RHB Asset Management

FUND FACTSHEET – AUGUST 2020

All data expressed as at 31 July 2020 unless otherwise stated

3-year Fund Volatility 9.5 low
Lipper Analytics 14 JUL 2020

RHB GLOBAL ALLOCATION FUND

This Fund aims to maximise total return expressed in Ringgit Malaysia by investing globally in equity, debt and short term securities, of both corporate and governmental issuers, with no prescribed limits.

INVESTOR PROFILE

This Fund is suitable for Investors who:

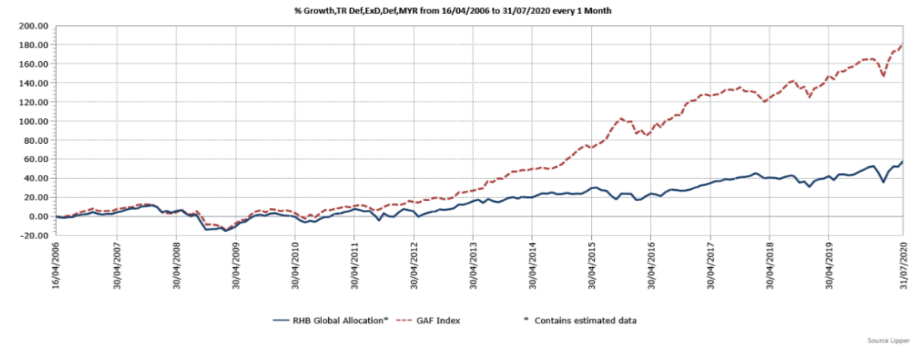
- a well-diversified investment across global markets;
- a flexible and dynamic asset allocation; and
- to invest in an established and proven foreign fund managed by a renowned international fund manager.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in Class A non-distributing shares of the BGF-GAF.
- 2% - 5% of NAV: Investments in liquid assets.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**4.03**	**7.87**	**3.68**	**4.40**
Benchmark	2.76	7.31	6.38	6.49

	1 Year	3 Years	5 Years	Since Launch
Fund	**9.87**	**13.58**	**24.65**	**58.40**
Benchmark	11.90	21.24	55.20	181.80

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**15.71**	**-8.00**	**10.94**	**3.83**	**0.09**
Benchmark	17.59	-2.78	4.78	10.92	21.71

Source: Lipper IM

FUND DETAILS

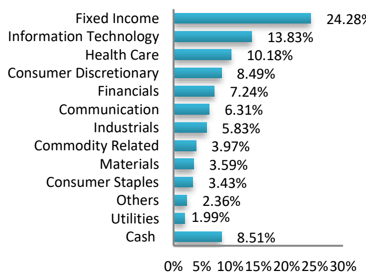
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	27 March 2006
Unit NAV	RM0.7044
Fund Size (million)	RM21.95
Units In Circulation (million)	31.16
Financial Year End	31 August
MER (as at 31 Aug 2019)	0.43%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	36% S&P 500(RM)+24% FTSE World(ex-US)(RM)+24% 5Yr US Treasury Note(RM)+16% Citigroup Non-USD World Govt Bond Index (RM)
Sales Charge	Up to 3.63% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	Up to 0.07% 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.*

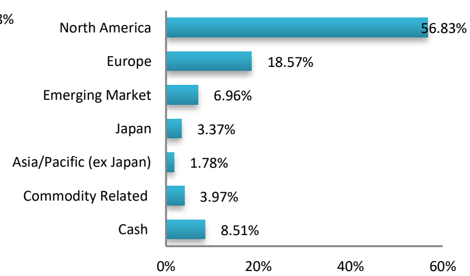
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Region Allocation*



Top Holdings (%)*

APPLE INC	2.22
AMAZON COM INC	2.09
MICROSOFT CORP	2.09
UMBS 30YR TBA (REG A)	1.99
SPDR GOLD SHARES	1.98

**As percentage of NAV*

**Source: Black Rock, 31 July 2020. Exposure in BlackRock Global Allocation Fund - 96.79%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7136	0.7136	0.7136
Low	0.6771	0.5607	0.3903

