RHB Asset Management

FUND FACTSHEET – APRIL 2020

All data expressed as at 31 March 2020 unless otherwise stated

3-year Fund Volatility 10.1 high Lipper Analytics 10 MAR 2020

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.

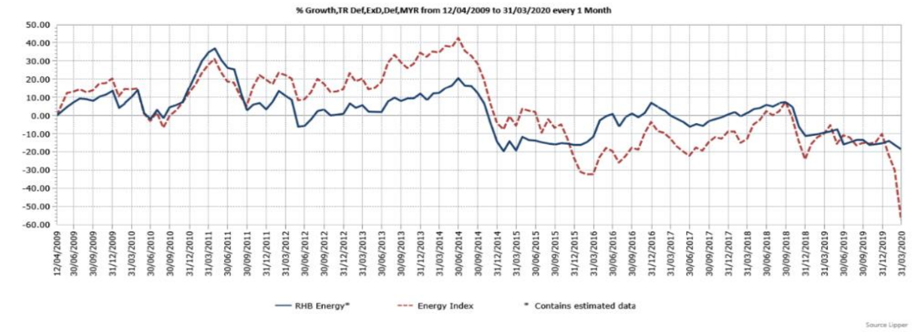
INVESTOR PROFILE

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	**-2.87**	**-4.09**	**-6.11**	**-4.09**
Benchmark	-39.22	-52.60	-49.85	-52.60

	1 Year	3 Years	5 Years	Since Launch
Fund	**-10.25**	**-18.49**	**0.84**	**-18.63**
Benchmark	-52.66	-51.35	-54.89	-57.42

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

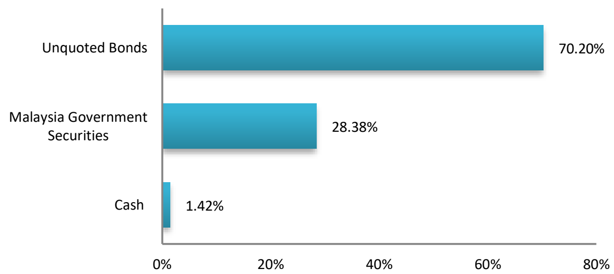
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	23 March 2009
Unit NAV	RM0.3381
Fund Size (million)	RM10.58
Units In Circulation (million)	31.30
Financial Year End	31 March
MER (as at 31 Mar 2019)	1.65%
Min. 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 (%)*

GII MURABAHAH 4.724% (15/06/2033)	15.65
BRIGHT FOCUS BHD 2.5% (24/01/2030)	14.18
CIMB GROUP HOLDINGS 5.4% (23/10/2023)	9.82
AMISLAMIC BANK BHD 4.88% (18/10/2028)	9.77
MALAYSIAN GOVT SEC 3.733% (15/06/2028)	9.64

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3486	0.3845	0.6014
Low	0.3344	0.3344	0.3226

Source: Lipper IM

3-year Fund Volatility
10.1
high
Lipper Analytics
10 MAR 2020

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MANAGER'S COMMENTS

MARKET REVIEW

The global market fell sharply by 13.7% in the month of March, bringing the market to close the quarter down by 21.7%. Energy (-28.8%) sector continued to be under pressured with WTI oil price sinking close to USD 20 per barrel. All sectors registered a drop in March, with cyclical sectors such as financials (-22.4%), materials (-15.0%) and industrials (-18.0%) underperforming. On the other side, consumer staples (-5.7%) and healthcare (-4.0%) outperformed. Within regions, United States (-12.8%), Asia ex Japan (-12.2%) and Japan (-8.1%) outperformed while UK (-16.4%) and Europe (-15.0%) underperformed.

Confirmed cases across the globe for the novel coronavirus (Covid-19) continue to surge with the World Health Organization declaring the outbreak a pandemic on 11th of March and urged countries and administration to take 'urgent and aggressive' action. As of then, the total confirmed cases for COVID-19 has exceeded 126,000 and this number has further increased by six-fold to 860,000 at the time of writing. While lockdown, quarantining and social distancing is the right prescription to combat COVID-19, its impact on the global economy is unprecedented. The COVID-19 outbreak is disrupting both demand as well as supply chain and poses risks to corporate earnings. Under any scenario, International Monetary Fund declared a global economic recession as IMF Managing Director Kristalina Georgieva said on 27th March, "It is now clear that we have entered a recession – as bad as or worse than in 2009,"

Action areas to support global economy includes fiscal stimulus to prevent long-lasting economic damage, monetary policy to ease financial conditions and ensure flow of credit and regulatory response to safeguarding financial stability. The case for a coordinated and synchronized global effort is needed to stablise the global economy and we are seeing various stimulus and measures from all around the world. While these measures should be deployed, the first and foremost important is the health security policies and control. Indeed, how far it will fall, and for how long, is difficult to predict, and would depend on the pandemic, but also on the timeliness and effectiveness of government actions.

