FUND FACTSHEET – JUNE 2020

All data expressed as at 31 May 2020 unless otherwise stated

3-year Fund Volatility 10.3 moderate Lipper Analytics 10 MAY 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.

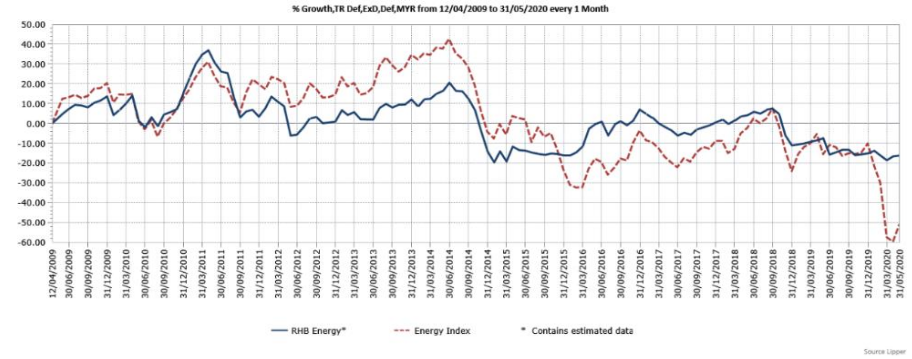
INVESTOR PROFILE

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	**0.49**	**-0.06**	**-0.69**	**-1.30**
Benchmark	21.95	-29.80	-42.31	-45.26

	1 Year	3 Years	5 Years	Since Launch
Fund	**-9.42**	**-13.03**	**-3.06**	**-16.28**
Benchmark	-41.77	-38.76	-52.10	-50.82

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

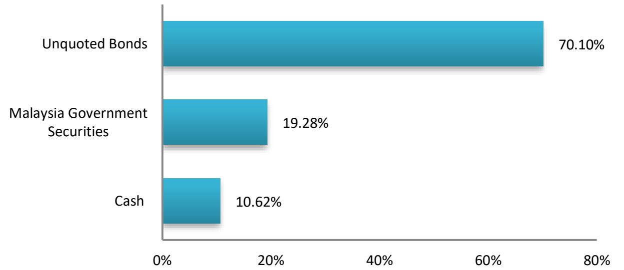
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	23 March 2009
Unit NAV	RM0.3479
Fund Size (million)	RM10.81
Units In Circulation (million)	31.06
Financial Year End	31 March
MER (as at 31 Mar 2020)	1.64%
Min. 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)	16.10
MEX I CAPITAL BHD 2.5% (24/01/2030)	14.18
CIMB GROUP HOLDINGS 5.4% (23/10/2023)	9.73
AMISLAMIC BANK BHD 4.88% (18/10/2028)	9.72
MEX II SDN BHD 6.4% (28/04/2034)	9.57

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3479	0.3845	0.6014
Low	0.3462	0.3344	0.3226

Source: Lipper IM

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 financial market welcomed the implemented stimulus measures as well as the easing of lockdown restrictions. News was primarily centered on the US-China tensions in May. Following the US' Holding Foreign Companies Accountable Act and China's National Security Bill for Hong Kong, the US continues to ratchet up the pressure on China as US Congress passed the "Uighur Human Rights Policy Act of 2020" on 27 May. if signed into law, the bill would give the Trump Administration 180 days to compile a list of Chinese official and companies for sanctions in response to its alleged human rights abuses against Muslim minorities. On that same day, Secretary of State Mike Pompeo officially notified Congress that Hong Kong can no longer be considered politically autonomous from China. The move could trigger visa restrictions and asset freezes on top Chinese officials, and the US could also revoke special trading privileges for Hong Kong. Elsewhere, the US said it would expel any Chinese graduate students with ties to the People's Liberation Army, which could affect over 3000 students, a small slice of the more than 350,000 Chinese students currently studying in the US. Wall Street turned higher on Friday's session after President Trump's "very powerful details" aimed at China did not deliver the harsh sanctions investors had feared.

The market also welcomed more support both from fiscal as well as monetary. The Federal Reserve has taken another historic step on May 12; now adding corporate debt to its balance sheets through ETFs buying. They have bought their first USD305 million and more is to come. European Commission will propose a fiscal rescue package worth €750bn.It would be built on the Franco-German €500bn grant proposal, adding an envelope of €250bn for cheap loans after taking on board some of the concerns from the 'Frugal Four' (Austria, the Netherlands, Sweden, Denmark). Japan also announced another round of fiscal stimulus. An economic package totalling JPY117 trillion (USD1.1 trillion) and a second FY2020 supplementary budget to fund it (an additional ¥31.9trn in fiscal spending in the general account and ¥39.4trn in the Fiscal Investment Loan Program). Funds will be targeted to help struggling companies, rent subsidies, and healthcare assistance.