Source: Lipper IM

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RHB GLOBAL ALLOCATION FUND

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MANAGER'S COMMENTS

TARGET FUND'S MAIN PORTFOLIO CHANGES

Global equities posted the fourth consecutive month of positive returns in July as 2Q earnings across many U.S. companies came better than expected, with ~85% of the 300+ companies that reported thus far beating estimates by an average of 22%. Technology companies led this group, as they continue to benefit from the trends accelerated during COVID-19 quarantines. Outside of the U.S., European and emerging market equities also posted strong returns for the month partially aided by a rapidly weakening U.S. dollar. Japanese equities lagged and was one of the only major markets to post a negative return for the month. A continuation of the "risk on" sentiment also resulted in gains across more economically sensitive segments of the fixed income market, notably credit and EM sovereign debt. Surprisingly, developed market sovereign bonds also had a positive return for the month as rates fell globally. The Target Fund Manager believes that a combination of unprecedented monetary and fiscal stimulus will support risk assets through the end of the year, albeit at an uneven pace.

In the near-term, markets are likely to be range bound and volatility elevated as investors monitor subsequent waves of the pandemic as well as increased geopolitical risk and uncertainty heading into the U.S. presidential election.

From a sector perspective, the Target Fund Manager continues to emphasize secular growth themes across high quality equities in areas such as tech, healthcare, communication services and consumer discretionary. The Target Fund Manager remains cautious on deep value-oriented sectors, notably energy, given both the low likelihood of a "V"-shaped recovery and a recognition that segments of these industries face long-term secular challenges, as well as consumer staples and non-U.S. financials.

Regionally, the Target Fund Manager is overweight the United States and to a less extent, China, and have grown more constructive on European equities (ex-U.K.) amidst further policy support from joint monetary and fiscal efforts. The Target Fund Manager remains underweight Japan, U.K. and commodity-oriented countries, notably Australia and Canada.

The Target Fund Manager continues to look for opportunities to add to select western European companies on the back of accelerating monetary support coupled with joint fiscal efforts and diminishing evidence of a second wave of COVID-19 infections. Exposure remains diversified across several innovative companies, with additions over the month across industrials, banks, consumer durables, and materials. In addition to attractive valuations and growth potential from policy support, the Target Fund Manager believes that this positioning could act as an attractive diversifier to the Target Fund's U.S. equity holdings in the coming months given near-term risks of the U.S. election, COVID headlines and increased social unrest.

While the Target Fund Manager continues to maintain overweight positions in secular growth companies, they tactically rotated sector exposure at the margin, by taking profits in select technology and discretionary names following increased outperformance over the month and added to select names across industrials, materials and financials, that could benefit from a stabilizing economy but do not require a sharp cyclical upturn as a catalyst.

A part of the Target Fund's systematic strategy, the Target Fund Manager maintains a ~ 4% exposure to a minimum volatility basket which acts a supplemental hedge to equity exposure. This basket is constructed using a number of quantitative metrics, with the goal to neutralize a portion of the portfolio's exposure to the volatility factor. A qualitative overlay is applied to ensure exposure remains targeted toward names where the Target Fund Manager has positive or neutral fundamental view.

Decreased portfolio duration from 2.4 to 2.1 years as of month-end. With negative rates prevailing in many fixed income markets, and with US rates near historic lows but unlikely to turn negative, the efficacy of government bonds as an effective hedge to equity volatility has been diminished meaningfully. While the Target Fund Manager believes that a certain amount of duration is warranted to help provide ballast, the Target Fund Manager has looked to expand exposure to other portfolio hedges including cash and gold as well as more nuanced exposures in select FX pairs and select short exposures.

