RHB Asset Management

FUND FACTSHEET – DECEMBER 2018

All data expressed as at 30 November 2018 unless otherwise stated

3-year Fund Volatility 5.4 low Lipper Analytics 15 NOV 2018

RHB ISLAMIC REGIONAL BALANCED FUND - MYR CLASS

The Fund aims to provide regular income* and capital growth over the medium to long-term** from a diversified portfolio of Shariah-compliant investments.

Note: Income is in the form of Units. Please refer to the Fund's distribution mode.*

*** "medium to long-term" in this context refers to a period of three (3) years or more.*

INVESTOR PROFILE

This Fund is suitable for investors who:

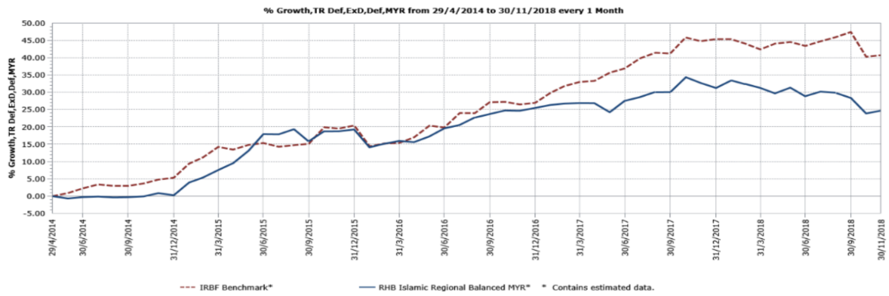
- want to have a balanced portfolio that provides both income and capital growth, and at the same time complies with the principles of Shariah; and
- are willing to accept moderate risk in their investments.

INVESTMENT STRATEGY

- At least 40% and up to 60% of NAV: Investments in Shariah-compliant equities.
- At least 40% and up to 60% of NAV: Investments in non-equity Shariah-compliant investments.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



RHB Islamic Regional Balanced Fund ("IRBF") Benchmark : Following the change in Shariah screening methodology of the Fund from a combination of screening methodologies to a single FTSE Shariah screening methodology effective from 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% FTSE Shariah Developed Asia Pacific Index. Prior to 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% Dow Jones Islamic Market Asia Pacific Index.

Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**0.65**	**-3.97**	**-5.05**	**-5.06**
Benchmark	0.31	-3.59	-2.63	-3.19

	1 Year	3 Years	Since Launch
Fund	**-6.08**	**5.01**	**24.62**
Benchmark	-2.80	17.69	40.70

Calendar Year Performance (%)*

	2017	2016	2015
Fund	**4.61**	**5.27**	**18.90**
Benchmark	14.50	5.41	14.33

Source: Lipper IM

FUND DETAILS

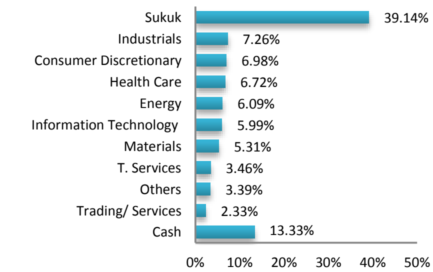
Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Balanced fund (Shariah-compliant)
Fund Type	Income and growth
RM Class Launch Date	08 April 2014
USD Class Launch Date	17 June 2014
Domicile	Malaysia
Base Currency	Malaysian Ringgit (RM)
Unit NAV	RM1.2466
Fund Size (million)	RM175.99
Units In Circulation (million)	141.18
Financial Year End	30 April
MER (as at 30 Apr 2018)	2.09%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% RAM QuantShop GII (medium term) Index + 50% FTSE Shariah Developed Asia Pacific Index
Sales Charge	Up to 5.00% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	Up to 0.06% p.a. of NAV, subject to a min. of RM18,000p.a.*
Switching Fee	RM25.00 per switch*
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.*

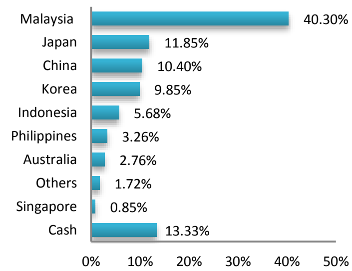
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

YTL POWER ISLAMIC MEDIUM TERM NOTE 5.050% (03/05/2027)	3.16
AFFIN ISLAMIC PERPETUAL AT1 SUKUK WAKALAH (T1)	3.15
GII MURABAHAH 1/2017 (26/07/2027)	2.84
SAMSUNG ELECTRONICS	2.66
TAKEDA PHARMACEUTICAL	2.14

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.2527	1.3571	1.3616
Low	1.2380	1.2200	0.9739

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET OUTLOOK AND STRATEGY

Equity

We remain overweight on equity allocation, but skewed towards sectors that have positive catalysts in the near term.

Energy sector has become the core of our investment for the rest of the year amid global supply constraint. Oil reserve plunges due to underinvestment in new supply for conventional oil discoveries. Reserve Replacement Ratio (RRR) has fallen to the lowest level since the 1980s, while capital investment of major oil companies remains at decade lows. Demand for energy remain very strong underpinned by structural demand growth in China and India.

Healthcare sector had decent performance over the past year and we think there's likely improving performance to come. Valuations appear fair to slightly below average based on historical levels, balance sheets are solid, stocks generally have good dividend yields, and the overall cost structure appears to be much improved. Also, demand appears to be on the rise for health care products and services, partly as a result of an aging population.

Sukuk

The United States (US) mid-term results were in line with betting odds and consensus expectations, with the Democrats flipped enough seats to take control of the House, while Republicans slightly extended their majority in the Senate. On US policy trajectory, trade is unlikely to be materially impacted given the White House's authority over the area. The likelihood of further tax cuts are low given the loss of control over the House, while infrastructure spending is unlikely to sit well with incumbent Senate Republicans. In any case, we expect the focus to shift back towards the economy and the Federal Reserve (Fed).

The Fed left its monetary policies unchanged overnight, while remaining committed towards a gradual rate hike trajectory. However the equity market selloff since October 2018 has led to questions around whether the Fed will maintain its current path of rate hikes. Historically, the Fed appears to have responded with more accommodative policy after major stock market selloffs. A mechanical approach to tightening may not be well-suited to meet the challenges to be faced beyond 2018.

We believe that the argument of a tightening monetary condition by the Fed to drive the US Dollar higher is gradually fading and this in turn could provide the well needed reprieve for Emerging Market (EM) asset classes if the US Dollar shows an inclination to retrace or even to stabilize at the low 90s in its index. Additionally, further flattening in US Treasuries yield curve should provide opportunities to accumulate higher investment grade EM credits.

For Malaysian market outlook, the 2019 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 Malaysian Government Securities (MGS)/ Government Investment Issues (GII) is expected to be 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 year-to-date (YTD) healthy bid-to-cover trends and Bank Negara Malaysia (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 Overnight Policy Rate (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.