RHB Asset Management

FUND FACTSHEET – JANUARY 2020

All data expressed as at 31 December 2019 unless otherwise stated

3-year Fund Volatility 10.6 very high Lipper Analytics 10 DEC 2019

RHB ENERGY FUND

The Fund aims to achieve long term capital appreciation through an investment that is linked to the global energy sector.

INVESTMENT STRATEGY

- 90% to 100% of NAV: Investments in Malaysian bonds, money market instruments, cash and deposits with financial institutions.
- Up to 10% of NAV: As capital payment for exposure to a derivative instrument in the form of a swap agreement that will provide the Fund with exposure to the global energy sector. With this capital payment, the Fund can have a notional amount of up to 100% of its NAV exposed to the Underlying which are linked to the global energy sector.

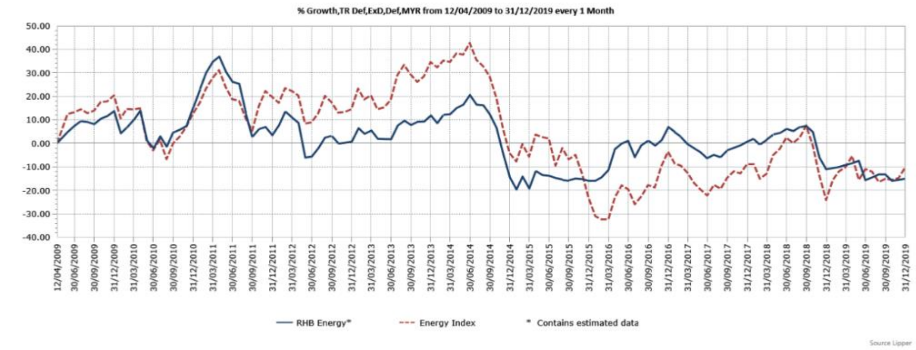
INVESTOR PROFILE

This Fund is suitable for investors who:

- seek investment opportunities in the global energy sector;
- seek capital growth;
- have a long term investment horizon; and
- have an appetite for risk to gain higher returns.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**0.63**	**-2.11**	**0.74**	**-4.52**
Benchmark	5.38	5.81	0.84	18.32

	1 Year	3 Years	5 Years	Since Launch
Fund	**-4.52**	**-20.64**	**-0.79**	**-15.17**
Benchmark	18.32	-6.87	-6.26	-10.17

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**-4.52**	**-11.72**	**-5.85**	**27.42**	**-1.89**
Benchmark	18.32	-16.73	-5.48	25.72	-19.93

Source: Lipper IM

FUND DETAILS

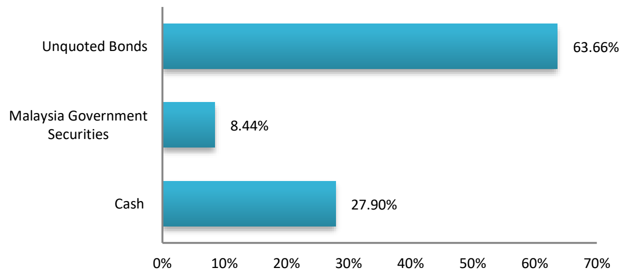
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	23 March 2009
Unit NAV	RM0.3525
Fund Size (million)	RM12.15
Units In Circulation (million)	34.48
Financial Year End	31 March
MER (as at 31 Mar 2019)	1.65%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	60% S&P GSCI Energy Official Close Excess Return Index (RM) + 40% MSCI World Energy Index (RM)
Sales Charge	Up to 5.00% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Distribution Policy	Incidental

**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

Asset Allocation*



Top Holdings (%)*

BRIGHT FOCUS BHD 2.5% (24/01/2030)	12.17
CIMB GROUP HOLDINGS 5.4% (23/10/2023)	8.57
AMISLAMIC BANK BHD 4.88% (18/10/2028)	8.54
MALAYSIAN GOVT SEC 3.733% (15/06/2028)	8.44
MEX II SDN BHD 6.4% (28/04/2034)	8.16

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3525	0.3845	0.6014
Low	0.3503	0.3478	0.3226

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The Federal Reserve began the purchase of Treasury bills at the rate of USD60 billion per month in mid-October and will purchase bills at least into the second quarter of 2020. In addition, repo operations will continue at least through January: term operations of at least USD35 billion twice per week and overnight operations of at least USD75 billion. The FOMC kept the target range unchanged at 1.5-1.755 at its December meeting. The meeting went largely as expected as the Committee expressed less concern about "uncertainties," and indicated that the current stance of monetary policy is appropriate. The dot plot signals a rate hold through 2020, one hike in each of 2021 and 2022, and an unchanged neutral rate of 2.5%. Fed Chair Powell remain dovish during the press conference. The FOMC is scheduled to conclude its policy framework review around mid-year, with adoption of some form of average inflation targeting the most likely outcome pointing to a more dovish stance.

Geopolitical tail-risks have abated but they have not disappeared, a point underscored by this week's US drone strike on an Iranian military leader. Thus far, the rise in oil prices has been more muted than the spike seen following the Iranian strike on a Saudi oil facility in September. This price action likely reflects the view that any response will not have a major impact on global oil supply. Even if this view is correct, Brent crude oil prices currently stand close to $69bbl, and have been moving up steadily last quarter. Indeed, after falling 9% over 3Q19 oil prices rose 19% over the past three months.