The Target Fund Manager continues to manage their yield curve exposure to maximize the hedging properties of the nominal Treasury positions. As the Federal reserve has reduced policy rates to historic lows, the Target Fund Manager feels that opportunities at the extreme long end of the curve have the potential to offer more efficient portfolio diversification than shorter-dated maturities.

The Target Fund Manager maintains exposure to 5-year U.S. TIPs based on the belief that the U.S. Federal Reserve is going to continue to work towards the 2% inflation target. As such, despite near-term headwinds for inflation, they believe that the 5-year breakeven rate of ~1.5% underestimates the potential for future inflation and is not fully pricing in the power of the Fed's resolve.

The Target Fund Manager has increased the income of the Target Fund, notably through added exposure to credit-related securities. The Target Fund Manager continues to build yield into the portfolio via high-quality spread assets with a preference for a diversified basket of investment grade and high yield credit securities, as well as select EM sovereigns and securitized debt. While most of the Target Fund Manager's credit exposure is investment grade, the Target Fund Manager has found select opportunities in "middle quality" high yield.

The Target Fund Manager slightly reduced exposure to gold-related securities over the month given the increased correlation to risk assets. Despite this reduction, the Target Fund Manager maintains ~ 4% exposure as the Target Fund Manager believes the precious metal can provide resiliency in the portfolio and prove to be an effective hedge against equity risk, particularly in environment where massive central bank bond purchases are likely to keep real-interest rates negative for the intermediate term and the path of the U.S. dollar is less certain.

The Target Fund Manager holds exposure to cash in the Target Fund as a diversifying asset class to help manage risk in the portfolio and as a source of funding as they look to opportunistically deploy capital. In addition to U.S. Treasury bills, they also have a position in shortterm bills in Japan to get exposure to the Japanese yen (JPY) as an additional hedge in the portfolio.

Further reduced the overweight to the U.S. Dollar (USD), largely as a result of added exposure to Euro (EUR) in line with the Target Fund Manager's increased conviction in European equities, the Target Fund Manager added exposure to the Euro as greater policy support could also be a tailwind for the currency. While the Target Fund Manager remains overweight both the USD and JPY (given its their historical roles as reliable hedges during periods of market volatility), the Target Fund Manager also looked to add more convexity through FX pairs, notably a short Australian Dollar against the Japanese Yen. This position is based on the view that the Australian dollar typically trades in line with EM currencies and thus would likely weaken during a risk-off environment, whereas the Japanese Yen would likely benefit from a flight to safety.

TARGET FUND'S POSITIONING

Asset allocation (as % of net assets*): Equity: 63%, fixed income: 24%, precious metals: 4%, cash equivalents: 9%

Within the Global Allocation Fund, positioning reflects a desire to invest for the long-term while managing for the short-term.

As a result, the Target Fund Manager remains overweight equities, with exposure focused on high quality companies that exhibit earnings consistency and are positioned as beneficiaries of secular themes. Within fixed income, they maintain exposure to duration as a partial hedge against equity risk. However, given the dearth of income as a result of the sustained low rate environment, they also maintain exposure to credit (both investment grade and high yield) and to select emerging market sovereign debt that should continue to benefit from aging demographics increasing demand for income. Given the Target Fund's risk aware mandate, they look to balance exposure to risk asset with a diversified selection of portfolio hedges. While the Target Fund Manager continues to use duration as a partial hedge, the low rate environment has diminished the efficacy of bonds as a hedge against equity volatility and caused us to continue to rely on additional asset class exposure for hedging, notably cash, precious metals, a diversified basket of low volatility equities, as well as FX pairs. In a recent market insight, portfolio manager, Russ Koesterich, explains the role that minimum volatility stocks can serve as a portfolio hedge in today's environment.

* All exposures are based on the economic value of securities and is adjusted for futures, options, and swaps (except with respect to fixed income securities) and convertible bonds. Numbers may not sum to 100% due to rounding.