RHB Asset Management

FUND FACTSHEET – MARCH 2020

All data expressed as at 29 February 2020 unless otherwise stated

3-year Fund Volatility 4.9 low Lipper Analytics 11 FEB 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:

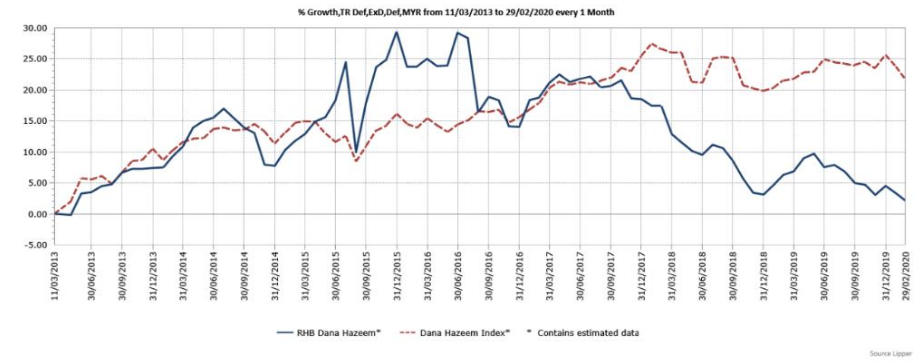
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

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	**-1.17**	**-0.93**	**-4.39**	**-2.30**
Benchmark	-1.71	-1.52	-2.11	-3.18

	1 Year	3 Years	5 Years	Since Launch
Fund	**-3.93**	**-13.99**	**-8.60**	**2.09**
Benchmark	0.12	3.16	6.07	21.62

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

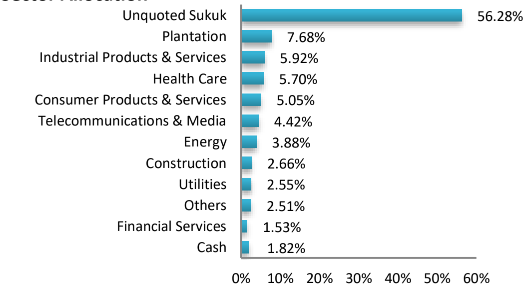
FUND DETAILS

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	RM0.4156
Fund Size (million)	RM18.34
Units In Circulation (million)	44.12
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

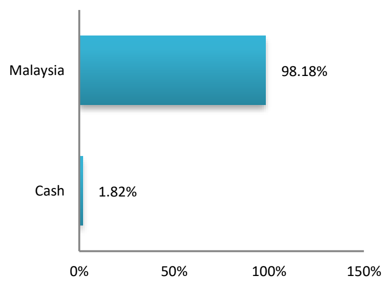
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management 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)	14.65
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	13.37
BRIGHT FOCUS BHD 2.5% (24/01/2030)	10.26
TANJUNG BIN ENERGY 6.2% (16/03/2032)	6.77
MEX II SDN BHD 6.0% (29/04/2030)	5.38

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4294	0.4473	0.5826
Low	0.4156	0.4156	0.4142

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
Feb 2020	-	-
Feb 2019	-	-
Feb 2018	-	-
20 Feb 2017	1.1000	2.18
25 Feb 2016	4.2500	7.90

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

EQUITY MARKET REVIEW

Investor euphoria on global equities in January 2020 was punctured by concerns of global growth slowdown, triggered by the spread of the Coronavirus epidemic. Risk assets plunged with global equities declining 10.5% in the last week of February 2020. As the pandemic rippled across the world, investors sought safety in bonds/sukuk, with the futures market pricing in three potential rate cuts during the year. Developed Markets equities corrected 8.6% in February 2020, led by the United States (US) as it succumbed to the perils of elevated valuations. As for Asia Ex-Japan, China was the only country (out of 49) in the MSCI All Country World Index to advance in February 2020, as the virus outbreak peaked in the mainland early on in the month, while Korea reported a spurt of new virus cases.

