

RHB ISLAMIC REGIONAL BALANCED FUND - MYR CLASS

The Fund aims to provide regular income* and capital growth over the medium to long-term** from a diversified portfolio of Shariah-compliant investments.

Note:* Income is in the form of Units. Please refer to the Fund's distribution mode.

** "medium to long-term" in this context refers to a period of three (3) years or more.

INVESTOR PROFILE

This Fund is suitable for investors who:

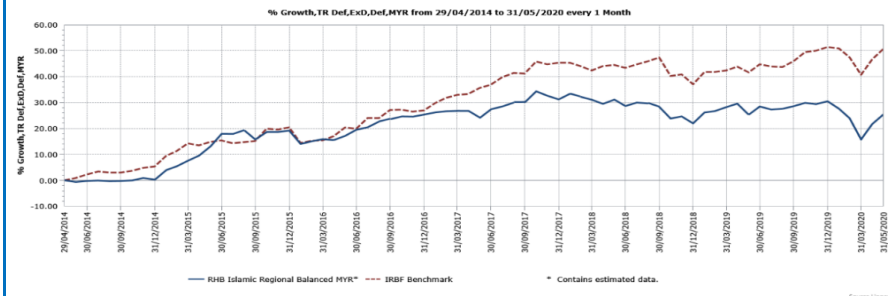
- want to have a balanced portfolio that provides both income and capital growth, and at the same time complies with the principles of Shariah; and
- are willing to accept moderate risk in their investments.

INVESTMENT STRATEGY

- At least 40% and up to 60% of NAV: Investments in Shariah-compliant equities.
- At least 40% and up to 60% of NAV: Investments in non-equity Shariah-compliant investments.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



RHB Islamic Regional Balanced Fund ("IRBF") Benchmark : Following the change in Shariah screening methodology of the Fund from a combination of screening methodologies to a single FTSE Shariah screening methodology effective from 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% FTSE Shariah Developed Asia Pacific Index. Prior to 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% Dow Jones Islamic Market Asia Pacific Index.

Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	3.13	1.24	-3.01	-3.85
Benchmark	2.81	2.25	0.49	-0.43

	1 Year	3 Years	5 Years	Since Launch
Fund	0.14	0.97	10.93	25.44
Benchmark	6.43	11.12	31.31	50.75

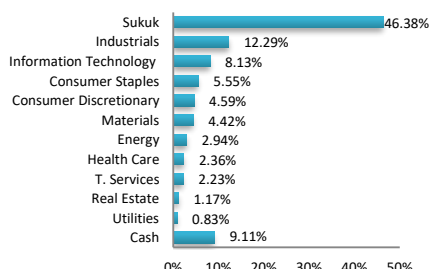
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	6.99	-7.11	4.61	5.27	18.90
Benchmark	10.47	-5.70	14.50	5.41	14.33

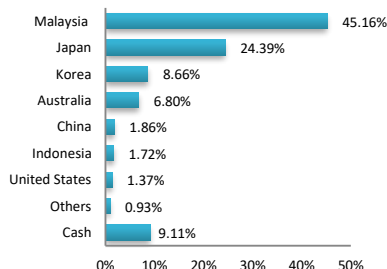
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

MUAMALAT IMTN** 5.500% (25/11/2021)	4.57
SAMSUNG ELECTRONICS	4.32
AFFIN ISLAMIC PERPETUAL AT1 SUKUK WAKALAH (T1)	4.16
WCT IMTN** 6.000% (27/09/2119)	3.18
YTL POWER IMTN** 5.050% (03/05/2027)	3.15

*As percentage of NAV, ** IMTN: Islamic Medium Term Note

FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Balanced fund (Shariah-compliant)
Fund Type	Income and growth
RM Class Launch Date	08 April 2014
USD Class Launch Date	17 June 2014
Domicile	Malaysia
Base Currency	Malaysian Ringgit (RM)
Unit NAV	RM1.2548
Fund Size (million)	RM187.88
Units In Circulation (million)	149.73
Financial Year End	30 April
MER (as at 30 Apr 2019)	2.01%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% RAM QuantShop GII (medium term) Index + 50% FTSE Shariah Developed Asia Pacific Index
Sales Charge	Up to 5.00% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	Up to 0.06% p.a. of NAV, subject to a min. of RM18,000p.a.*
Switching Fee	RM25.00 per switch*
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 STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.2604	1.3146	1.3616
Low	1.2018	1.0692	0.9739

Source: Lipper IM



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MANAGER’S COMMENTS

MARKET OUTLOOK AND STRATEGY

Equity

Our base case remains the same where we assume Coronavirus Disease 2019 (COVID-19) cases to stabilize in June and firm economic recovery to take place in 4Q20. Recovery likely to be U shape rather than V shape as the impact of the fiscal stimulus will likely be felt 6 months later. In addition, consumption pattern will not normalize in the short term as social distancing and restriction on gathering of large group likely to be in place even though lockdown is lifted. In terms of country allocation, we prefer South Korea and underweight Hong Kong China. In terms of sector, we stay invested in technology, pharmaceuticals, and over a longer term, the commodities sector.

Sukuk

As the world economy 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. Bank Negara Malaysia (BNM) projects 2020 Gross Domestic Product (GDP) at between -2.0% to +0.5%, assuming COVID-19 cases peaked in Apr 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 100 basis points (bps) on the Overnight Policy Rate (OPR) rate since the start of the year. The central bank had also cut Statutory Reserve Requirement (SRR) rate by 100 bps and further announced the usage of Government Securities (MGS) and Government Investment Issue (GII) 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 totaling 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 7.8 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 Prospectus dated 3 November 2017 and its supplementary(ies) (if any) (“the Prospectus”) before investing. The 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 Prospectus relates will only be made on receipt of a form of application referred to in the Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks for the Fund are equity risk, currency risk, country risk, interest rate risk, liquidity risk, regulatory risk, credit downgrade and credit/default risk, reclassification of shariah status risk, market risk in emerging and less developed markets, unrated securities risk and risk of use of rating agencies. These risks and other general risks are elaborated in the 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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