RHB Asset Management

FUND FACTSHEET – FEBRUARY 2020

All data expressed as at 31 January 2020 unless otherwise stated

3-year Fund Volatility 5.4 low Lipper Analytics 10 JAN 2020

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:

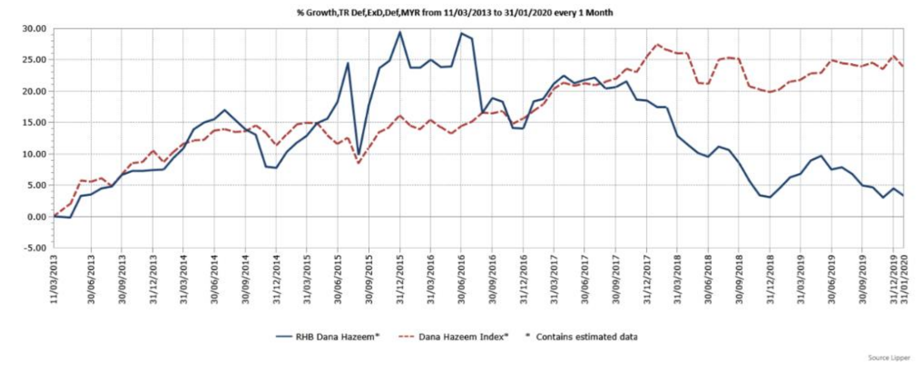
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

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	**-1.15**	**-1.31**	**-4.24**	**-1.15**
Benchmark	-1.50	-0.60	-0.55	-1.50

	1 Year	3 Years	5 Years	Since Launch
Fund	**-1.34**	**-12.69**	**-6.36**	**3.30**
Benchmark	2.84	5.88	9.37	23.73

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

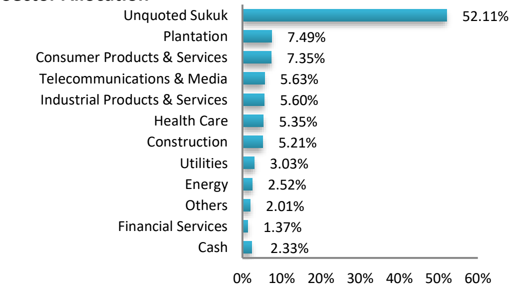
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Balanced Fund (Shariah-compliant)
Fund Type	Income and Growth Fund
Launch Date	18 February 2013
Unit NAV	RM0.4205
Fund Size (million)	RM19.65
Units In Circulation (million)	46.74
Financial Year End	28 / 29 February
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.*

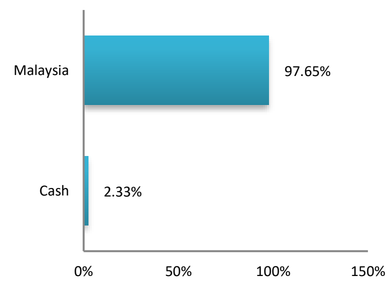
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

BRIGHT FOCUS BHD 5.0% (20/01/2023)	13.61
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	12.44
BRIGHT FOCUS BHD 2.5% (24/01/2030)	9.51
TANJUNG BIN ENERGY 6.2% (16/03/2032)	6.24
MEX II SDN BHD 6.0% (29/04/2030)	4.90

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4288	0.4503	0.5826
Low	0.4205	0.4192	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.

3-year Fund Volatility 5.4 low Lipper Analytics 10 JAN 2020

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MANAGER'S COMMENTS

EQUITY MARKET REVIEW

Investor sentiment on global equities was riding high in the beginning of January 2020 before falling prey to the Coronavirus-induced pneumonia outbreak in Wuhan, China. Global equities lost 3.6% in the last two weeks to end the month of January 2020 down 1.2%, as the risk of contagion from the potential epidemic threatens to derail the recovery in global growth. Investors sought refuge in safe havens such as Gold (4.7%) and United States (US) Treasuries (10-year yields down from 1.9% to 1.5%), leading to a sell-off in risky assets. Commodities, too, suffered from concerns over the potential return of global growth slowdown, with Brent crude oil tumbling 11.9%, copper 9.8% and aluminium 4.9%.

While the FBM KLCI index did have a boost at the start of the year, it all went downhill from the second week onwards when the news broke out on Iran hitting a US military base in Iraq in retaliation against US forces for the killing of general Qasem Soleimani in Baghdad. The index hasn't really looked back since with major global news headlines focusing on anything and everything relating to the coronavirus. In line with the global risk off sentiment, the FBM KLCI closed -3.6% for the month of January 2020. Commodities particularly Brent crude oil and crude palm oil were sold down due to fears over softer demand. Concern on demand on Crude Palm Oil (CPO) from China coupled with news on India restricting purchases of refined palm oil from Malaysia led the CPO futures to also fall -15% to RM2,650/metric tonne. Winners to start the year were seen in gloves and healthcare. Major losers for the month were the energy index (as global oil prices tumbled on macro concerns) and plantations.

EQUITY MARKET OUTLOOK AND STRATEGY

Corona virus will have a short term impact on regional Gross Domestic Product (GDP) growth. The stricter quarantines and travel bans issued now will likely hurt consumer and traveler sentiment more than did the efforts to counter Severe Acute Respiratory Syndrome (SARS). Asian economies entered this crisis with much less momentum than during SARS, and we see a risk that macro weakness could persist even after the Corona virus recedes. Hong Kong, Singapore, Thailand and China are the most vulnerable. Indonesia and India the least vulnerable. Among sectors, the virus should not greatly affect global Information Technology demand and could help Internet names with e-commerce businesses.

