

RHB SMART BALANCED FUND

This Fund aims to maximize total returns through a combination of long term growth of capital and current income consistent with the preservation of capital through a combination of investments in companies with market capitalization of not more than RM1 billion and investments in fixed income securities.

INVESTOR PROFILE

This Fund is suitable for Investors who:

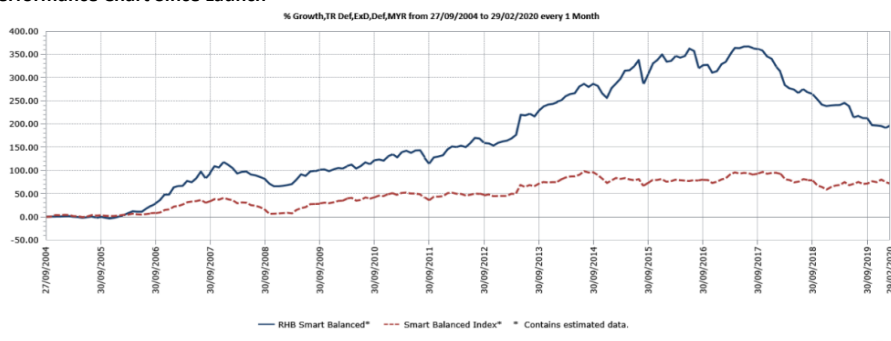
- willing to accept moderate risk in their investments in order to achieve long term capital growth and income.

INVESTMENT STRATEGY

- 40% - 60% of NAV: Investments in securities of companies with market capitalization of not more than RM1 billion.
- 40% - 60% of NAV: Investments in fixed income securities, money market instruments, cash and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	1.76	0.05	-5.06	0.41
Benchmark	-1.90	-1.94	0.23	-4.94

	1 Year	3 Years	5 Years	Since Launch
Fund	-12.81	-31.49	-22.99	197.48
Benchmark	2.34	-6.44	-6.77	71.76

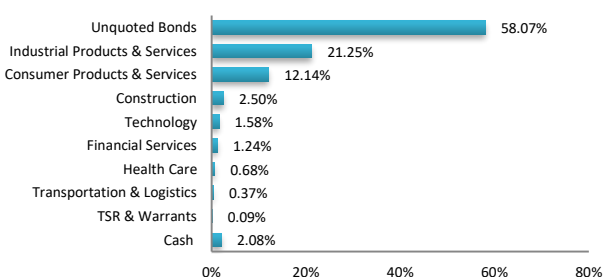
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	-12.66	-22.83	6.13	-7.85	26.34
Benchmark	13.48	-17.95	10.08	-3.04	4.86

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

MEX II SDN BHD 6.0% (29/04/2030)	17.63
MEX II SDN BHD 6.2% (29/04/2032)	17.40
BRIGHT FOCUS BHD 2.5% (22/01/2031)	12.45
BRIGHT FOCUS BHD 2.5% (24/01/2030)	10.59
UMS-NEIKEN GROUP BHD	8.75

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7896	0.9124	1.3669
Low	0.7648	0.7648	0.4557

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
Mar 2019	-	-
22 Mar 2018	5.5000	4.43
22 Mar 2017	3.3500	2.71
28 Mar 2016	9.0200	6.96
15 Apr 2015	8.0000	6.57

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.

Amidst the political uncertainty, interim 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 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, believed to be backed by a majority comprised of the BN, PAS and Bersatu parties and a group of independent MPs. 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. FBM KLCI was down 3.16% for the month of February 2020 and 6.68% YTD to close at 1,482 points.

EQUITY MARKET OUTLOOK AND STRATEGY

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

Low interest rate environment will be here to stay while economy will be weak for the quarter. Will focus on company with good dividend yield with reasonable valuation. At the same time, to bottom fish for companies with relatively good earnings visibility when the Coronavirus cases start to stabilize.

FIXED INCOME MARKET REVIEW

US Treasuries

10-year US Treasury (UST) yields rallied further in February 2020, from 1.50% at the start of the month to eventually end up at 1.15%, as the initial news of COVID-19 seemingly stabilising in China post the lockdown of major affected cities, risk took a big reversal as the Covid-19 outbreak continues to spread outside of China, fuelling fears of a global epidemic.

Malaysian Ringgit Sovereign Bond

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities (MGS) and Government Investment Issues (GII) extended rally during the month as anxiety over the spread of coronavirus deepened. Governor Nor Shamsiah was quoted to have indicated that there is ample room to adjust Overnight Policy Rate (OPR) as low inflation shall provide policy space for the action.

Malaysian Ringgit Corporate Bond

In the Malaysian Ringgit corporate bond/sukuk space, overall monthly trading volumes were a tad higher as compared to previous month amid supportive domestic bond market as headline risks dominated and as local investors pricing in another rate cut by BNM. With further rally seen in government securities space, demand for corporate bonds emerged especially in government guaranteed bonds category as investor selectively buying for yield enhancement and preservation of portfolios.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

In the local fixed income market, we will maintain our active management strategy where we will be deploying cash into undervalued government bonds and selective credits where we are comfortable at with higher secondary trading prospect and liquidity potential for the flexibility of the portfolios.

DISCLAIMER:

Based on the fund's portfolio returns as at 11 February 2020, the Volatility Factor (VF) for this fund is 8.0 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 6.1 but not more than 8.8 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 31 December 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2020.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 15 June 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are liquidity risk of underlying investments, credit risk and inflation/purchasing power risk. These risks and other general risks are elaborated in the Master Prospectus.

This factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide to future performance. Returns may vary from year to year.

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