RHB Asset Management

# FUND FACTSHEET – SEPTEMBER 2018

All data expressed as at 31 August 2018 unless otherwise stated

3-year Fund Volatility 31.3 very high Lipper Analytics 15 AUG 2018

## RHB GOLD AND GENERAL FUND

This Fund aims to achieve returns on investment mainly in securities of corporations (whether or not listed on any stock exchange, and in any part of the world) whose business (in any part of the world) is or is substantially in the mining or extraction of gold, silver or precious metals (e.g. platinum, palladium, rhodium etc.), bulk commodities (e.g. coal, iron ore, steel etc.), base metals of all kinds (e.g. copper, aluminium, nickel, zinc, lead tin etc.), and other commodities (e.g. industrial minerals, titanium dioxide, borates etc.) and it includes the mining or extraction of oil, gas, coal and alternative energy or other commodities or other minerals.

### INVESTOR PROFILE

This Fund is suitable for investors who:

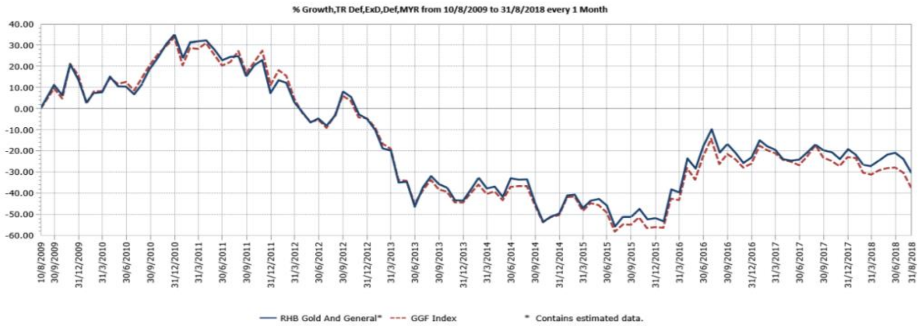
- wish to participate in the potential benefits derived from investment in companies involved in the mining and exploration of precious metals, energy or base metals;
- wish to diversify their investment portfolio from traditional asset classes; and
- are willing to accept a higher risk in their investments to obtain potentially higher returns in the long term.

### INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the units of United Gold and General Fund.
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

### FUND PERFORMANCE ANALYSIS

**Performance Chart Since Launch***




**Cumulative Performance (%)***

| | 1 Month | 3 Months | 6 Months | YTD |
|---|---|---|---|---|
| **Fund** | **-8.79** | **-11.21** | **-5.56** | **-14.26** |
| Benchmark | -10.62 | -13.33 | -10.64 | -19.11 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|---|---|---|---|---|
| **Fund** | **-16.43** | **41.97** | **2.11** | **-30.60** |
| Benchmark | -24.68 | 37.53 | -6.05 | -37.61 |

**Calendar Year Performance (%)***

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Fund** | **5.32** | **59.38** | **-4.01** | **-10.92** | **-40.59** |
| Benchmark | 4.07 | 68.12 | -11.34 | -10.72 | -41.64 |

*Source: Lipper IM*

### FUND DETAILS

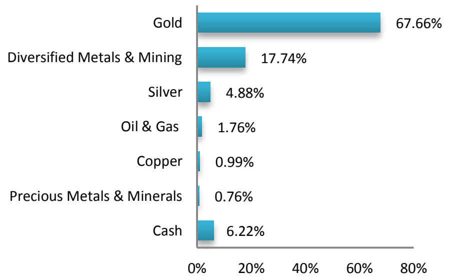
| | |
|---|---|
| **Manager** | RHB Asset Management Sdn. Bhd. |
| **Trustee** | HSBC (Malaysia) Trustee Bhd |
| **Fund Category** | Feeder Fund |
| **Fund Type** | Growth Fund |
| **Launch Date** | 21 July 2009 |
| **Unit NAV** | RM0.2615 |
| **Fund Size (million)** | RM175.42 |
| **Units In Circulation (million)** | 670.88 |
| **Financial Year End** | 30 June |
| **MER (as at 30 June 2018)** | 0.55% |
| **Min. Initial Investment** | RM1,000.00 |
| **Min. Additional Investment** | RM100.00 |
| **Benchmark** | 70% FTSE Gold Mines Index (RM) + 30% HSBC Global Mining Index (RM) |
| **Sales Charge** | Up to 5.50% of investment amount* |
| **Redemption Charge** | None |
| **Annual Management Fee** | 1.80% 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** | None |

**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.*

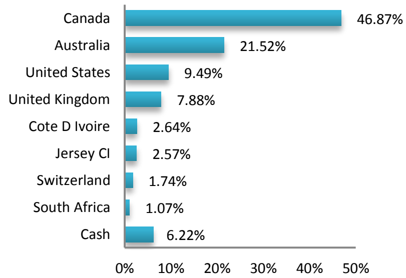
*For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

### FUND PORTFOLIO ANALYSIS

**Sector Allocation***




**Country Allocation***




**Top Holdings (%)***

| | |
|---|---|
| NEWMONT MINING | 6.88 |
| TECK RESOURCES LTD | 4.90 |
| RIO TINTO | 4.34 |
| PRETIUM RESOURCES | 4.34 |
| GOLDCORP | 4.23 |

**As percentage of NAV*

**Source: UOBAM, 31 August 2018. Exposure in United Gold & General Fund - 96.29%*

### FUND STATISTICS

**Historical NAV (RM)**

| | 1 Month | 12 Months | Since Launch |
|---|---|---|---|
| High | 0.2867 | 0.3282 | 0.6393 |
| Low | 0.2548 | 0.2548 | 0.1622 |