The latest manufacturing PMIs show a modest improvement for most of the world's major economies but with all countries (bar China) still deep in contractionary territory due to COVID-19. China's NBS & Caixin PMI both managed to remain above 50 in May, consolidating the country's relative outperformance vs. rest of the world in managing the economic disruption as a result of COVID-19. Base metal related equities held firm in Q2 20 as output has been affected by mobility restrictions out of Latin America, which has helped support prices. In contrast, the extended lockdown in India has been a significant headwind for met & thermal coal demand. Iron ore remains the focus with prices boosted by China's demand recovery & increased concerns on Brazil supply.

In the month of May, the oil market staged a strong recovery after hitting the negative territory for the first time in April. Given the unsustainability of oil at low levels, the strong rebound is expected. The oil price recovery was supported by the OPEC+ agreement on production cuts in May and June, alongside a record decline in output from non-members such as the United States and Canada helped. The US land rig count fell to a low of 289 at the end of May, down almost 63% year-to-date. International monthly rig count fell to 879, below the 2016 level of 925 comparatively where we saw the most recent oil price collapsed.

On the local rates, both Malaysia's sovereign papers ie; Malaysia 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.

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") settled generally tighter on the short-ends whilst longer-ends traded slightly wider during the month where Bank Negara Malaysia ("BNM") cut the Overnight Policy Rate ("OPR") by 50 basis points ("bps"). The curve was generally holding up well despite some profit-taking activities after the OPR cut where the decision has been mostly anticipated by the market players. Despite the range-bound in yields, we expect the local sovereign demand to continue gaining traction amid additional liquidity injection worth approximately MYR16 billion to be released through the banking institution's flexibility on the usage of MGS and GII to comply with Statutory Reserve Requirement ("SRR") starting 16 May 2020. The enhanced liquidity support is expected to boost market liquidity by a combined total of MYR46 billion, including the MYR30 billion previously released earlier during the recent SRR cut to 2.00% in March 2020. 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.

Month-on-month, MGS space was bull-steepened with yields roughly being well supported at the shorter-tenor up to 10-year. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.27% (April-2020: 2.40%), 2.46% (2.49%), 2.62% (2.67%), 2.80% (2.86%), 3.18% (3.09%), 3.41% (3.38%) and 3.80% (3.66%) respectively.

MARKET OUTLOOK AND STRATEGY

Oil has seen a quick recovery since mid-April. Going into 2H20, oil prices would be dependent on a confluence of factors, including the upcoming OPEC meeting on 4 June and the pace of global economy recovery, where we do see potential support and upside to oil prices should OPEC+ agrees to further or extended production curtailments in the upcoming meetings till the rest of the year. In 3Q20, the market expects demand to recover as business activities returned post the lockdown period across the globe. However, inventory build-up will continue as some of the rigs resumed operations. As such, oil prices could remain range-bound till 4Q20, but with potential upside should the OPEC+ meeting reached another agreement. Going into 4Q20, the market expects drawdown of oil, which will help support oil prices. On a longer term, current low oil price levels remain unsustainable for most oil companies given that the global average marginal cost is estimated to be around US$50. Hence, we could expect gradual recovery of oil prices in 2021 back to at least the marginal cost levels.

Domestically in Malaysian fixed income, BNM on 5th of May 2020, has cut the 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 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. That said, given the lower inflation trajectory amid a weaker growth backdrop, most economists continue to expect a further 25 bps cut in the policy rate, thus bringing the OPR rate to 1.75% by end of 2020.

We expect the local government space to stay supported on widening yield differential versus the UST. Being renowned for its resilience towards any selloff due to deep onshore support and in-built back stop measures, it does increase the attractiveness of our local government bond from the foreign investor's perspective. With subdued inflation which will likely be in negative territory in 2020, we view it will further boost the attractiveness of MYR bond market, thus keeping real yields attractive. 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.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 May 2020, the Volatility Factor (VF) for this fund is 10.3 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 8.9 but not more than 12.2 (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 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. This update does not amount to indicate that the SC has recommended or endorsed the Fund. 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.