FUND FACTSHEET – JANUARY 2020

All data expressed as at 31 December 2019 unless otherwise stated

3-year Fund Volatility 5.3 moderate
Lipper Analytics 10 DEC 2019

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:

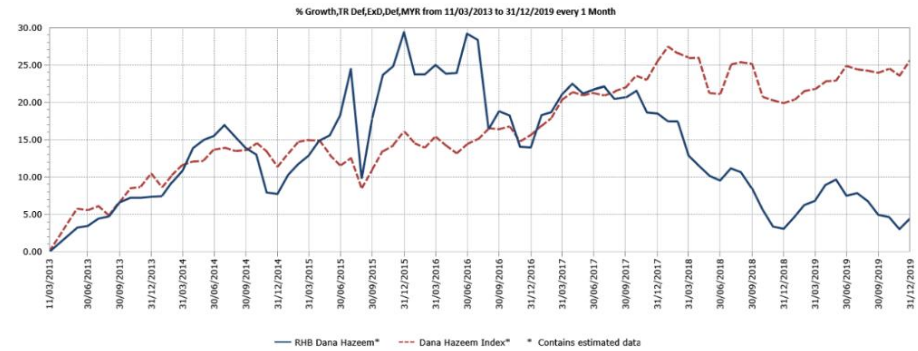
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

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	**1.41**	**-0.44**	**-2.81**	**1.36**
Benchmark	1.72	1.34	0.59	4.81

	1 Year	3 Years	5 Years	Since Launch
Fund	**1.36**	**-8.32**	**-3.02**	**4.50**
Benchmark	4.81	8.65	12.84	25.61

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**1.36**	**-12.98**	**3.94**	**-11.88**	**20.04**
Benchmark	4.81	-4.47	8.56	-0.40	4.29

Source: Lipper IM

FUND DETAILS

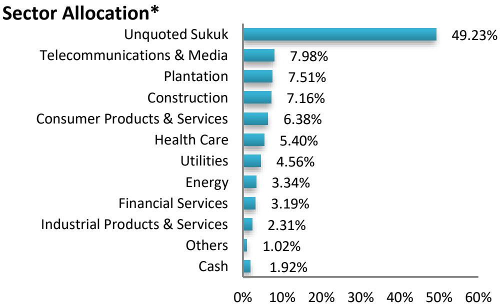
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Balanced Fund (Shariah-compliant)
Fund Type	Income and Growth Fund
Launch Date	18 February 2013
Unit NAV	RM0.4254
Fund Size (million)	RM20.59
Units In Circulation (million)	48.41
Financial Year End	28 / 29 February
MER (as at 28 Feb 2019)	1.69%
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.*

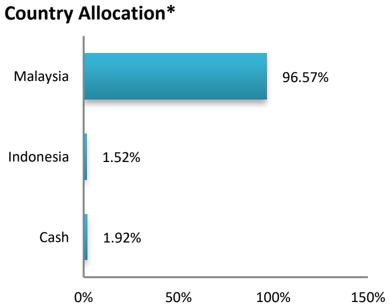
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

BRIGHT FOCUS BHD 5.0% (20/01/2023)	12.93
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	11.88
BRIGHT FOCUS BHD 2.5% (24/01/2030)	8.97
TANJUNG BIN ENERGY 6.2%(16/03/2032)	5.82
MEX II SDN BHD 6.0% (29/04/2030)	4.57

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4278	0.4503	0.5826
Low	0.4192	0.4176	0.4142

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
Feb 2019	-	-
Feb 2018	-	-
20 Feb 2017	1.1000	2.18
25 Feb 2016	4.2500	7.90
26 Feb 2015	3.8000	6.98

Source: RHB Asset Management Sdn. Bhd.