*Source: Lipper IM*


**RHB Asset Management Sdn Bhd (174588-x)** **Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur** **General Line: 603-9205 8000**

www.rhbgroup.com

RHB Group @RHBGroup RHB Group RHBGroup

RHB Asset Management Sdn Bhd (174588-X)

# RHB GOLD AND GENERAL FUND

This Fund aims to achieve returns on investment mainly in securities of corporations (whether or not listed on any stock exchange, and in any part of the world) whose business (in any part of the world) is or is substantially in the mining or extraction of gold, silver or precious metals (e.g. platinum, palladium, rhodium etc.), bulk commodities (e.g. coal, iron ore, steel etc.), base metals of all kinds (e.g. copper, aluminium, nickel, zinc, lead tin etc.), and other commodities (e.g. industrial minerals, titanium dioxide, borates etc.) and it includes the mining or extraction of oil, gas, coal and alternative energy or other commodities or other minerals.

## MANAGER'S COMMENTS

**MARKET REVIEW**

Physical gold started August 2018 at US$1,224/oz and spent the first half of the month trending downwards to reach an intra-month low of US$1,175/oz on 16 August 2018. This price action was inversely correlated with the strong upward move in the US Dollar Index (DXY), which reached an intra-month high on 15 August 2018. However, the US Dollar then weakened against other major currencies, which allowed for a limited rebound in gold-related assets. The gold price eventually finished the month at US$1,202/oz.

Movements in the US Dollar were linked to day-to-day developments in ongoing trade disputes. There were periods of positive news, such as the 27 August 2018 announcement that the US and Mexico had reached a trade agreement that will supersede NAFTA. However, the more important US-China trade dispute showed no signs of de-escalation. Over US$100bn of goods are now subject to duties, with the Trump administration announcing that it was preparing tariffs on another US$200bn of Chinese goods. Concerns about a global economic downturn related to increased trade barriers negatively impacted sentiment towards both emerging markets and commodities.

Although historical data shows that gold can rally during periods of US Dollar strength, gold assets remained under pressure ahead of the expected increase in the Fed Funds rate at end-September 2018. With US economic data remaining largely positive, there is no indication that the Fed will reverse its tightening course. Yet real US interest rates have not increased sharply, and could remain subdued if a stronger dollar results in higher import prices and a pick-up in inflation. In addition, any sign that the Fed has over-tightened and will stop raising interest rates will be bullish for gold.

The Target Fund believes gold-related assets are now starting to appear attractive, as the gold price moves towards the lower end of its multi-year trading range. August 2018 saw COMEX gold net long positions move into extremely oversold territory, as net long positioning fell to 755 tonnes (-1.7% mom) and net short positioning increased to 760 tonnes (+13.6% mom). This resulted in a net positioning of -5 tonnes (-36.7% mom), the first time since before 2000 that net COMEX gold positioning has been negative at month-end. Historically, such oversold positioning has been the precursor of a strong rally in the gold price.

Bloomberg data showed total aggregate Gold ETF holdings decreased slightly to 2,139 tonnes (-1.9% mom). IMF data on central bank purchases showed the Russian Central Bank adding another 26 tonnes in July 2018. This increases Russia's official gold reserves to 1,970 tonnes and comes at a time when Russia is liquidating its US treasury holdings. The official gold holdings of the People's Bank of China (PBoC) remained unchanged at 1,842 tonnes.

Gold equities underperformed physical gold in August 2018, as sentiment soured following disappointing impairment charges by several companies during the 2Q18 reporting season. It has been over eighteen months since the gold price was last below the US$1,200/oz level, and investors are now concerned the gold price will re-test December 2015 lows below the US$1,100/oz level. However, the Target Fund Manager notes a large number of gold companies can still generate positive free cash flow at US$1,100/oz and have low levels of debt on their balance sheets. The Target Fund Manager expects to overweight gold equities relative to benchmark, with a preference for companies operating in safe political jurisdictions such as Australia and Canada.

The EMIX Global Mining Index declined in August 2018, with trade war concerns and emerging market currency volatility overshadowing any positive economic data. The Target Fund has moved to a slightly underweight position relative to benchmark, and remains invested in low-cost producers with strong balance sheets.

West Texas Intermediate crude oil price started August 2018 at US$68.76/bbl and closed the month higher at US$69.80/bbl (+1.5% mom). While is it possible that a US-China trade war will have a negative impact on global demand, there is also concern about reduced sales of Iranian crude oil into the global market. It was also notable that the US Energy Information Agency (EIA) reduced estimates for US crude production, with revised monthly data showing much lower production that earlier weekly production estimates.

**MARKET OUTLOOK AND STRATEGY**

Financial markets expect further interest rate hikes and monetary tightening from the US Federal Reserve. However, US monetary policy contrasts with the Bank of Japan and the ECB, both of which continue with easy monetary policies. This divergence may cause volatility in global currency markets and has uncertain implications for global inflation. Unconventional monetary policy and low real interest rates could result in higher inflation, which would be positive for gold and potentially positive for general commodity prices. Conversely, a tariff-related downturn in economic growth could result in deflation and renewed risks to the global banking system. The Target Fund expects to hold a neutral to overweight position in gold equities relative to the benchmark, with a preference for mid-tier and junior producers with growing volume output and low production costs. The Target Fund's preference for gold is based on the Target Fund Manager's beliefs that gold-related assets can perform well in both inflationary and deflationary environments.