FUND FACTSHEET – MAY 2020

All data expressed as at 30 April 2020 unless otherwise stated

3-year Fund Volatility 10.1 high Lipper Analytics 10 APR 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

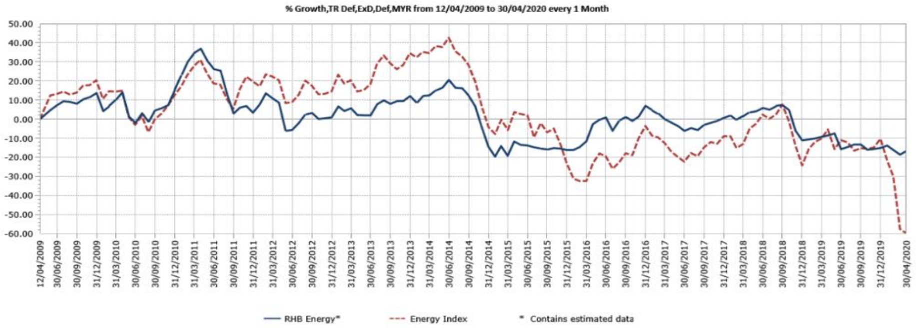
• 90% to 100% of NAV: Investments in Malaysian bonds, money market instruments, cash and deposits with financial institutions.
• Up to 10% of NAV: As capital payment for exposure to a derivative instrument in the form of a swap agreement that will provide the Fund with exposure to the global energy sector. 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	**2.40**	**-3.24**	**-0.72**	**-1.79**
Benchmark	-5.29	-48.63	-52.29	-55.11

	1 Year	3 Years	5 Years	Since Launch
Fund	**-8.82**	**-15.02**	**-5.49**	**-16.68**
Benchmark	-57.39	-51.51	-61.12	-59.67

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

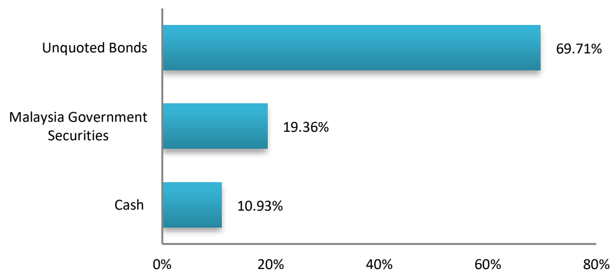
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	23 March 2009
Unit NAV	RM0.3462
Fund Size (million)	RM10.82
Units In Circulation (million)	31.24
Financial Year End	31 March
MER (as at 31 Mar 2019)	1.65%
Min. 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)	16.16
BRIGHT FOCUS BHD 2.5% (24/01/2030)	14.07
CIMB GROUP HOLDINGS 5.4% (23/10/2023)	9.71
AMISLAMIC BANK BHD 4.88% (18/10/2028)	9.69
MEX II SDN BHD 6.4% (28/04/2034)	9.47

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3462	0.3845	0.6014
Low	0.3381	0.3344	0.3226

Source: Lipper IM

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

RHB ENERGY FUND

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MANAGER'S COMMENTS

MARKET REVIEW

The financial market has welcomed the stimulus as the global market rose 10.6% in April, bringing the year to date loss to 13.5%. The lockdown measures continue to show results as the COVID-19 curve continues to flatten. At the time of writing, total confirmed cases crossed 4 million - an increase from 3.4 million the prior week. Out of the total confirmed cases, around 58.6% still remain active (eased from 61.1% prior week), while 34.5% have recovered with fatality rate hovering around 7.0%. The stages of recovery differ across the world as shown in the table above. We will look forward for the decline in the number of new cases turns, increase in the number of recoveries as well as potential medical response (from treatment care (antiviral) to preventive care (vaccines) while cautious any possible 'second wave'. Indeed, many factors could affect the numbers.

Indeed, narrative in the news has shifted from the crisis to recovery. Parts of US states, Europe as well as Asia have started removing mobility restrictions after experiencing slower growth in cases. Mirroring China's process, reopening of economies are anticipated in phases. Analysis of China data shows that it takes longer for the consumer to return to normalcy (get back to play) than for manufacturing to recover ("get back to work"). A major constraint to "back to work" is the high percentage of children affected by school closures. According to UNESCO, as of May 1, there are 1.29 billion or 73.8% of total learners in 186 countries still facing school closures. While a lion's share of students is subjected to national or regional shutdowns complicated parents "back to work" plan, it is an improvement from 1.6 billion or 91.4% in 195 counties on April 1. In gauging a return to play, flight activity between major cities in the greater China area are starting to pick up. The impact of COVID on the Chinese aviation reached a peak in the week starting February 17, with flight numbers down by 70.8% and it is still down by 39.2% in the week starting April 27.

