RHB Asset Management

FUND FACTSHEET – AUGUST 2020

All data expressed as at 31 July 2020
unless otherwise stated

3-year Fund Volatility
10.1
moderate
Lipper Analytics
14 JUL 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.

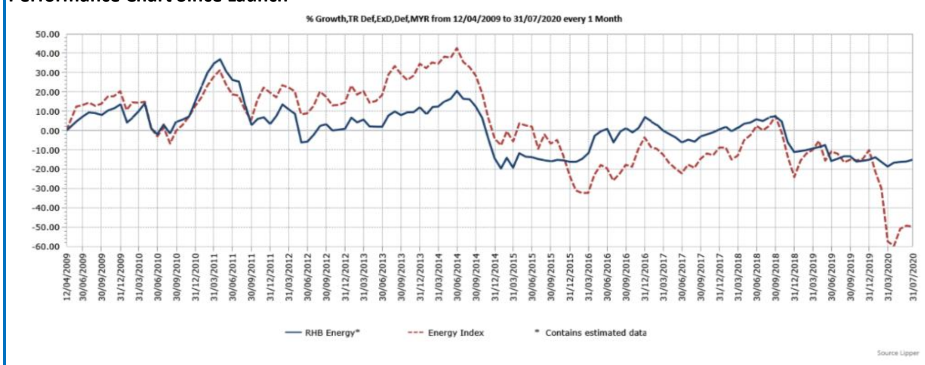
INVESTOR PROFILE

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	**1.12**	**1.88**	**-1.43**	**0.06**
Benchmark	-1.04	24.64	-35.98	-44.05

	1 Year	3 Years	5 Years	Since Launch
Fund	**-0.56**	**-10.82**	**-0.31**	**-15.12**
Benchmark	-42.86	-38.96	-44.52	-49.74

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

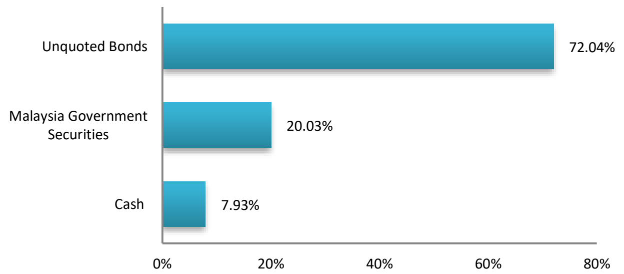
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	23 March 2009
Unit NAV	RM0.3527
Fund Size (million)	RM10.59
Units In Circulation (million)	30.03
Financial Year End	31 March
MER (as at 31 Mar 2020)	1.64%
Min. 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)	16.69
MEX I CAPITAL BHD 2.5% (24/01/2030)	14.70
CIMB GROUP HOLDINGS 5.4% (23/10/2023)	9.99
AMISLAMIC BANK BHD 4.88% (18/10/2028)	9.98
MEX II SDN BHD 6.4% (28/04/2034)	9.76

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3527	0.3652	0.6014
Low	0.3488	0.3344	0.3226

Source: Lipper IM

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RHB

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MANAGER'S COMMENTS

MARKET REVIEW

The outlook for risk assets remain uncertain. Rising infections may force Hong Kong to delay its Legislative Council elections, while Tokyo numbers may lead to a declaration of emergency, as both countries have increased restrictions. The UK government reinstated stricter lockdown measures in select cities due to weak adherence to social distancing guidelines. On the other hand, big tech, such as Apple, had a better earnings season than expected.

The Fed delivered a dovish hold with no surprises, with all policy settings left unchanged and a sober outlook was presented. The bank warned that the pandemic still poses considerable risks, noting that there are signs that the recent surge in the infections is weighing on the economy. Chairman Powell said the path forward is extraordinarily uncertain, with a full recovery unlikely until people feel safe. He said the Fed has ways to further support the economy, emphasizing again that the Fed is "not even thinking about thinking about raising rates." Powell also said that the Fed is wrapping up its framework review in the near future. If the Fed is preparing to introduce some sort of target-based forward guidance, it would make sense to do it at a time when its macro forecasts and Dot Plots are updated at the next meeting on September 16. The centerpiece of this review will be an average inflation target, allowing the Fed to overshoot the 2.0% level to make up for below target periods.

