RHB Asset Management

FUND FACTSHEET – AUGUST 2020

All data expressed as at 31 July 2020 unless otherwise stated

3-year Fund Volatility 10.4 moderate Lipper Analytics 14 JUL 2020

RHB ISLAMIC REGIONAL BALANCED FUND - USD CLASS

The Fund aims to provide regular income* and capital growth over the medium to long-term** from a diversified portfolio of Shariah-compliant investments.

Note: Income is in the form of Units. Please refer to the Fund's distribution mode.*

*** "medium to long-term" in this context refers to a period of three (3) years or more.*

INVESTOR PROFILE

This Fund is suitable for investors who:

• want to have a balanced portfolio that provides both income and capital growth, and at the same time complies with the principles of Shariah; and

• are willing to accept moderate risk in their investments.

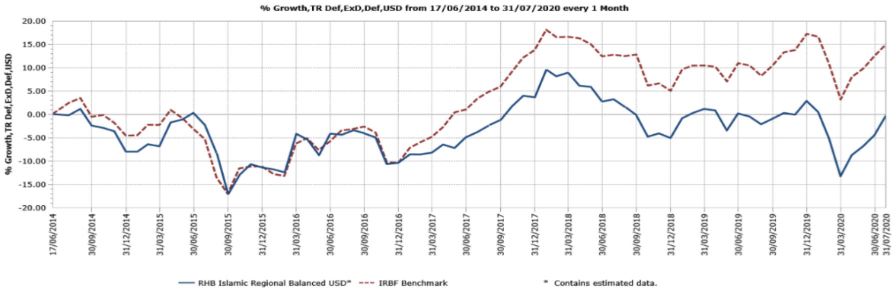
INVESTMENT STRATEGY

• At least 40% and up to 60% of NAV: Investments in Shariah-compliant equities.

• At least 40% and up to 60% of NAV: Investments in non-equity Shariah-compliant investments.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



RHB Islamic Regional Balanced Fund ("IRBF") Benchmark : Following the change in Shariah screening methodology of the Fund from a combination of screening methodologies to a single FTSE Shariah screening methodology effective from 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% FTSE Shariah Developed Asia Pacific Index. Prior to 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% Dow Jones Islamic Market Asia Pacific Index.

Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**4.42**	**9.32**	**-0.73**	**-3.02**
Benchmark	2.21	6.49	-1.37	-1.90

	1 Year	3 Years	5 Years	Since Launch
Fund	**0.24**	**3.62**	**2.09**	**-0.29**
Benchmark	4.12	11.21	21.51	14.99

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**8.36**	**-8.44**	**15.58**	**1.11**	**-3.58**
Benchmark	11.60	-7.65	26.92	0.88	-6.90

Source: Lipper IM

FUND DETAILS

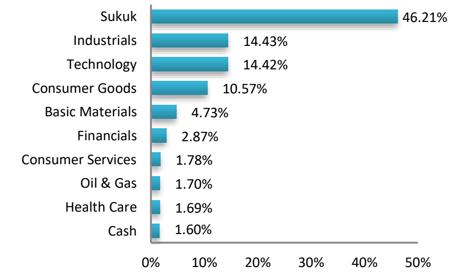
Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Balanced fund (Shariah-compliant)
Fund Type	Income and growth
RM Class Launch Date	08 April 2014
USD Class Launch Date	17 June 2014
Domicile	Malaysia
Base Currency	Malaysian Ringgit (RM)
Unit NAV	USD 0.9971
Fund Size (million)	USD 0.57
Units In Circulation (million)	0.57
Financial Year End	30 April
MER (as at 30 Apr 2020)	2.00%
Min. Initial Investment	USD 1,000.00
Min. Additional Investment	USD 100.00
Benchmark	50% RAM QuantShop GII (medium term) Index + 50% FTSE Shariah Developed Asia Pacific Index
Sales Charge	Up to 5.00% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	Up to 0.06% p.a. of NAV, subject to a min. of RM18,000p.a.*
Switching Fee	USD 10.00 per switch*
Distribution Policy	Annually, if any

