RHB Asset Management

FUND FACTSHEET – DECEMBER 2018

All data expressed as at 30 November 2018
unless otherwise stated

RHB RETIREMENT SERIES - GROWTH FUND

The Fund seeks to provide capital growth.

INVESTMENT STRATEGY

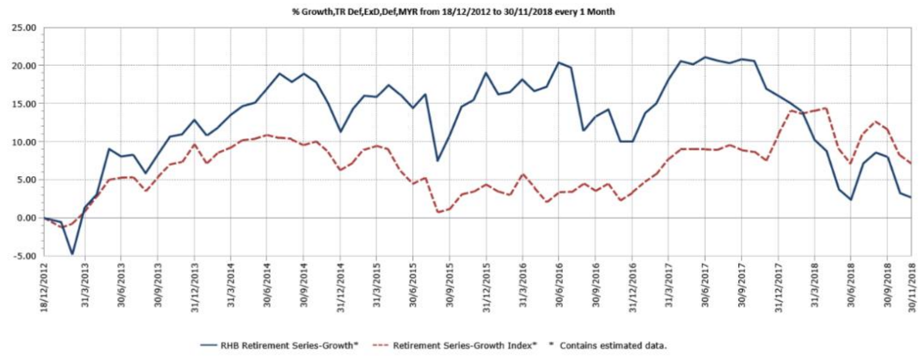
• Up to 70% of NAV: Investments in equities.
• At least 30% and up to 50% of NAV: Investments in fixed income instruments and/or money market instruments.
• Up to 5% of NAV: Investments in cash or cash equivalents.

MEMBER'S PROFILE

This Fund is suitable for Members who:
• have high risk profile; and
• are in the age group of below 40 years old.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-0.59**	**-5.49**	**-1.09**	**-11.50**
Benchmark	-1.05	-4.97	-1.80	-3.47

	1 Year	3 Years	5 Years	Since Launch
Fund	**-12.23**	**-11.12**	**-7.48**	**2.65**
Benchmark	-0.40	3.50	-0.26	7.09

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**5.45**	**-7.58**	**6.97**	**-1.41**	**12.86**
Benchmark	7.36	-1.02	-1.73	-3.15	8.35

Source: Lipper IM

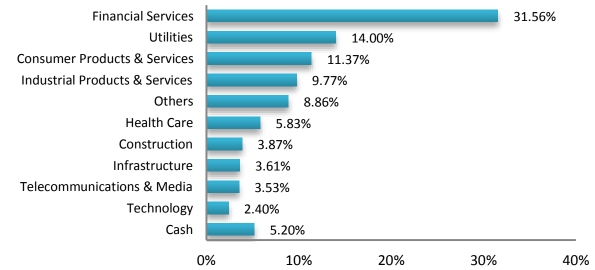
FUND DETAILS

Provider	RHB Asset Management Sdn. Bhd.
Trustee	Deutsche Trustees Malaysia Bhd
Fund Category	Core (Growth)
Launch Date	18 December 2012
Unit NAV	RM0.4185
Fund Size (million)	RM18.19
Units In Circulation (million)	43.47
Financial Year End	31 May
MER (as at 31 May 2018)	1.13%
Min. Initial Investment	RM100.00
Min. Additional Investment	RM100.00
Benchmark	70% FBM KLCI + 30% Maybank's 12 mths FD Rate
Sales Charge	Up to 1.00% of NAV per unit*
Redemption Charge	None
Annual Management Fee	Up to 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	Incidental

**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

Asset Allocation*



Top Holdings (%)*

YTL POWER INTERNATIONAL BHD 4.490% (24/03/2023)	8.20
HONG LEONG ASSURANCE BHD 4.500% (07/02/2025)	7.69
MALAYAN BANKING BHD	6.92
TENAGA NASIONAL BHD	5.79
AMMB HOLDINGS BERHAD MTN 3652D (15/3/2027)	5.58

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4270	0.4791	0.5784
Low	0.4185	0.4153	0.4153

Source: Lipper IM

Historical Distributions (Last 4 Years) (Net)

	Distribution (sen)	Yield (%)
23 May 2017	2.0000	4.08
26 May 2016	3.1000	5.97
29 May 2015	3.0000	5.44
28 May 2014	2.7000	5.00

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management Sdn Bhd (174588-x) **Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur** **General Line: 603-9205 8000**

RHB RETIREMENT SERIES - GROWTH FUND

The Fund seeks to provide capital growth.

PROVIDER'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.

Fixed Income

U.S. Treasuries

US Treasury (UST) 10-year yields started out the month of October 2018 at 3.06% and yields steadily climbed higher through the month, as US Macro data continues posting stable numbers showing the overall strength of the economy.

Ringgit Sovereign Bond

On the local rates, Malaysia Government Securities (MGS) started the month on a stable ground despite risk-off sentiments surrounding the external front. Nevertheless, the yield has inched higher towards the end of the month as investors stayed sideline in anticipating further details of Budget 2019 with some concerns on wider fiscal deficit and the impact on sovereign Malaysia rating.

Ringgit Corporate Bond

In the ringgit corporate bond space, overall monthly trading volume improved during the month of October 2018 amid higher government bond yields as investor switched to corporate space for yield preservation.

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 Emerging Market (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

On the local front, November 2018 Monetary Policy Meeting (MPC) has decided to maintain the Overnight Policy Rate (OPR) at 3.25% as widely expected. Although the statement implied some language of neutrality in market view, MPC has noted on the signs of moderating momentum on the global front as the external demand turning less positive for Asian economies even as Advanced Economies remain supported by positive labour market conditions. The headwinds from external front could pose a downside risks to growth by an estimation of an additional 0.9% to 1.1% due to lower external demand and negative spillovers from lower trade activities. At this stage, we sense that the policy rate will remain neutral at 3.25% for at least until the first half of 2019 as the slowdown in growth number from external front hasn't crossed the hurdle for a rate cut.

With regards to the domestic strategy, while we noted that market has taken a breather and is adopting a "wait and see" approach after the revelation of supply concerns in the Budget 2019, we also witnessed strong demand in the last two government auctions in November with the bid–to-cover ratio seen surpassing 2.3 times mark respectively. These, in our opinion were due to the attractive valuation as the yields adjusted higher in both occasions towards the auction day and demonstrates evidence on how strong domestic liquidity is in offsetting the supply risk arising from the fiscal constraint.. We will wait for further details on the auction calendar for 2019 which is expected to be released soon in the month of December. In terms of corporate bonds, supply is expected to remain moderate and issuances in 2019 will likely come from solar power projects, property-related entities and financial institutions. With a relatively moderated economic growth moving into 2019 and as headline inflation anticipated to be contained given the absence of strong demand pressure, we are expecting the local interest rate policy to remain unchanged as the Government has to ensure there is sufficient support to promote domestic growth and to revitalize the economy for the country to be able to deleverage. While sovereign rating outlook is an ongoing risk, its impact on the local curve shall be contain given lower foreign positioning at this juncture. With the expectation of favorable bond market sentiments in the 1st Quarter of the year, redeploying the cash in undervalued government bonds curve and selective credits with reasonable relative value are worth the positioning while preserving the overall portfolio yield going into next year.