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3-year Fund Volatility 5.3 moderate Lipper Analytics 10 DEC 2019

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MANAGER'S COMMENTS

EQUITY MARKET REVIEW

2019 was a good year for global equity market. Global equity markets rallied 24.0% in 2019, to cap off its best year since the Global Financial Crisis in 2009. Although 2019 predominantly circled around United States (US)-China trade tensions, an abundance of liquidity made available by the capitulation of central banks globally played an equally important role. Federal Reserve (Fed) seem to have engineered a soft landing through balance sheet expansion and numerous rate cuts. Markets closed the year on a high as two imminent bottlenecks inched slightly closer to resolution with the progress on the US-China Phase 1 trade deal. Asia Ex-Japan equities advanced 15.4% in 2019, primarily driven by index heavyweights China (+20.9%) and Taiwan (+31.5%), as the markets moved largely in tandem with the progress on the US-China trade talks. Commodities ended 2019 on a positive note as well. Brent Crude rose 19.0%, driven by the supply cuts by the Organization of the Petroleum Exporting Countries (OPEC) and the US decision to end waivers on Iranian oil imports. Similarly, Crude Palm Oil prices shot up to above RM3,000 per metric tonne (pmt) due to lower production, drought season and B30 bio diesel mandate in Indonesia.

The FBM KLCI rose 1.7% month-on-month (MoM) (or 27 points) to close at 1,588 points at end December 2019. As a result, the benchmark index narrowed its 2019 losses to 6%. The FBM KLCI rose steadily in December 2019 and peaked at 1,615 points on 30 December. However, it succumbed to profit-taking and lost 26.9 points on the last trading day to close at 1,588.7 points. FBM Shariah Emas Index performed better rising by 3.1% MoM. Against regional peers, Malaysia was the worst-performing Asian market.

EQUITY MARKET OUTLOOK AND STRATEGY

On the local front, the key events to watch out for are how the new minimum wage and smoking ban will impact consumption patterns, Monetary Policy Committee (MPC) meeting on 22 January 2020 to decide on Overnight Policy Rate (OPR) and update on government plans to acquire highway concessionaires and toll roads. On the external front, investors will be following up on the Fed policy meeting on 29 January 2020, signing of US-China Phase one trade deal on 15 January 2020 and Brexit day on 31 January 2020. Malaysian equities are set for a better year in 2020 with the resumption of earnings growth after a 2-year hiatus thanks firstly, to subsiding external risks; secondly, to recovering commodity prices; thirdly, to the anticipated revival of mega infrastructure projects and finally, to the positive impact of trade diversion on investments and exports.

We are overweight on oil & gas and plantation sectors as we believe these two sectors will continue to offer growth and are still in early stage. The latter being that Crude Palm Oil (CPO) prices rose to above RM3000 pmt and this will help drive earnings growth for 2020 among the planters.

FIXED INCOME MARKET REVIEW

US Treasury (UST) yields generally tracked higher amidst optimism of US-China phase one trade negotiation coupled with expectations that Fed will continue with their rate pause stance going into 2020. The 10-year UST benchmark closed higher in yield at 1.92% while the 2-year UST closed at 1.57%. 10-year/2-year spread shows signs of curve steepening with 34 basis points (bps) to 35 bps in spread, last seen in October 2018. Global data around the world have been positive ahead of year end, easing concerns on recession wave in 2020.

At the close, the benchmark UST 2-, 5-, 10- and 30-year were last traded at 1.58% (November 2019: 1.61%; -3bps), 1.68% (1.63%; +5bps), 1.92% (1.78%; +14bps) and 2.21% (2.39%; +18bps) respectively.

Local govvies yield ended supported towards the year-end closing as institutional investors snapped up on bonds. Malaysia Government Securities (MGS) and Government Investment Issues (GII) bonds tightened significantly across the curve during the last week of December with momentum going into positive mode as investors are gradually building up position for a new year.