**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.*

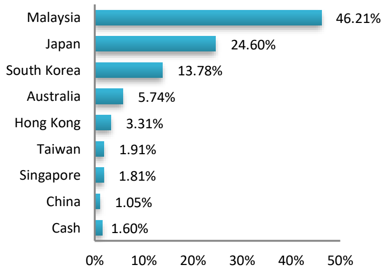
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SAMSUNG ELECTRONICS CO LTD	6.28
BANK MUAMALAT MALAYSIA 5.05% (25/11/2021)	4.65
AFFIN ISLAMIC BANK BHD 5.65% PERPETUAL	4.10
YTL POWER INTERNATIONAL 5.05% (03/05/2027)	3.23
WCT HOLDINGS BHD PERPETUAL	3.12

**As percentage of NAV, ** IMTN: Islamic Medium Term Note*

FUND STATISTICS

Historical NAV (USD)

	1 Month	12 Months	Since Launch
High	0.9971	1.0421	1.1106
Low	0.9549	0.7754	0.7754

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

Equity

Despite rising Coronavirus Disease 2019 (COVID-19) cases around the world, global equities continued to rally in July 2020, rising 5.1% during the month and extending the rally since bottoming out on 23 March 2020 to 43.7%. The unabated spread of COVID-19 in multiple geographies risked delaying the opening up of economies, and consequently the sustenance of normalization in activity. As a result, market participants flocked to safe havens, repricing 10-year United States Treasuries (UST) to their lowest ever closing yield of 0.53% and precious metals higher, with Gold scaling an all-time high and Silver registering its best monthly performance since 1979.

Meanwhile, FTSE Shariah Asia Pacific Developed Index also recoded positive performance in July 2020. Main driver was from China, started off strongly rising 14.6% by 9 July 2020 on state media reports that suggested that the onshore market was ready for a "healthy bull market", before giving up 4.9% due to escalation in United States (US) - China tensions, to end the month up 8.9%. Hong Kong struggled due to resurgence of COVID-19 cases that prompted the re-enactment of social distancing protocols, as well as the of its special treatment by the US under the US-Hong Kong Policy Act of 1992. Taiwan posted its best monthly returns in more than a decade, as index heavyweight surged after elimination US chipmaker Intel announced delays in its next generation products and that it had decided to outsource its manufacturing operations. ASEAN continued to lag the broader region, dragged down by subpar performances by Singapore, Thailand and the Philippines.

Sukuk

The first two weeks of the month July 2020 saw overall yields were listless and range bound with volatilities at the lowest. The much watch 10-year UST traded within a tight range of 0.61-0.68%. However, the ongoing worries over the resurgence of COVID-19 infections intertwined with mixed economic data and intensifying stand-off between the US and China pressured yields for 10-year UST lower by 10 basis points (bps) to trade within 0.51%-0.55% range towards the final week of the month.There were mixed macro data for US, which printed its Gross Domestic Product (GDP) figures a significant contraction for 2Q2020 at 32.9% year-on-year (YoY) due to lockdown measure imposed. US manufacturing Purchasing Managers' Index (PMI) rebounded to expansionary mode at 50.9 in July 2020 after months of contractions since February 2020, signaling healthy recovery of the manufacturing sector.

At the end of July 2020 close, the benchmark 2-, 5-, 10- and 30-year UST were last traded at 0.11% (June 2020: 0.15% -4bps), 0.20% (0.29%; -9bps), 0.53% (0.66%; -13bps) and 1.19% (1.45%; -26bps) respectively.

On the local front, Bank Negara Malaysia (BNM) cut its Overnight Policy Rate (OPR) rate by another 25 bps making it the fourth consecutive cut this year for a total of 125 bps to reach a record low of 1.75%, the lowest since the global financial crisis back in 2008 to 2009. That resulted to an immediate follow through rally in the local bond/sukuk market as investors citing the latest cut as a sign of further deterioration in economic numbers. Malaysia Government Securities (MGS) and Government Investment Issue (GII) 10-year yields dipped by a massive 17 bps within just 7 days from the rate cut announcement. For the rest of the month, investors continued to remain bullish in duration positioning premised on accommodativeness of monetary policy and benign inflation level and aided from large inflows of foreign funds. The increased foreign interest into the local bond/sukuk market was reflected in the strengthening of Malaysian Ringgit in the last two weeks of the month.