Amidst the political uncertainty, former Prime Minister Tun Mahathir announced an economic stimulus package with a headline impact of RM20 billion, mainly having three thrusts: 1) mitigating the impact of Coronavirus Disease 2019 (COVID-19); 2) spurring rakyat centric economic growth; and 3) promoting quality investments. Sectors which could see the most direct impact, in our view include transport and logistics, utilities and consumer.

In a twist of events in Malaysia's political arena over the past week we saw a new Prime Minister sworn in on 1 March 2020, with the King's blessing. There is no clarity on the new cabinet at the time of writing, neither is there a clear agenda for the new coalition. FBM KLCI faced selling pressure on Monday morning (2 March) due to inherent domestic uncertainty in addition to the global economic slowdown and Covid-19 concern. Construction stocks under pressure as the change in the political landscape could entail award delays. FBM KLCI and FBM Emas Shariah Index was down 3.16% and 3.74% respectively for the month of February 2020 and 6.68% year-to-date (YTD) to close at 1,482 points. Construction sector was the worst hit sector, down 12.6% YTD.

EQUITY MARKET OUTLOOK AND STRATEGY

The FBM KLCI is expected to remain volatile, with eyes on the next Parliament seating where the current government could face a vote of no confidence. We expect the stock market and currency to face selling pressure and contractors could be most vulnerable.

Also, it is unclear whether or not we could see the return of Goods and Services Tax (GST) since it was proponent in the BN coalition before General Election 14th (GE14) which could bring in RM40 billion in government revenue, which would not be good for the man on the street but would provide some fiscal maneuvering space. Effort to bring in Foreign Direct Investment (FDI) could be disrupted due to political & policy uncertainty. Although, the government should still aim to boost Malaysia as a center to attract FDI. We suggest sticking to glove-makers which may see price movement from Covid-19.

FIXED INCOME MARKET REVIEW

US Treasury yields continued its downward trend amidst growing concerns of severe coronavirus outbreak upon it being announced as pandemic by World Health Organization which began affecting countries outside of China. Fear sentiment overtaken investors to move to safe haven assets for example US Treasuries. The 10-year US Treasury started the month at 1.58% and traded at a high of 1.65% before closing the month at 1.15%, a whopping 44 bps drop in yield which was the second largest drop in a month since August 2019. Risk off mode dominated as the death toll from a coronavirus outbreak surpassed the SARS epidemic, raising alarm bells about its severity. At the close, the benchmark US Treasury 2-, 5-, 10- and 30-year were last traded at 0.93% (January 2020: 1.43%; -50 basis points (bps)), 0.94% (1.41%; -47bps), 1.15% (1.59%; -44bps) and 1.67% (2.05%; -38bps) respectively. Global central banks were looking at easing monetary policies or reviewing for more fiscal stimulus to offset the potential recession outlook.

China cut the benchmark lending rate as authorities move to lower financing costs for businesses effected by the outbreak. The 1-year loan prime rate was lowered by 10 bps to 4.05% from 4.15% while 5-year was lowered by 5 bps to 4.75% from 4.80%. The epidemic has disrupted global supply chains and caused widespread disruption to businesses and factory activity in China, prompting authorities to deliver a steady stream of policy measures to cushion the blow to growth.

Bank Indonesia (BI) also cut its 7-day reverse repo rate (7DRRR) by 25bps to 4.75%. Deposit Facility (DF) and Lending Facility (LF) rates were also lowered to 4% and 5.5%. The central bank's decision to cut rates is aimed at supporting economic growth, given the dampening risk related to the COVID-19 outbreak.

