

### 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:

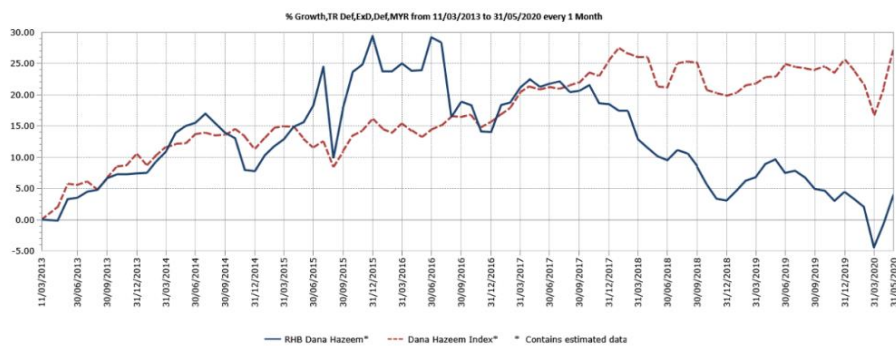
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

#### 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	4.72	1.95	1.00	-0.40
Benchmark	5.21	4.76	3.17	1.43

	1 Year	3 Years	5 Years	Since Launch
Fund	-5.11	-14.13	-9.95	4.08
Benchmark	3.72	5.41	12.79	27.41

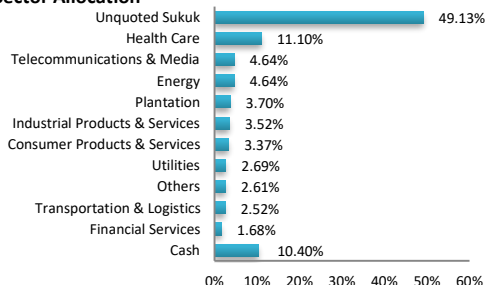
##### Calendar Year Performance (%)\*

	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

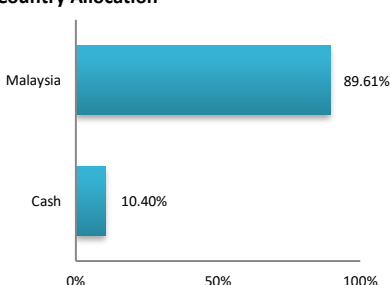
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



##### Top Holdings (%)\*

MEX I CAPITAL BHD 5.0% (20/01/2023)	15.43
MEX I CAPITAL BHD 2.5% (24/01/2030)	10.89
TANJUNG BIN ENERGY 6.2% (16/03/2032)	6.98
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	5.78
MEX II SDN BHD 6.0% (29/04/2030)	5.51

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4237	0.4473	0.5826
Low	0.4025	0.3749	0.3749

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**

Surprisingly, global equity market continued to march higher after a strong rebound in the month of April 2020. Global equities kept up the momentum in May 2020, rising 4.2% during the month of May 2020 (year-to-date (YTD): -9.9%), assisted by extremely accommodative fiscal and monetary policy, and gradual easing of lockdown measures, especially in Europe. Developed markets led the rally with United States (US) advancing +5.0%, Europe +4.2% and Japan +5.9%. Commodities bounced back led by energy prices (Brent: +39.8%). Asia ex-Japan was the only region to buck the uptrend in May 2020, falling 1.4% during the month (YTD: -12.6%), dragged down by Greater China (China: -0.8%, Hong Kong: -8.9%, Taiwan: -2.5%) and India (-2.9%). China relations with the West, especially the US, took a turn for the worse with the aggravation of the American depositary receipts (ADR) de-listing risk, the proposal of the new national security law for Hong Kong that put its special status into jeopardy, and the potential imposition of compensatory tariffs on China by the US for the Coronavirus Disease 2019 (COVID-19) losses. ASEAN was buoyed by Thailand up 4.3% and Malaysia up 4.7%.

FBM KLCI rallied for the second consecutive month gaining +4.7% month-on-month (MoM) (April +4.21% MoM). The main highlight or stars of the market was certainly the gloves sector which saw share prices increased substantially with high trading volume as investors expect surged in earnings over the next few quarters. The FBM Shariah Index also moved positively (+10.4% MoM) in tandem with the main market. Meanwhile, oil prices continues to recover with more & more countries easing their lockdown measures (Malaysia included) and boosting fuel demand. Overall, Brent Crude was up close to 40% MoM and Organization of the Petroleum Exporting Countries Plus (OPEC+) counterparts are also considering bringing forward their meeting to 4 June this week from 9 to 10 June, while some members are suggesting an extension of the 9.7 million barrels per day (MBPD) cut beyond June 2020. Crude Palm Oil (CPO) prices also recovered to RM2,373/metric tonne (+12.9% MoM), as leading Indian importers started to purchase Malaysia CPO again after months of a diplomatic spat between the countries in early January 2020.

**EQUITY MARKET OUTLOOK AND STRATEGY**

The lock down and social distancing that would disrupt supply and demand will have an impact on company's revenues. We believe that the equity market has not factored in more cuts in corporate earnings and the indirect impact from Movement Control Order (MCO). In our opinion, the index has not factored in the factors that we mentioned above if the economy does not recover from 3rd Quarter of 2020 and into 2021. We believe we could see more corporate casualties as company's profitability, cash flow, capital expenditure spending will be affected badly as their revenues are not growing. The uncertainties in the speed of recovery of the economy will likely see the index consolidating for a while and the process of bottoming in this bear market will last longer. It is unlikely that a definite equity market bottom has been established so quickly. Furthermore, the index is also not reflecting recession valuation as of now. In the short term, we expect equity market to be volatile and range bound as the market is adjusting for the new norm in the economy. In terms of strategy, we will keep holding cash higher than normal market condition.