Month-on-month, yield curve generally flattened as Govvies yields tumbled by a hefty range of 33 to 44 bps with the long end of the curve tightened the most. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.91% (June 2020: 2.25%), 2.11% (2.46%), 2.25% (2.66%), 2.55% (2.88%), 2.96% (3.29%), 3.18% (3.62%) and 3.52% (4.02%) respectively. While similar pattern was noted in GII space, with yield sold-off before stabilizing towards the end of the month. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 1.97% (June 2020: 2.31%), 2.07% (2.53%), 2.28% (2.74%), 2.56% (2.87%), 3.02% (3.41%), 3.30% (3.73%) and 3.66% (4.03%) respectively.

On the macro data front, Malaysia manufacturing sector saw improvement in July 2020 with manufacturing PMI data remained in expansionary mode at 50.0 compared with 51.0 in month prior, reflecting a healthy economy recovery following the gradual business reopening beginning early May 2020. Malaysia unemployment rate edged higher to 5.3% in May from 5.0% month prior. The unemployment rate to improve better in the upcoming months from the government's stimulus package Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN) and Pelan Jana Semula Ekonomi Negara (PENJANA) with the gradual reopening of the economy. Malaysia's trade surplus widened to MYR20.9 billion in June from MYR10.4 billion in prior month, by far the largest trade surplus ever recorded, reflecting the impact from the reopening of the economy domestically as well as globally in June. Nevertheless, downside risks to global demand remain in view of the resurgence in coronavirus infection cases.

MARKET OUTLOOK AND STRATEGY

Equity

Risk aversion and market volatility will remain high for the foreseeable future given the evolving situation on the COVID-19 pandemic. Localised outbreaks can be expected from time to time. Our base case expectation for COVID-19 to be broadly contained within 1H20 has broadly panned out in the Asian and European context. But surging COVID-19 infections in the US is raising concerns on the potential stalling of the expected economic recovery in the world's largest economy

We expect market volatility to remain elevated from just the pandemic perspective. Investors should expect a choppy market going forward, despite the robust liquidity conditions that are helping to support risk assets. We continue stay overweight in South Korea and China Hong Kong and in terms of sectors, we have preference for technology, commodities and selected consumer discretionary stocks.

Sukuk

The US Federal Reserve (Fed) kept its benchmark interest rate at 0% to 0.25% of near zero whilst pledging to maintain bond purchases as part of quantitative easing measures. The Fed also committed to use a full range of monetary tools to support the US economy amid soft economic outlook due to resurgence of COVID-19 cases in several US states. Until a vaccine discovery is firmed up, yields are expected to stay low due to flight to safety.

Concerted monetary policy responses to complement fiscal support are key focus for now to boost
global growth by respective countries. We opine the current macro landscape remains supportive of fixed income investments which will benefit countries in which real yields are still attractive given the benign inflation outlook.

For Malaysia, BNM will continue in its efforts to revive the economy and support growth, hence OPR will remain accommodative further complementing the government's fiscal support to fuel growth prospects. Going forward, investors will be focusing on the upcoming FTSE Russell Review in September on whether MGS will remain to be included in the World Government Bond Index. We opine that MGS will remain in WGBI.

We expect issuance momentum to pick up in the coming months as issuers are attracted by the current lower interest/profit rates, with more companies seeking to lock on lower borrowing costs. Local bond/sukuk yield is expected to remain supported given the depth and liquidity of the domestic bond/sukuk market as well as better yield spreads relative to developed market bond/sukuk yields which should enticed foreign investors. We maintain our view that investing in MYR bonds/sukuk continues to provide still good real yields as inflation is expected to stay negative in 2020.

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