Back in the local bond/sukuk market, similar trend was seen on both benchmark and off the run Malaysia Government Securities (MGS) and Government Investment Issue (GII) as market longs dominated the entire trades for the month. However, on 24 February, the country was jolted by the sudden resignation of Prime Minister Tun Mahathir Muhammad but re-appointed by the King as an interim Prime Minister. This sent Malaysian Ringgit (MYR) govvies yields retraced higher. We saw some some knee jerk reaction on bond yields movement with the 10-year benchmark testing a high of 3.11% while MYR were sold off to a high of 4.2400. But the spike in bond yields appears rather transient as bond yields quickly reversed back lower to 3.03% and closed the month at much lower level of 2.82%. The nation's deep Institutional demand plus foreign interest in the local bond/sukuk market despite the expected higher total issuance of circa RM3.2 billion arising from the RM20.0 billion economic stimulus announced by the interim Prime Minister on 27 February helped to pushed sovereign yields lower. The appointment of Tan Sri Muhyiddin Yassin further defused poltical uncertainties which had earlier added to the existing headwinds.

Month-on-month (MoM), the MGS yields were bull-steepened with shorter end of the curve rallied the most amidst panic and fear of coronavirus that potentially impacting negatively to the local economy as well as expectation of another cut by Bank Negara Malaysia (BNM) at the March Monetary Policy Committee (MPC) meeting. Both MGS and GII rallied a further 15-32 bps across the curve. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.58% (January 2020: 2.87%), 2.63% (2.95%), 2.77% (3.03%), 2.82% (3.13%), 3.05% (3.23%), 3.22% (3.38%) and 3.58% (3.75%) respectively. On the other hand, action on the GII was mirroring the same yields movement as MGS with the shorter-tenor bucket lowered by 25 bps to 33 bps during the period. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.57% (January 2020: 2.89%), 2.68% (3.01%),2.76% (3.10%), 2.86% (3.19%), 3.06% (3.33%), 3.26% (3.47%) and 3.59% (3.75%) respectively. On some economic data, Malaysia's real Gross Domestic Product (GDP) growth moderated to 3.6% year-on-year (YoY) in 4Q19 (3Q19: +4.4%) significantly lower than consensus (4.2%) estimates. The quarterly growth is the weakest rate since the global financial crisis in 2009. The decline was mainly due to lower net exports contribution although domestic demand strengthened. On a quarter-on-quarter (QoQ) basis, growth decelerated to +2.2% in 4Q19, from +3.8% in the previous quarter. Malaysia's annual GDP growth moderated to 4.3% in 2019. Malaysia's Industrial Production Index (IPI) moderated to 1.3% YoY in December (November 2.1%), dragged by lower mining and electricity, although manufacturing production rose higher.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

Amid concerted monetary easing by regional central banks to support growth trajectory, we expect bond yields to remain supported with prospects of growth moderating lower as global economies embark on easing measures coupled with stimulus efforts to alleviate concerns over increased downside risk to growth from coronavirus epidemic.

Global economic recovery is likely to be affected, given the widespread impact of the outbreak. Although the Phase-1 agreement of US-China trade negotiations briefly reduced global uncertainty, the outbreak is expected to depress the Chinese economy and hamper the sustainability of the global economic recovery, at least in 1Q20. The impact on financial markets has also been seen in affected countries.

Hence for local economy, given the new additional downside risk of the COVID-19 outbreak and its impact on tourism and production, we could likely see growth being kept lower in 1H20. However, the Government economic stimulus of RM20.0 billion should somewhat provide an offset, with recovery likely to be seen in 2H20.

Overall, we feel that the balance of risks is tilted towards the downside. The viral outbreak may not only cause lower tourist arrivals, but also lead to greater supply disruption in China and impact the rest of the world. As a result, we revise our GDP growth forecast to 4.0% for 2020 from 4.3%. On that note, we expect further Overnight Policy Rate (OPR) and Statutory Reserve Requirement (SRR) cuts to be announced by BNM at the earliest in March MPC meeting. We therefore looking at extending duration positioning and overweight in bonds for balance mandates.

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