

Equity

The recent sell off in risk assets primarily reflects fears of weaker growth and a slowdown in corporate earnings in 2019. Sentiment on EM appears to be fairly cautious. Many expect a further escalation in trade tensions and assume EM will struggle in that environment. Trade war between major economies namely United States of America, China, European Union (EU), Canada and Mexico remain in global trade radar as downside risks.

What no one has been able to predict is how far the Trump Administration is prepared to put global growth at risk. At this moment, markets have resisted from pricing in a worst case scenario simply because rational investors argue that a full-blown trade war would be a counter-productive exercise that would stunt global trade and economic growth.

In Malaysia, business confidence for the next 3 to 6 months is expected to stay low amid policy changes and reforms made by the Pakatan Harapan government. The review of mega infrastructure projects such as East Coast Rail Link (ECRL), High Speed Rail (HSR) and Mass Rapid Transit Line 3 (MRT3) will have significant impacts on overall business confidence and investment flows. The new government promise to respect the rule of law, eliminate corruption and cronyism, and promote transparency and principles of good governance bodes well for the country's future in all respects.

Fixed Income

The recent budget announced late October 2018 saw Government's commitment towards fiscal consolidation eyeing a fiscal deficit of 3.7% in 2018 and 3.4% in 2019. Although the fiscal deficit is expected wider, we opine market players should focus on the mid to longer term fiscal consolidation progress going forward as Malaysia still has healthy domestic growth and manageable inflation outlook. In terms of inflation prospects, inflation is expected to remain well-contained within the range of 1.5-2.5% in 2018 and 2.5-3.5% in 2019. Gross supply of MGS/GII is RM115 billion in 2019 while net supply estimated to be similar at RM52 billion in both 2019 and 2018, it is still considerably higher than the average net supply of about RM40 billion per annum between 2013 and 2017. Although the gross supply is relatively higher next year, but net amount at RM52 billion is still manageable, with onshore real money demand is expected to remain supportive taking cue from YTD healthy bid-to-cover trends and BNM's still accommodative monetary policy stance. As inflation remains within comfortable ranges and economic growth likely to stay at +4.8% (2018) and +4.9% (2019), we expect the OPR to remain unchanged at 3.25% in the medium term subject to global macroeconomic fundamentals remaining intact and no severe economic shocks globally. We still have a positive 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.

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