

RHB CAPITAL FUND

This Fund aims to achieve long term growth through capital appreciation with all income including profits on realisation of investments being automatically reinvested for its compounding effect.

INVESTOR PROFILE

This Fund is suitable for Investors who:

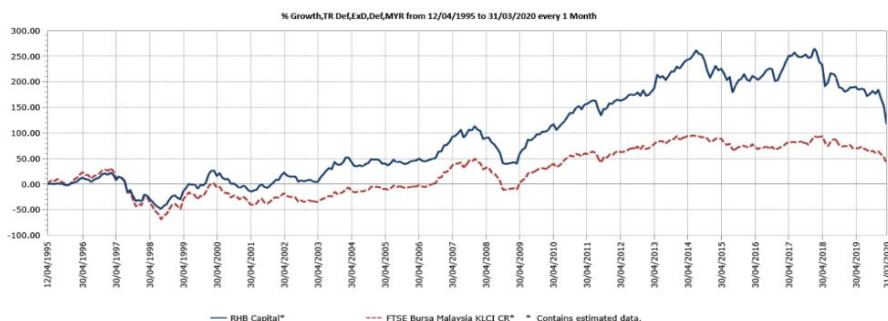
- want a professionally managed portfolio of shares and fixed income securities;
- have a medium to long term investment horizon of 3 to 5 years or more;
- want to achieve regular income and capital gain at an acceptable level of risk; and
- want to invest in shares but do not have the time to manage their own portfolio.

INVESTMENT STRATEGY

- Minimum of 60% and up to 95% of NAV will be invested in equities.
- Minimum of 5% of NAV will be invested in fixed income securities and/or liquid assets.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-14.19	-23.56	-21.36	-23.56
Benchmark	-8.89	-14.97	-14.71	-14.97

	1 Year	3 Years	5 Years	Since Launch
Fund	-24.87	-36.20	-32.67	117.31
Benchmark	-17.81	-22.37	-26.21	39.84

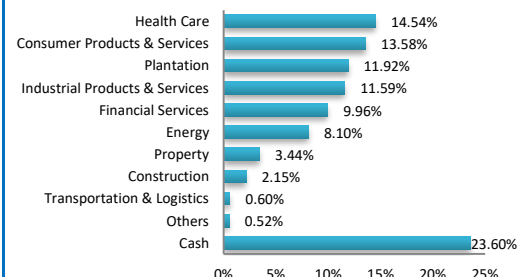
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	1.08	-19.27	14.65	-3.32	1.93
Benchmark	-6.02	-5.91	9.45	-3.00	-3.90

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

MALAYAN BANKING BHD	8.20
DIALOG GROUP BHD	7.14
SUPERMAX CORP BHD	5.71
TOP GLOVE CORP BHD	5.71
GUAN CHONG BHD	4.07

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7866	0.9240	1.5245
Low	0.6021	0.6021	0.4012

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
25 Apr 2019	1.5000	1.60
20 Apr 2018	1.1400	1.02
20 Apr 2017	6.5000	6.06
28 Apr 2016	10.3500	9.16
28 Apr 2015	11.5000	8.48

Source: RHB Asset Management Sdn. Bhd.

RHB CAPITAL FUND

This Fund aims to achieve long term growth through capital appreciation with all income including profits on realisation of investments being automatically reinvested for its compounding effect.

MANAGER'S COMMENTS

MARKET REVIEW

The year started with some optimism on global growth after US and China reached an agreement to end the trade disputes. The FBM KLCI did not benefit that much due to low earnings growth expectations compare with other markets in the region. However, the positive sentiment was quickly turned into negative when Chinese government announced a lock down on Wuhan's residents when the Covid 19 outbreak was detected and spread rapidly in Wuhan. The lock down has impacted the supply chain to the manufacturing activities across the world.

The demand for commodities products were also affected badly amid oversupply. Industrial commodities were hit hard and oil price tumbled. Brent tumbled 9.4% on 6 March 2020 to USD45 per barrel (bbl), biggest daily drop since global financial crisis (GFC). The oil price continues to drop and is hovering around USD20-USD28 per barrel. In addition to the two global negative events, Malaysia is also facing with political uncertainties. Tan Sri Muhyiddin Yassin has been officially sworn in as Malaysia's Prime Minister on 1 March 2020. He leads a new coalition government following the collapse of the Pakatan Harapan government on 24 February 2020. However, it seems that the political uncertainties have taken a back seat as people are more concerns on the negative impact of the Covid 19 outbreak.

The number of people who has been infected globally has increased significantly over the last 2 months which has led the government across the world to come up with stimulus package and central bankers cuts interest rate. In order to control the virus from spreading fast, the government across the globe has introduced "lock down". Malaysia has also cut the interest rate and lower the statutory reserve requirement in order to inject more liquidity into the economy. In addition, the government has also unveiled a RM250bn of stimulus package or 17% of GDP to help cushion the impact of the slowing economy. Corporates are facing with lower profit and cash flow problem. This has resulted in the massive sell down of stock market across the globe which FBM KLCI also suffers badly.

FBM KLCI has fallen significantly over the past 2 months and the index touched its lowest level year to date at 1,207 level but managed to close higher at 1,219 level on 19 March 2020. The index fell by 369 points or 23.2% from 1,588 level as at 31 December 2019. The index has fallen into bear market territory due to the possibility of a global recession in 2020 as a result of Covid 19 pandemic outbreak. The FBM KLCI index has rebounded since then and closed at 1,350 level on 31 March 2020. The index down by 234 points or 15% in the first quarter of 2020. However, FBM KLCI performed relatively better than other indices in the region which were down more than 20% on the average. FBM KLCI tends to outperform during market downturn.

MARKET OUTLOOK AND STRATEGY

We are of the opinion that the financial market is still unsettled for now due to the uncertainty of when the COVID 19 pandemic will end and for how long it will drag further. The supply disruptions caused by the lock down globally will result in the slowdown in the global productions and demand. In addition, the hoarding of essential items especially agriculture products by the producing countries to protect internal supply and consumption would have an impact on food inflation. The global lock down will have a negative impact on corporates profitability and cash flow if the lock down continues for long period of time. Hence, both domestic and global production are likely to be impacted badly as well. The world's economy is likely to go into recession.

Equity markets are likely to continue with volatility as new cases are still on the rise globally with US seeing the largest jump in numbers. Corporate earnings would also be downgraded further and the index might not reach its bottom yet.

The turning point would be where the number of reported cases globally recedes and countries starts to lift the lock down globally.

The FBKLCI index at 1,350 level still has only factored in 3% drop in corporate earnings which we are of the opinion that it has not factored in recession in Malaysia. We would expect further downward revision in corporate earnings going forward. Hence, we will treat the market cautiously in view of further corporate earnings downgrade

DISCLAIMER:

Based on the fund's portfolio returns as at 10 March 2020, the Volatility Factor (VF) for this fund is 12.2 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 11.1 (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 15 July 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. 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 of the Fund are stock market risk, liquidity risk, individual stock risk and issuer 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.