PMI globally continue to show signs of improvements. July PMI's were much improved for most major economies with the Eurozone (51.8, prior: 47.4) joining China (51.1, prior: 50.9) and the US (54.2, prior: 52.6) in expansionary territory (>50) though recoveries for some of the other major countries were not as pronounced with India (46.0, prior: 47.2), Japan (45.2, prior: 40.1), and S. Korea (46.9, prior: 43.4) still lagging. We caution against assuming the trend to continue with many countries still grappling with COVID-19 and complicating efforts in continuing to lift mobility restrictions. This has bode well for metal prices.

In the month of July, oil prices remain stable through the month. Oil prices were supported by demand recovery as economies gradually open up and transportation demand returns. While demand continues to recover, especially in China, it remains well below normal levels and improvements are slowing notably. On the other hand, supply remains stable – in the US, oil rig count decline has stabilized and on the OPEC+ front, they have agreed to taper the cuts from 9.6million barrels per day to 7.7 million barrels per day starting August. An additional 1.2 million barrels per day of bonus cuts by Saudi Arabia, Kuwait, and UAE will also ceased by end July. Crude oil prices continue to bounce from current levels but the surging coronavirus infections globally continue to threaten to jeopardize a recovery in fuel demand.

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 from the end of second quarter amid supply concern arising from short-term economic recovery stimulus package by the government to support domestic economy. Nevertheless, prospect of a rate cut by Bank Negara Malaysia ("BNM") has somehow supported the yield and market players were seen to be divided on their positioning ahead of the decision. After the meeting which saw BNM cut interest rate by another 25 basis points ("bps"), local government bond yields were continuously being bought with longer-tenor ie; 15-year to 30-year emerged as best performers during the month as curve flattening theme took place on dovish statement released from the meeting. A strong 15-year MGS auction spurred the demand for duration, with buying interest from both locals and foreigners. Despite not having private placement and a MYR5 billion issuance size, 15-year MGS 7/34 reopening was well subscribed. Bid-to-cover ratio was solid at 2.1 times. The interesting part was the successful yields of 2.95%-2.985% which literally fell 4-7bps from previous day closed with more supply, notwithstanding the fact that the 15y MGS yield had already rallied 7bps during the week prior to the auction. We remain to see the space to be well supported on deep liquidity and low for longer interest rate trajectory which means any sell-off will be quickly met by dip-buying interest.

Month-on-month, MGS yields were bull-flatter with yields roughly being well supported at the shorter-tenor while the longer-tenor seen real-money interest. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.93% (June-2020: 2.24%), 2.11% (2.46%), 2.23% (2.66%), 2.53% (2.86%), 2.96% (3.31%), 3.19% (3.60%) and 3.56% (4.01%) respectively.

MARKET OUTLOOK AND STRATEGY

The macro backdrop continues to favor precious exposure: falling real rates; worldwide adoption of the rate cut cycle by central banks and, of course, universal anxiety about the virus. Biggest cap for gold & silver's upside is perhaps the preference for cash on collapsing inflation expectations. Any price upside depends on rates/stimulus strategies delivering a recovery and an unexpectedly sharp return of inflation risk.

While we continue to see recovery in fuel demand as economies reopen, the tapering of supply reduction and US production continues to keep oil prices in check. As such, during the month, we took some profits off the upstream names to reduce our exposure as we believe that most of the upside have been priced in in the near term. Looking ahead, we maintain our stance of a stable oil prices at current levels going into 3Q20 and remain aware of potential upside should OPEC+ extends their production cuts. 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, we are still maintaining our expectation that 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, with The Fed pledging for interest rates to remain unchanged at current level at least until 2022, we see the increase of attractiveness towards emerging market yields which are still decent compared to develop nation. 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. Despite that, we continue to foresee decent demand on the back of stable MYR level and comparable emerging market relative values which can attract sporadic interest from offshore banking institution. 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 14 July 2020, the Volatility Factor (VF) for this fund is 10.1 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 9.6 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 30 June 2020 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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 contents of the PHS and Prospectus dated 3 September 2017 and its supplementary (ies) (if any) ("collectively known as the Prospectus") before investing. The Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Prospectus should not be taken to indicate that the SC has recommended 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. . If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

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 Fund 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.

This Fund Factsheet has not been reviewed by the SC.