Oil prices suffered a dramatic collapse when Saudi Arabia surprised investors by launching a price war with one-time ally Russia in March 2020. This shocking move comes after OPEC and Russia failed to reach an agreement over supply cuts to address the declining demand for oil. Saudi Arabia has announced plans to raise production to 12.3 million bpd from 1st April 2020, up from its current production of 9.7 million bpd. Oil prices have since collapsed to levels below the Global Financial Crisis (2009) and the US shale boom (2016) periods. Global oil supply is expected to remain at about 100.8mbpd while demand to is expected to fall to 97mbpd as demand from China slowed during the outbreak, resulting in an oversupply condition for 1Q20. The oversupply condition is expected to further deteriorate going into 2Q20, and could further increased to 5.7mbpd excess supply.

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") extended their rally at the start of the month as an intermeeting rate cut by the Fed lent support to the global bond rally. However, the local yields sold-off from the middle of the month onward following the plunge in oil prices, weaker Ringgit and a broad-based selling in regional rates. The plunged in oil prices as a result of price war and supply pressure has influenced investors to re-adjust their positioning on local assets due to concern on higher revision in fiscal deficit amid thin market liquidity. Risk sentiments remains fragile, with USDMYR pair rising to 4.44 level before it stabilized towards month-end and settled at around 4.34 level. Despite the efforts by central banks easing and government packages around the globe, markets think it wasn't enough to contain the impact from Covid-19 outbreak. As such, risk off sentiment continued to persist and saw global investors dumping assets, especially in the emerging market space and repatriate funds; which resulted in shortage of USD liquidity globally. UST10y and gold were also not spared although US Fed cut the fed fund rate to zero.

Overall, the MGS and GII yields sold-off with a higher magnitude during the month as risk-off sentiments at this juncture forcing investors to exit amid redemption and foreign selling pressure. Nevertheless, as investors shoring up expectations on more global central banking easing, we saw levels stabilizing especially on the front-end of the curve as the recent cut on Statutory Reserve Requirement ("SRR") by BNM expected to lend further support on enhance liquidity in to the capital market. Month-on-month, MGS space bear-steepened with yields collapsing roughly about 40 bps to 60 bps across the tenors after some stabilizing towards the month end. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.74% (February-2020: 2.60%), 3.07% (2.63%), 3.22% (2.77%), 3.37% (2.81%), 3.62% (3.05%), 3.71% (3.22%) and 4.00% (3.58%) respectively.

MARKET OUTLOOK AND STRATEGY

The low oil prices will hurt companies with high cost per barrel and economies are largely dependent on oil revenue. However, Saudi Arabia, Russia and the US unlikely to budge in the current price war situation. The market is also already starting to see large inventory builds as well, which would lead to a further steepening of the forward curve into contango to cover the quickly rising costs of storing all these barrels. As such, oil prices will remain low in the near term, and any further decline to oil prices would likely be temporary as current oil prices are at breakeven levels for most oil companies.

In the local fixed income market, after the recent sell-off which saw bond yields higher by a magnitude of circa 80 bps to 100 bps within the span of just two weeks, valuation has started to appear attractive for re-investment purposes. As a matter of fact, we have already begun to see buying interest in selective credit and up to the belly of government securities once the sign of market fears abate. Nevertheless, the recent economic stimulus package announced has definitely increased pressure on the fiscal front. Without further clarification on the funding of this package for the time being, a preliminary study estimates an increase of about 11-17% in MGS/MGII supply for the remaining auctions in 2020.

The gyration in prices across all asset classes reflects both liquidity and risk off positions until it pivots to a point of market stability. We expect the local government space to stay supported on widening yield differential versus the UST; whereby it does increase the attractiveness of our local government bond and being renowned for its resilience towards any selloff due to deep onshore support and in-built back stop measures. We will continue to monitor the situation of markets till we see signs of stability. 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 with; focusing those that has higher secondary trading prospects and relatively liquid potentials to enable the portfolio to remain flexible as we navigate challenging market times.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 March 2020, the Volatility Factor (VF) for this fund is 10.1 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 8.8 but not 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 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.