RHB Asset Management

FUND FACTSHEET – JULY 2020

All data expressed as at 30 June 2020 unless otherwise stated

3-year Fund Volatility 10.2 moderate Lipper Analytics 10 JUN 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.

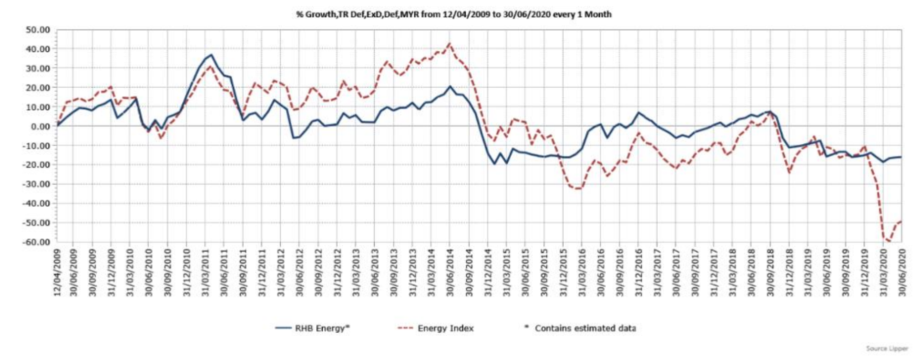
INVESTOR PROFILE

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	**0.26**	**3.16**	**-1.05**	**-1.05**
Benchmark	3.28	19.28	-43.46	-43.46

	1 Year	3 Years	5 Years	Since Launch
Fund	**-0.31**	**-10.45**	**-2.52**	**-16.06**
Benchmark	-42.99	-34.75	-50.23	-49.21

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

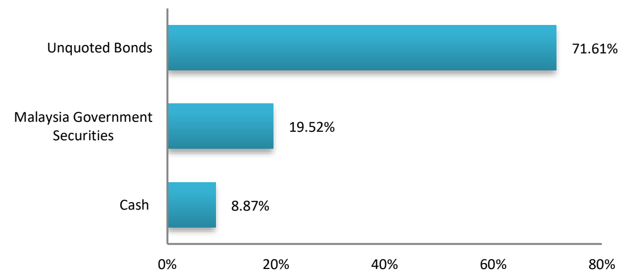
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	23 March 2009
Unit NAV	RM0.3488
Fund Size (million)	RM10.60
Units In Circulation (million)	30.39
Financial Year End	31 March
MER (as at 31 Mar 2020)	1.64%
Min. 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)	16.30
MEX I CAPITAL BHD 2.5% (24/01/2030)	14.56
CIMB GROUP HOLDINGS 5.4% (23/10/2023)	9.92
AMISLAMIC BANK BHD 4.88% (18/10/2028)	9.91
MEX II SDN BHD 6.4% (28/04/2034)	9.75

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3488	0.3652	0.6014
Low	0.3466	0.3344	0.3226

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

Fed chair Powell delivered the semiannual monetary policy testimony in mid-June to Congress. The tone was relatively dovish, raising concerns of possible risks from second wave of the virus causing a prolonged downturn. 10y UST continued to trade in a tight range, mainly between 0.65% to 0.75%, apart from the selloff to 0.89% in a knee jerk reaction to the positive jobs report earlier in the month.

US's top health official, Dr Anthony Fauci, sounded cautious as numbers worsen in several states – specifically Arizona, Texas, California, and Florida. These 4 states accounted for 30% of US GDP. As the US hits new record for daily coronavirus, the White House Coronavirus Task Force held its first public briefing since April 27 and the governors of Texas and Florida hit pause on their opening plans.

The IMF projected deeper global recession on growing virus threat. The agency now sees a global contraction of -4.9% in 2020, 1.9 percentage points below April's forecast. The pandemic has had a more negative impact on activity in the 1H of 2020 than anticipated and the recovery is projected to be more gradual than previously forecast. Global growth for 2021 is also revised down by 0.4 percentage points to 5.4%. This is closer to the OECD, which sees -6.0% global contraction this year and 5.2% growth next year. IMF Chief Economist Gopinath stressed there is a high degree of uncertainty in both directions and one of fund's key message was that "in the absence of a medical solution, the strength of the recovery is highly uncertain and the impact on sectors and countries uneven."

In the month of June, oil prices had a volatile month but ended higher month-on-month on better recovery momentum on demand and stable supply led by OPEC+ agreement to extend production cuts for one more month. At the start of June, OPEC+ agreed to keep full cuts in place for one more month into July rather than tapering from July as originally planned, hence helped support oil prices. Thereafter, oil prices saw some weakness as IEA's June monthly report was relatively dovish on their estimates and fear on second wave surge. Oil prices then recovered gradually towards the end of the month as demand momentum remain decent and oil inventory level was stable as well. Refining margins remained negative on oil price recovery and weak demand, while the petrochemical space was mixed where certain segments outperformed others on better demand, such as one-time use plastics.

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") started the month on upward trajectory amid supply concern arising from short-term economic recovery stimulus package by the government to support domestic economy. Following recent gains in tightening of bond yields, investors seen realizing gains on top of supply concern resulting in upward movement in bond yields. The 10-year MGS went as high as 3.07% before buying on dips emerged strongly for the MGS 10-year to hover around 2.88%-2.90% during the period. On the other action towards the end of the month, S&P Global Ratings revised the outlook of Malaysia to Negative from Stable on additional downside risks to Malaysia's fiscal metrics amid challenging global growth outlook and heightened policy uncertainty. Nevertheless, the yield curve is very steep at the moment, with attractive value seen at the back end of the curve where interest has been lacking. Market participants are also waiting on guidance from Bank Negara Malaysia ("BNM") during its Monetary Policy Committee ("MPC") meeting next week, in which there's a split view currently on chances of rate cut. We remain to see the space to be range-bound as the yield mostly capped at 3.00%, any sell-off will be quickly met by dip-buying interest which will keep the curve well supported.

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 2.24% (May-2020: 2.27%), 2.46% (2.46%), 2.66% (2.62%), 2.86% (2.80%), 3.31% (3.18%), 3.60% (3.41%) and 4.01% (3.80%) respectively.

MARKET OUTLOOK AND STRATEGY

Oil continues to see a quick rebound since mid-April. During the month, we saw positive value-add from our overweight exposure in the upstream players, which benefitted directly from the recovery in oil prices. Going into 2H20, we maintain our view that oil prices would still be dependent on a confluence of factors, including the pace of global economy recovery, potential further oil production curtailments by OPEC+ in the upcoming meetings, as well as being cautious on negative impact from potential rise in the second wave of Covid-19. 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, the upcoming BNM Monetary Policy Meeting ("MPC") on 7th of July 2020 will be closely watched for further monetary policy stance to support domestic growth as well as financial stability. To recap, at the last MPC meeting on 5 May 2020, the central bank has cut the OPR by 50 bps and noted that with the cut on May 2020, 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. 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. We opine that investing in MYR bonds is attractive from a real yield perspective given the benign outlook on growth and moderate inflation prospects globally. 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. On top of that, The Fed at their recent FOMC meeting has maintained its federal fund rate at 0% to 0.25% and pledged for interest rates to remain unchanged at current level at least until 2022. Therefore, the prospect of lower global interest rates for longer also may increase the appeal for yield hunting strategies which may potentially see foreign inflows. Nevertheless, we will continue to monitor the market situation given cautious investors' sentiment due to higher supply going forward and heightened policy uncertainty domestically. We 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 June 2020, the Volatility Factor (VF) for this fund is 10.2 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 9.5 but not more than 12.8 (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.