MoM, the MGS yields were bull-flattened with 20-year and 30-year yields been stabilized and grind 3-13bps lower as the current value appears to be better after recent upward trend in yields. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.98% (November 2019: 3.04%), 3.15% (3.18%), 3.30% (3.33%), 3.30% (3.43%), 3.60% (3.68%), 3.74% (3.76%) and 4.09% (3.94%) respectively. On the other hand, action on the GII was mirroring the same yields movement with the longer-tenor bucket lowered by 6 bps to 11 bps during the period. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 3.05% (November 2019: 3.13%), 3.19% (3.26%), 3.30% (3.38%), 3.42% (3.50%), 3.72% (3.78%), 3.83% (3.89%) and 4.00% (4.11%) respectively.

On some economic data, Malaysia's 3Q19 economic growth fell to 4.4% from 4.9% in 2Q19. Moderation was seen across all major sectors: Services (3Q19: +5.9%; 2Q19: +6.1%); Manufacturing (3Q19: +3.6%; 2Q19: +4.3%) and Agriculture sectors (3Q19: +3.7%; 2Q19: +4.2%). The Mining and Construction sectors contracted by 4.3% and 1.5% respectively in 3Q19 (2Q19: +2.9% and +0.5% respectively). On the expenditure side, private sector consumption remained the main driver of growth (60.5% of total Gross Domestic Product (GDP), still expanding but at a moderating pace of 7.0% year-on-year (YoY) in 3Q19 (2Q19: +7.8% YoY). Malaysia's November Consumer Price Index (CPI) rose 0.9% (October 1.2%), less than expected because of a fall in prices for clothing and footwear and lower transport costs, government data showed on Friday. Malaysia's central bank said last month that headline inflation is expected to be "low" this year and remain modest though higher in 2020.

Malaysia's exports for November continued its losing streak for four consecutive months contracting by 5.5% YoY (October -6.7%) amid ongoing trade standoff that has hurt global trade and the global economic environment. Meanwhile, Malaysian foreign reserves grew to US Dollar 103.3 billion as of October 15 from RM103 billion in end September.

The Consumer Sentiment Index by Malaysian Institute of Economic Research (MIER) fell to 84.0 in 3Q19, marking the lowest below optimistic threshold level since 4Q17 (2Q19: 93.0). MIER noted that the domestic spending momentum would deteriorate in the near future due to anxieties over rising living cost, a sluggish job outlook coupled with limited shopping plans due to weakening purchasing power.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

Moderating global growth will continue to be featured as a key theme as we progress into the new year. According to the International Monetary Fund (IMF), global growth is forecast to grow at a pace of 3.0% in 2019 (revised lower by -0.3%) compared to its previous projections back in April before recovering to 3.4% in 2020 (which was revised lower versus a previous projection of 3.6% back in April, downed by -0.2%).

On the domestic front, Malaysia's domestic growth prospect will continue to be anchored by domestic demand, coupled with improvement in private investments. Meanwhile private consumption growth is expected to stay resilient. With an increasing number of global central banks joining dovish chorus, there is room potential for our OPR easing in 2020. The theme for global bond yields to remain lower for longer will continue to be featured in the coming 2020. Similar prospects are expected for Malaysian Ringgit bonds particularly in the first quarter of the new year aided by new portfolio positioning by portfolio managers and investors that will tighten yields further from current levels.

The expected net supply of MGS and GII circa RM45billion for 2020 is likely to be manageable for the market to absorb. With the Auction Calendar in 2020 featuring more reopening tenders, we expect this to bode well for liquidity for existing MGS/GII. We opine this is as a positive measure by Bank Negara Malaysia (BNM) in order to ensure financial market stability.

Key risk area of focus however is the FTSE Russell's review in March 2020. Recent market liberalization measures introduced by the central bank and acknowledgment by the index provider shows good progress as efforts to maintain Malaysia's continued inclusion in the World Government Bond Index (WGBI). Liquidity was addressed as the key parameter for continued inclusion of MGS in accordance to the index provider.

We remain positioned to opportunistically trade in government securities and corporate sukuk for total return.

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