FUND FACTSHEET – AUGUST 2020

All data expressed as at 31 July 2020
unless otherwise stated

RHB RETIREMENT SERIES - ISLAMIC BALANCED FUND

The Fund aims to maximise total returns through a combination of long-term^ growth of capital and current income consistent with the preservation of capital by investing in one target Shariah-compliant fund.

^ "long-term" in this context refers to a period between 5 – 7 years.

INVESTMENT STRATEGY

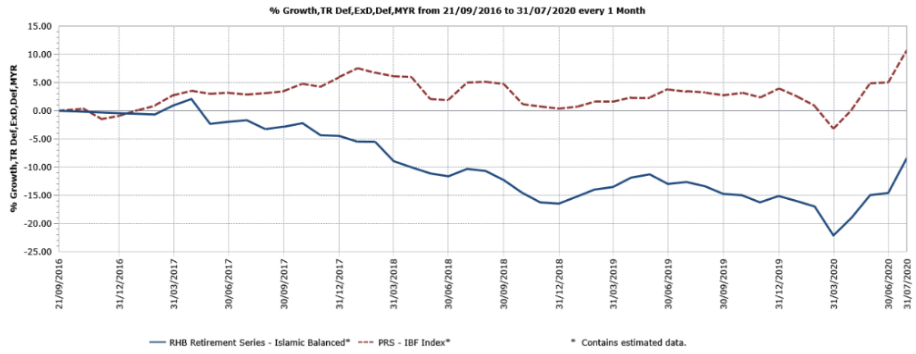
• At least 95% of NAV: Investments in units of RHB Dana Hazeem.
• 1% to 5% of NAV: Investments in liquid assets including Islamic money market instruments and placements of cash.

MEMBER'S PROFILE

The Fund is suitable for Members who require investments that comply with Shariah requirements and are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**7.26**	**13.09**	**9.13**	**7.94**
Benchmark	5.49	10.60	8.10	6.58

	1 Year	3 Years	Since Launch
Fund	**4.88**	**-6.86**	**-8.42**
Benchmark	7.08	7.61	10.70

Calendar Year Performance (%)*

	2019	2018	2017
Fund	**1.60**	**-12.62**	**-4.02**
Benchmark	3.50	-5.22	6.87

Source: Lipper IM

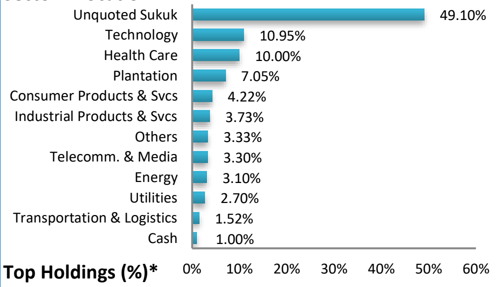
FUND DETAILS

Provider	RHB Asset Management Sdn. Bhd.
Trustee	Deutsche Trustees Malaysia Bhd
Fund Category	Feeder fund – balanced (Shariah-compliant)
Launch Date	01 September 2016
Unit NAV	RM0.4579
Fund Size (million)	RM0.94
Units In Circulation (million)	2.04
Financial Year End	31 May
MER (as at 31 May 2020)	Not available #
Min. Initial Investment	RM100.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Emas Shariah Index + 50% Maybank 12-month Islamic FD
Sales Charge	Up to 3.00% of NAV per unit*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.04% p.a. of NAV*
Switching Fee	None
PPA (Private Pension Administrator) Annual Fee	RM8.00*
PPA Pre-retirement Withdrawal Fee	RM25.00 per withdrawal*
PPA Transfer Fee	RM25.00 per transfer*
Annual PPA Administration Fee	0.04% p.a. of NAV*
Distribution Policy	Annually, if any

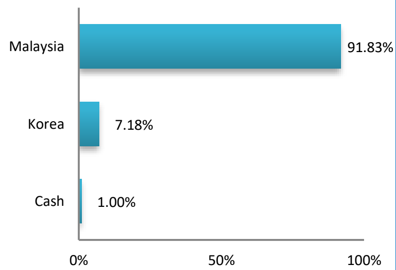
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*
 # The MER is not applicable as the expenses are borne by the PRS Provider.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

MEX I CAPITAL BHD 5.0% (20/01/2023)	15.37
MEX I CAPITAL BHD 2.5% (24/01/2030)	10.92
TANJUNG BIN ENERGY 6.2% (16/03/2032)	7.01
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	5.70
MEX II SDN BHD 6.0% (29/04/2030)	5.41

**As percentage of NAV. Exposure in RHB Dana Hazeem 98.30%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4579	0.4579	0.5131
Low	0.4269	0.3752	0.3752

Source: Lipper IM

RHB Asset Management

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PROVIDER'S COMMENTS

EQUITY MARKET REVIEW

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% (year-to-date: -2.4%). 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 (10.9%) scaling an all-time high and Silver (34.0%) registering its best monthly performance since 1979.

Meanwhile, Asia Ex-Japan pulled off yet another strong performance in July 2020 (8.0%) to registered its year-to-date returns (1.8%) into positive territory. 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 (-0.8%) struggled due to resurgence of COVID-19 cases that prompted the re-enactment of social distancing protocols, as well as the elimination of its special treatment by the US under the US-Hong Kong Policy Act of 1992. Taiwan (14.9%) posted its best monthly returns in more than a decade, as index heavyweight surged after US chipmaker Intel announced delays in its next generation products and that it had decided to outsource its manufacturing operations. ASEAN (1.3%) continued to lag the broader region, dragged down by subpar performances by Singapore (-0.2%), Thailand (-2.9%) and the Philippines (-2.9%).

Over in Malaysia, the FBM KLCI closed above 1,600 (6.9%) despite month end sell down ahead of the long weekend break. The FBM Emas Shariah Index recorded a higher 11.6% appreciation in July as the mid cap names charted relatively better returns. Glove stocks remained active as the number of COVID-19 cases continue to rise globally. Plantations stocks also gained after mini rally in Crude Palm Oil (CPO) price to intra month high of RM2,800. Retailers remained net buyers at positive RM2.1 billion (USD495 million) while local institutions were even. Foreign institutions remained net sellers at -RM2.5 billion (USD589 million). The FBM KLCI's average daily transaction value (ADTV) increased to RM5.46 billion (USD1.28 billion) in July 2020 versus RM4.58 billion (USD1.08 billion) in June 2020 with retailers and local institutions remaining active. Best performing sector were Healthcare (64%) and Technology (24%) while the laggards were Reits (-2.8%) and Construction (-1.7%).

EQUITY MARKET OUTLOOK AND STRATEGY

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. Bursa is likely to trend sideways in the near-term between the 1580 to 1620 mark, should buying interest in rubber gloves and healthcare stocks persist. However, domestic politics may dampen immediate upside. Overall sentiment appears in-tact, backed by robust daily participation.

FIXED INCOME MARKET REVIEW

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, signalling 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 33-44 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 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. 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 2020. Nevertheless, downside risks to global demand remain in view of the resurgence in coronavirus infection cases.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

The US Federal Reserve (Fed) kept its benchmark interest rate at 0%-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 (WGBI). 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 Malaysian Ringgit bonds/sukuk continues to provide still good real yields as inflation is expected to stay negative in 2020.