We remain constructive on plantation sector and would look for buying opportunities given weakness in current share price. CPO price corrected by -13.4% from RM3,052/metric tonne levels end-2019, and similarly share prices of the Malaysian planters by 8-9%. The weakness was initially due to concerns on India's imposing restrictions on imports of refined palm oil ban from Malaysia and exacerbated by concerns on China's demand due to coronavirus. We reckon that fundamentals remain intact with a tight stock-to-usage ratio which will be more apparent towards the end of March 2020. In our view, India's restrictions on Malaysia CPO is expected to be temporary as China and Pakistan may source more CPO from Malaysia.

FIXED INCOME MARKET REVIEW

The new year was jolted by the surprised air strike by US Government in Baghdad that killed the top Iranian military official on 6 January, further ignite the US Iran tensions, thus boosting demand on US Treasuries (UST) as safe haven instrument. In retaliation, the Iranian Government targeted the US air base in Baghdad but with no casualties reported. The 10-year UST benchmark yields have dropped from a peak of 1.9460% beginning of the year to as low as 1.7050%, (a drop by almost 24 basis points). While gold has spiked up from US Dollar (USD) 1,517 to as high USD1,610.0. The Japanese Yen (JPY) has dipped to as low as 107.63 and the Swiss Francs towards 0.9663 to the USD. The Dollar index itself has been steady at 96.93 showing no signs of a retrace. The geopolitical risks has also sent the oil price higher with Brent crude surged near 6% to trade above $70 per barrel. 5 days later, the US Senate House of Representatives voted to stop President Donald Trump from further military action against Iran, hence ending further escalation in tensions on the two nations.

The Phase 1 trade deal between the US and China was finally signed on January 15, but the two nations have not yet finalized details of the agreement. The UST yields reacted negatively hence pushing yields circa 5 basis points higher. Event risk is getting more fluid which in turn prove more difficult in making decisions particularly on currency and interest rates movement. On one side we thought that the world economies should be in better footing for a recovery when the whole trade war conundrum in 2019 finally ended but we are once again stunned by another event risk, Coronavirus, that had erupted in Wuhan China, the epicenter of the lethal virus epidemic. Market immediately turned bullish on sovereign bonds across the globe led by UST.In addition, The Federal Open Market Committee (FOMC) meeting voted for a no action on its monetary policy with a more dovish statement cautiously citing potential negative impact of coronavirus to the economy going forward. The Federal Reserve (Fed) have agreed to keep their target policy rate in the current range of 1.50% and 1.75% until there is some significant change in the economic outlook.

At the close, the benchmark UST 2-, 5-, 10- and 30-year were last traded at 1.43% (December-2019: 1.58%; -15 basis points), 1.41% (1.68%; -27 basis points), 1.59% (1.92%; -33 basis points) and 2.05% (2.21%; -16 basis points) respectively.

On the local front, Bank Negara Malaysia (BNM) made a surprised move in its monetary policy by cutting Overnight Policy Rate (OPR) rate by 25 basis points to 2.75%. The move is seen as rather pre-emptive, taking into account uncertainty from various trade negotiations, geopolitical risks, weaker than expected growth of major trade partners, heightened volatility in financial markets, and weakness in commodity related sectors and delays in implementation of projects. The communique is leaning towards a cautious stance with the cut in policy rates being to secure improving growth trajectory alongside price stability.

Month-on-month (MoM), the Malaysia Government Securities (MGS) yields were bull-flattened with 20-year and 30-year yields rallied the most amidst panic and fear of coronavirus that potentially impacting negatively to the local economy. Investors scrambled in chasing yields as market pricing for another cut by BNM. Both MGS and Government Investment Issues (GII) rallied about 20-34 basis points at the longest end of the curve. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.87% (December 2019: 2.98%), 2.95% (3.15%), 3.03% (3.30%), 3.13% (3.30%), 3.23% (3.60%), 3.38% (3.74%) and 3.75% (4.09%) respectively. On the other hand, action on the GII was mirroring the same yields movement as MGS with the longer-tenor bucket lowered by 25 basis points to 35 basis points during the period. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.89% (December 2019: 3.05%), 3.01% (3.19%), 3.10% (3.30%), 3.19% (3.42%), 3.33% (3.72%), 3.47% (3.83%) and 3.75% (4.00%) respectively.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

The International Monetary Fund (IMF) trimmed back its 2020 global growth forecasts due to sharper-than-expected slowdowns in India and other emerging markets but said a US-China trade deal was another sign that trade and manufacturing activity may soon bottom out. The IMF said global growth would reach 3.3% in 2020, compared to 2.9% in 2019, which was the slowest pace since the financial crisis a decade ago. Estimates for both years were cut by 0.1% from forecasts made in October. Growth will improve slightly to 3.4% in 2021, but that estimate, too, was cut by 0.2% from its October outlook.

On the domestic front, Malaysia's domestic growth prospect will continue to be anchored by domestic demand, coupled with improvement in private investments. However, domestic demand is expected to dampen amidst the current coronavirus scare which has already stoke fears of slowing global growth particularly due to the fast spreading virus which is likely to cause a prolonged disruption to China's economic activities that represent a third of the global growth and our biggest trade partner.

Other key risk area of focus 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.