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") yield curve flattened during the first half of the month as the 5-year yield rose 6 bps and the 10-year was flat at around 3.42% to 3.45% level. Local government bonds were less affected by news of a US-China phase one trade deal in comparison to the Ringgit as USD/MYR fell to around 4.14 from 4.16 at the start of the month. Towards the end of the month, the yield from the belly to the longer tenor of the curve lifted positively as buying interest resurfaced despite quiet trading days while MYR closed the year stronger at around 4.09. Overall, the MGS and GII yield remain supported as investors repositioned themselves ahead of holidays and year end with anticipation of seasonally strong first quarter for domestic bond market ahead. In addition, the yields were generally supported after Bank Negara Malaysia ("BNM") released the auction calendar for 2020 suggested positive reaction from investors.

BNM has announced the auction calendar for 2020 with reopening auctions to dominate next year. This is a major shift in auction landscape and is a positive catalyst for the local government bond space as this will further enhance liquidity of the existing issuances of MGS and GII. We see this as an additional step taken by BNM toward improving bond liquidity in mind ahead of the FTSE Russell's decision in March 2020. With most benchmarks to be reopened from the existing bonds ie; only 4 new issues in 2020 compared to 12 new issues in 2019, this will certainly help enhance the liquidity of off-the run bonds and increase the average tranche size which will complement an extended role for principal dealers to quote all off-the run bonds. Collectively, gross issuances of MGS and GII in 2020 forecasted at around MYR115 billion is to be issued via the domestic bond market after taking into account the second tranche of Samurai bonds which expected to be issued in 2020. On balance, we expect demand and supply dynamics to remain healthy as combined MGS and GII maturities of around MYR70.7 billion to return as reinvestment flows. On the other hand, net issuances of MGS and GII remain manageable at about MYR45 billion which will have an overall neutral impact from a net supply perspective.

Month-on-month, MGS yields bull-steepened with 10-year supported towards the end of the month and grinded 12 bps lower while 30-year saw upward trend in yields by 15 bps. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 3.00% (November-2019: 3.04%), 3.18% (3.18%), 3.30% (3.33%), 3.30% (3.43%), 3.59% (3.68%), 3.70% (3.76%) and 4.10% (3.94%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, was looking more stable with yields seen more defensive and holding well across the tenors during the period. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 3.06% (November-2019: 3.13%), 3.19% (3.26%), 3.30% (3.38%), 3.42% (3.50%), 3.72% (3.78%), 3.82% (3.89%) and 4.06% (4.11%) respectively.

MARKET OUTLOOK AND STRATEGY

On crude oil, we the possibility of Brent reaching $75 in the near-term led by geopolitical risk premium and increasing odds of additional supply disruptions. Key drivers to watch are 1) improving demand, 2) US producer discipline, and 3) IMO benefits

Domestically, the last scheduled Monetary Policy Committee ("MPC") meeting going into 2020 was explicit in recognizing global downside risks while on the domestic front reiterated that the growth pace should sustain going into 2020 alongside support from Budget 2020 measures. However, the baseline projections are still subject to downside risks from policy uncertainties and commodity related shocks. Three days after the MPC, BNM in a surprise move has announced the reduction in the Statutory Reserve Requirement ("SRR") ratio by 50 bps to 3.00%. According to BNM, the decision to lower the SRR was to maintain sufficient liquidity in the domestic financial system and to facilitate effective liquidity management by banking institutions. While it was emphasized that reducing SRR is not a signal on the monetary policy stance, the release of liquidity (estimated at around MYR7.5 billion) into the banking system is still a bond positive move and this may be seen as a precursor to an OPR cut. At this juncture, consensus view according to a Bloomberg survey are pencilling a prospect of another 25 bps cut as early as the 1st Quarter of 2020 although the timing could be brought forward or delayed depending on the US-China trade outcome which could weigh on the 4.8% growth forecast for 2020. Nonetheless, we think BNM could afford to wait until such time the data disappoints sufficiently to put the optimistic growth forecast at risk. In terms of the inflation outlook, CPI is expected to average at 2.0% in 2020, higher compared to 0.9% in 2019 broadly on targeted fuel subsidy implementation. Having said that, recent announcement by Government to delay implementation of targeted fuel subsidy programme will definitely have an impact on the inflation forecast in our view. Nevertheless, the inflation outlook for Malaysia is still manageable as real interest rates remain in positive territory versus the current Overnight Policy Rate ("OPR") level of 3.00%.

In the local fixed income market, we sense that local factors are still looking supportive given the easing bias towards monetary policy, a neutral supply profile and resilient domestic demand for bonds given surplus liquidity in the domestic space. With 1st Quarter usually a seasonally strong quarter for domestic bond market, we think the curve will be supportive particularly if there is an explicit dovish shift in the MPC language and OPR cut materialises during the period on the back of slower economic activities and optimistic growth forecast. Nonetheless, we remain vigilant on external factors as the Fed's mid-cycle easing could prolong US expansion mode while the US-China partial deal may revive global growth outlook hence may pose upside risk to yields. Additionally, the upcoming decision of FTSE Russell index may result in additional volatility to the market, and hence will also be another risk factor to eye by 1Q2020. These uncertainties may present buying opportunities given surplus liquidity in the local bond market will eventually be supportive and limit the upward pressure on yields. With these views, we remain positioned to capture opportunities to actively trade in the government securities space as volatility is expected to present value from a risk-reward perspective. In the corporate space, we will remain selectively invested and participate in the primary issuances where yield premium is compensated. In summary, 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 10 December 2019, the Volatility Factor (VF) for this fund is 10.6 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 11.2 (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 30 June 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2019.

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 September 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. 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 of the Fund are credit and default risk, interest rate risk, counterparty credit risk associated with derivatives, derivative risk, legal/ regulatory risk, sector risk, currency risk, management risk, risk linked to the MSCI World Energy Index, returns are not guaranteed and risks relating to JPMCCI Energy Excess Return Index and the Contag Indices. 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.