

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:

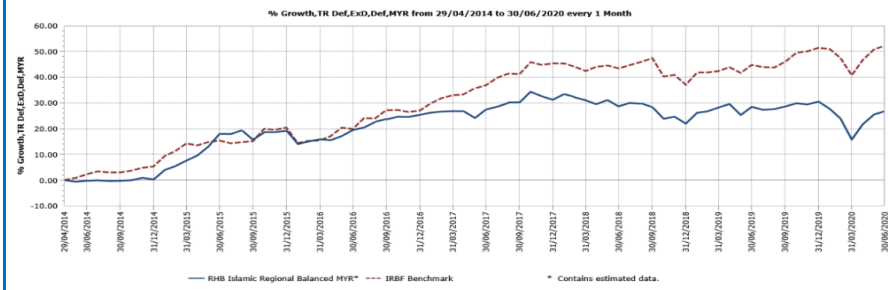
- want to have a balanced portfolio that provides both income and capital growth, and at the same time complies with the principles of Shariah; and
- are willing to accept moderate risk in their investments.

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	1.06	9.54	-2.83	-2.83
Benchmark	0.98	8.17	0.55	0.55

	1 Year	3 Years	5 Years	Since Launch
Fund	-1.30	-0.57	7.53	26.77
Benchmark	5.16	11.21	31.95	52.23

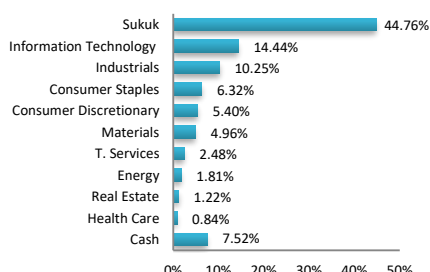
Calendar Year Performance (%)*

	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

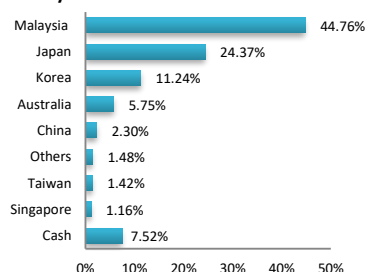
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SAMSUNG ELECTRONICS	5.03
MUAMALAT IMTN** 5.50% (25/11/2021)	4.54
AFFIN ISLAMIC PERPETUAL AT1 SUKUK WAKALAH (T1)	4.00
WCT IMTN** 6.00% (27/09/2119)	3.16
YTL POWER IMTN** 5.05% (03/05/2027)	3.12

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

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.2839	1.3146	1.3616
Low	1.2447	1.0692	0.9739

Source: Lipper IM

*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.



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MANAGER’S COMMENTS

MARKET OUTLOOK AND STRATEGY

Equity

In the absence of positive news, the equity market is likely to be volatile in the short term and will be driven by macro-economic data and geopolitical tensions. Rising United States (US)-China trade friction, the increase in the coronavirus cases in US and European Union will be the focus in charting the direction of the equity performance besides the news of the vaccines. Nonetheless, the equity market is expected to be in favour due to the expectations of prolong low inflation and low interest rate environment. The gradual recovery in the economy will also support the equity market going forward as investors are pricing in lower risks. Hence, we are of the opinion that the worst of the economy and equity market are behind us already. In terms of strategy, we are now overweight in South Korea and Singapore and keeping our underweight exposure in Hong Kong. In terms of sectors, we are buying into more cyclical sectors like technology and commodities that is oil and gas and petrochemicals.

Sukuk

International Monetary Fund (IMF) projected an even deeper contraction in global growth for 2020. It however expects economic growth to recover to 5.4% moving into 2021, down from previous estimate of 5.8%.

In view of concerted monetary easing approach adopted by global central banks as an effort to support growth recovery, we expect global bond yields to stay low. The US Federal Reserve has since ruled out the prospect of negative interest rate but discussion on yield curve control remains open at upcoming Federal Open Market Committee (FOMC) meetings.

Bank Negara Malaysia (BNM) cut its Overnight Policy Rate (OPR) by 25 basis points (bps) to 1.75% at its 6 to 7 July 2020 Monetary Policy Committee (MPC). This is the fourth consecutive cuts in OPR this year and the lowest ever recorded since the last global financial crisis back in 2008 to 2009. We view the latest cut as a pre-emptive measure ahead of the 2Q 2020 Gross Domestic Product (GDP) data which potentially be in contractionary mode due to disruption in economic activities during the pandemic outbreak. In the statement, BNM highlighted that with gradual and progressive reopening of the economy since early May, economic activities in the country have begun to recover. It said it will continue to monitor economic conditions and will use its policy ‘levers’ appropriately to aid a sustainable economic recovery. The latest reduction provides additional policy stimulus to accelerate the pace of economic recovery.

At this juncture, we do not discount for further monetary easing by BNM which will remain data dependent. Hence, we opine local bond yield is expected to remain supported given the depth and liquidity of the domestic bond/sukuk market as well as better yield spreads relative to developed market bond yields which should enticed foreign investors. Total foreign ownership of Malaysian Ringgit government bonds/sukuk had increased to 22.2% in June. The current loose monetary policy landscape and subdued inflation outlook remains supportive for fixed income investments from a real yield perspective.

DISCLAIMER:

Based on the fund’s portfolio returns as at 10 June 2020, the Volatility Factor (VF) for this fund is 7.9 and is classified as “Low”. (source: Lipper) “Low” includes funds with VF that are above 3.3 but not more than 9.5 (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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