The lockdowns globally have caused a huge loss of wealth from idled businesses, and vastly stretched the ranks of the unemployed. Under this circumstance it appears unreasonable to expect consumption to rebound to previous levels. Many businesses have wound back capex plans and are battening down for tough times ahead. Those actions, while wise for the company, add to the contraction in the global investment spend. Manufacturing PMIs are backward looking so the recent numbers are telling us what we already know, that the contraction caused by country lockdowns has been enormous. An issue affecting commodities demand in global recessions is destocking and restocking cycles. As demand contracts, industries destock raw materials which accentuates the downswing for the raw material producers. We now believe a global recession is starting but don't believe the destocking phase has yet begun.

In the month of April, the energy market saw a historic day as West Texas Oil (WTI) crude oil closed in the negative territory for the first time ever, and posting the largest one-day sell off. While this move is symptomatic of an unprecedented oil surplus testing storage capacity, the dramatic move is entirely attributed to the binding constraints of trading commodity futures into expiration. Negative oil prices means that producers are effectively willing to pay someone to move their crude. While the collapse in prices shocked investors, oil prices quickly rebounded back to near the US$20/bbl level by the end of the month as the market rationalized. After experiencing the historic day, the market now focuses on both demand and storage capacity as the key concerns going forward.

On the local rates, both Malaysia's sovereign papers ie; Malaysian Government Securities ("MGS") and Government Investment Issues ("GII") have stabilized and extended rally during the month after the sell-off in previous month appeared to diminish with attractive adjustment in term of yields have further ignite buying demand into local government bonds market. Both MGS/MGII have normalized back and in fact trading at tighter yield levels thanks to concerted global central bank easing and prospects of further OPR cuts by BNM. The FTSE Russell March Review combined with BNM's measures to boost liquidity added further support for the MYR bond market. Going forward, market sentiments will be influenced by the capacity to contain Covid-19 from spreading further as a flattening curve (with better recovery rates) will eventually drive the return of foreign buying of Asian local currency investment assets. Any upward trajectory of MGS/MGII yields are to provide good buying on dips opportunities for investors.

Overall, the MGS and GII strengthened as a better external risk environment provides comfort for investors to position for more BNM rate cut. MGS yields fell across the curve as the rally that started from the front end has now extended into longer duration. Meanwhile flattening of the Covid-19 cases in Malaysia also added further positive momentum for MYR assets. The 10-year MGS benchmark closed tighter circa 52 bps to trade below the 3.00% psychological level after settling around 2.85% level on month-end closing. The shorter tenure 3-year MGS benchmark continue to hover below the OPR 2.50% level, signalling traders' expectation of further OPR cut by BNM. Month-on-month, MGS space bull-flattened with yields collapsing roughly about 30 bps to 60 bps across the tenors. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.74% (March-2020: 2.74%), 3.07% (3.07%), 3.22% (3.22%), 3.37% (3.37%), 3.62% (3.62%), 3.71% (3.71%) and 4.00% (4.00%) respectively.

MARKET OUTLOOK AND STRATEGY

While the steep collapsed in oil prices spooked investors, it has also created opportunities in the market. We have incrementally turned more positive on the upstream players on attractive valuations as share prices fell in conjunction with the oil prices, as well as we believe that oil prices at below US$20/bbl is unsustainable and short-term. Recovery in oil prices will thus have a direct impact to the upstream players with high correlations. Further, lower oil prices also benefit the refineries. In the oil space, we also looked towards China, being the first to suffer and gradually returning back to normal, we like both the upstream players and selected refineries. We also prefer the Chinese oil services company, given that the major upstream player in China did not cut the domestic capital expenditures. Going forward, we are incrementally more positive on upstream players, oilfield services companies, refiners, but more cautious towards the petrochemical players given the weak supply-demand dynamics.

Domestically in Malaysian fixed income, BNM on 5th of May 2020, has cut its Overnight Policy Rate ("OPR") by another 50 bps to 2%, a level last seen during the 2008-2009 global financial crisis. The central bank has noted that with this latest cut, the OPR has been reduced by a total of 100 bps since the start of the year, complementing the other monetary and financial measures it has made as well as fiscal measures announced by the government this year. Recent indicators shown that the global economy is already contracted with global growth projected to be negative this year. With widespread containment measures implemented globally coupled with international border closures and following weak external demand, Malaysia's domestic economic activity is expected to be impacted. While it is necessary for the movement control order ("MCO") to contain the spread of the virus, it has also constrained production capacity and domestic spending. On top of that, both labour and economic conditions are expected to be challenging while fiscal stimulus with monetary and financial measures to offer some support to the economy. In term of inflation trajectory, BNM forecasted it to be muted this year with average headline inflation to be negative on account of substantially lower global oil prices. To recap, BNM has guided that inflation to be around -1.5% to +0.5% in 2020.

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. Lingering concerns over Covid-19 may continue to persist which may prompt the flight to quality i.e. demand for safe haven UST and potentially higher Asian local currency yields but we see this as buying on dips opportunities. We will continue to monitor the situation of markets and remain constructive on the local bond market as the current macro backdrop continues to provide positive vibes for fixed income investments. 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.