**FIXED INCOME MARKET REVIEW**

The US Treasuries (UST) traded range bound for most of the month of May following very weak data on United States (US) labour market which lost a staggering 20.5 million jobs in April as the giant economy received a hard hit from the coronavirus pandemic. The recent heated trade disagreement between US and China also brought back concerns on the US-China trade war. 10-year UST continue to hover around 0.62% to 0.72% as investors are monitoring the economic reopening efforts. While the 2-year and 5-year UST yield have hit a new all-time low on at 0.13% and 0.21% respectively, inching closer to zero as more economic data pointed to the ominous impact from the coronavirus pandemic but have since bounced back to 0.18% and 0.34%. Nevertheless, the long end 30-year UST yield closed higher amidst expected larger supply risk.

US government bonds ended the last Friday of month May with gains with benchmark papers closing 1-4 basis points (bps) lower. Demand for safer haven UST came as US-China tensions escalate further. US players were also reacting to remarks from President Trump saying that the US is terminating its ties with the World Health Organization (WHO) and said his administration is to eliminate policy exemptions that give Hong Kong special treatment. At the end of May 2020 close, the benchmark 2-, 5-, 10- and 30-year UST were last traded at 0.17% (April 2020: 0.195% -2.5bps), 0.34% (0.36%; -2bps), 0.69% (0.64%; +5bps) and 1.45% (1.28%; +17bps) respectively.

Back to the Malaysian market, following the widely expected 50 bps Overnight Policy Rate (OPR) cut by Bank Negara Malaysia (BNM) during May Monetary Policy Committee (MPC) meeting, we saw profit taking activities by mostly local Banks particularly on the long end of the curve. That resulted to pressurized yield movement upward on 15 and 20 year Malaysia Government Securities (MGS) and Government Investment Issue (GII) by 5 to 15bps, while the shorter end of the curve bull steepened in favour of 3 years and below accumulated by Banks upon BNM's announcement on flexibility in the usage of MGS and GII to meet the Statutory Reserve Requirement (SRR) compliance. The Malaysia Ringgit market was also a tad pressured by a weaker Chinese Yuan Renminbi (CNY) and worries over Malaysia's expected budget deficit this year, as the country needed fiscal stimulus and revenue is at risk amid low global oil prices. This came upon news that, PETRONAS reported a 68% reduction in profit for 1Q2020, and announced its plan to cut its capex by 21%.

MoM, Govies space was widely range bound on the belly of the curve with profit takers meeting some interests from foreign players, while the longer end of the curve closed steeper and at higher yield. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.28% (April 2020: 2.28%), 2.47% (2.48%), 2.64% (2.63%), 2.81% (2.77%), 3.16% (3.07%), 3.42% (3.33%) and 3.80% (3.63%) respectively. While similar pattern was noted in GII space, with yield sold-off before stabilizing towards the end of the month. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 1.96% (April 2020: 2.41%), 2.47% (2.51%), 2.70% (2.69%), 2.72% (2.95%), 3.25% (3.09%), 3.46% (3.24%) and 3.79% (3.68%) respectively.

**FIXED INCOME MARKET OUTLOOK AND STRATEGY**

As the world economy is grappling with the effect of COVID-19, Malaysia like other countries will also be affected on its economic growth as the country rely heavily on trade and commodities exports. BNM projects 2020 Gross Domestic Product (GDP) at between -2.0% to +0.5%, assuming COVID-19 cases peaked in April and the resumption of economic activity normalizes in 2H20. Malaysia recorded 1Q2020 GDP growth at a low 0.7% as the COVID-19 impact took hold. BNM forecasted inflation to be muted this year with average headline inflation to be negative on account of substantially lower global oil prices. BNM has guided that inflation to be around -1.5% to +0.5% in 2020.

In response to overcome the impact of COVID-19, the Government and BNM had announced heavy and huge monetary and fiscal accommodation which may have an impact to the local bond/sukuk market direction. On monetary policies, BNM has reduced a total of 100bps on the OPR rate since the start of the year. The central bank had also cut SRR rate by 100 bps and further announced the usage of MGS and MGII by banking institution to meet the SRR compliance starting from 16 May 2020. This will inject an additional liquidity to the financial market estimated at circa RM16 billion on top of the RM30 billion released in effect of the SRR cut. This should bring a total of liquidity infused into the banking system totalling RM46 billion.

While on the fiscal policy, the government had released a stimulus plan of RM250 billion which is expected to increase fiscal deficits and a larger amount of government debt issuances, hence may negatively affect sentiment in the bond/sukuk market. However, demand will be aided by outlook for lower profit rate and ample liquidity in the system.

We do not discount of further rate cut by BNM in the next quarter if economic data far weaker than expected. At the time of writing, the 5-year profit rate swap (IRS) is currently traded below the 5-year MGS which reflecting pricing in another rate cut. Hence, we see the bond/sukuk market will remain supportive despite larger bond/sukuk issuances in the coming months. Nevertheless we shall be more conservative in duration positioning and execute opportunistic trading as we are approaching the trough in profit rate.

**DISCLAIMER:**

Based on the fund's portfolio returns as at 10 May 2020, the Volatility Factor (VF) for this fund is 6.3 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 3.2 but not more than 8.9 (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 3 August 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. This update does not amount to indicate that the SC has recommended or endorsed the Fund. 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 for the Fund are market risk, particular security risk, reclassification of Shariah status risk, interest rate risk, credit/default 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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