RHB Asset Management

FUND FACTSHEET – SEPTEMBER 2020

All data expressed as at 31 August 2020 unless otherwise stated

3-year Fund Volatility 13.8 high Lipper Analytics 10 AUG 2020

RHB GLOBAL EQUITY YIELD FUND

This Fund aims to achieve long term capital appreciation and provide a source of income through investments in securities of companies listed or traded in the global emerging and developed markets.

INVESTOR PROFILE

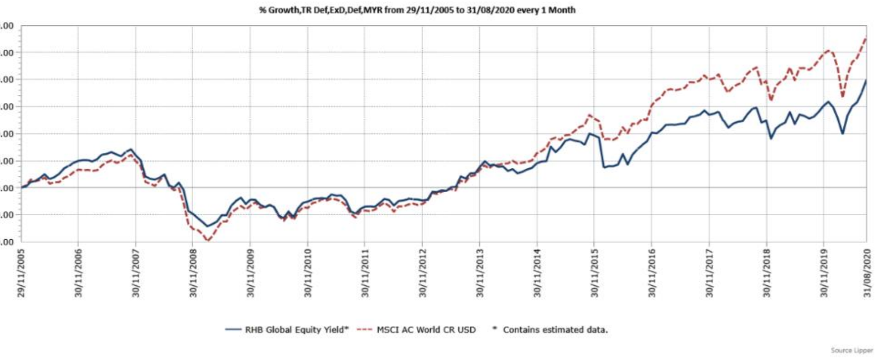
This Fund is suitable for investors who:
- wish to diversify their sources of stable income from other traditional asset classes like fixed deposits or bonds;
- wish to participate in the potential upside of the global emerging and developed equity markets but who have a medium risk tolerance;
- seek a well-diversified investment across global markets.

INVESTMENT STRATEGY

- Up to 98% of NAV: Investments in securities of and securities relating to companies that have attractive dividend yields and good growth potential.
- 2% - 10% of NAV: Investments in liquid assets including bonds, money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**5.53**	**12.20**	**18.88**	**9.92**
Benchmark	4.11	9.99	12.72	5.37

	1 Year	3 Years	5 Years	Since Launch
Fund	**18.96**	**17.77**	**33.82**	**79.84**
Benchmark	13.39	19.25	46.21	112.14

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**19.91**	**-11.86**	**10.47**	**2.09**	**13.96**
Benchmark	22.79	-9.31	9.72	10.36	17.57

Source: Lipper IM

FUND DETAILS

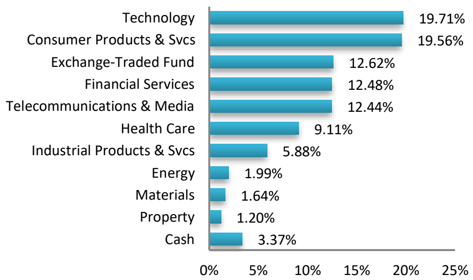
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Income and Growth Fund
Launch Date	09 November 2005
Unit NAV	RM0.6826
Fund Size (million)	RM9.41
Units In Circulation (million)	13.79
Financial Year End	30 June
MER (as at 30 June 2020)	2.16%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI AC World Free Index (RM)
Sales Charge	Up to 5.26% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.07% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Semi-annually, if any and will be reinvested

**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.*

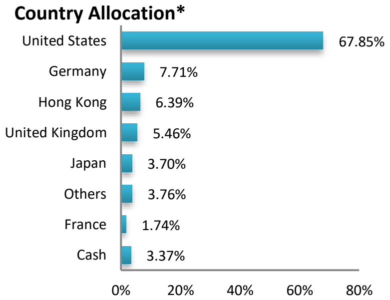
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALPHABET INC	5.31
AMAZON.COM INC	4.36
MICROSOFT CORP	4.35
APPLE INC	4.26
SIEMENS AG	3.62

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6826	0.6826	0.6826
Low	0.6468	0.4816	0.2588

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The global equity markets gained a strong 6.0% in August, shifting the year to date loss back to a positive return of 3.5%. Stocks climbed, and the top 3 performing sectors in the month of August were consumer discretionary (12.1%), information technology (+9.1%) and industrial (+8.1%). This comes after economic data bolstered optimism that a recovery from a pandemic-induced recession is on track. On the other side, only the utilities sector (-2.0%) registered negative returns in August. Within regions, Japan (+7.6%) and US (+7.3%) outperformed global peers, while the Europe (+3.8%), UK (+2.8%) and Asia ex-Japan (3.4%) underperformed in USD terms.

Governments around the world are still balancing between easing coronavirus lockdowns to revive and the economy versus controlling the resurgence of new cases. Total infections for Covid-19 reached 25 million worldwide, with numbers in India and Brazil still at concerning levels. As long as infections do not escalate to the point where countries start to consider implementing national-level measures, the economy should be fine. But with no medical solution yet for the virus, the improvement in mobility data may be limited and PMI normalization is largely completed. Globally, seven vaccines are now in phase 3 clinical trials, according to the WHO. Evidence so far suggests that the Covid-19 “Second Wave” has been more benign when comparing infection and death rates. Countries where the infections had troughed around June and are now increasing have not seen a corresponding increase in deaths. There are several reasons for this, including a more widespread testing protocol that catches less severe cases, better treatments, preparedness of national health systems and protection for the most vulnerable population.

In the US, attention was focused on Chairman Jerome Powell’s speech at the Jackson Hole Symposium on 27 August on “Navigating the Decade Ahead: Implications for Monetary Policy". The new approach of the Fed’s Policy Framework could be viewed as a flexible form of average inflation targeting, allowing inflation to run moderately above or below the Fed’s 2% target for some time. This means that interest rates could be left lower for a longer period despite a rise in inflation. Regarding employment, the revised statement reflects the Fed's view that a robust job market can be sustained without causing an outbreak of inflation, and that the maximum level of employment is a broad-based and inclusive goal. If the FOMC changes its communications tools (say, in September) to reinforce these changes, it may be an “enhanced guidance” that refers to an inflation goal that is higher than it otherwise would be, or an unemployment goal that is lower than it otherwise would be. This in turn would imply “lower for longer” policy rates. That said, the recent moves in the market, such as higher inflation breakeven point, suggests that part of the new framework and the new ‘tools’ have largely been priced in.

Angela Merkel’s coalition agreed to support an extension of Germany’s Kurzarbeit subsidies through to end-2021. Those subsidies are used to pay the bulk of wages to workers who would otherwise be laid off during an economic shock, allowing firms keep them on payroll (i.e., paid furlough) for the duration. On a firm-by-firm basis, Kurzarbeit would typically expire after 12 months. The August Ifo business climate index climbed to a 21 month high of 92.6 points, up from 90.4 pts in July, although the expectations sub-index stayed below the consensus projection. This has helped reverse the worries from the poorer August flash PMIs.

In Japan, what surprised the market was Shinzo Abe, the nation’s longest consecutive Prime Minister, unexpectedly announcing his intention to resign at a press conference on Friday. He has battled a disease for years and wanted to avoid causing problems for the government due to his condition. Since the outbreak of Covid-19 in March, the Abe administration’s approval rating continued to fall, almost down to the lowest levels since Abe took office. The election to choose the next prime minister will likely be held in September, followed by the general resignation of the current cabinet. Abe will continue his role as prime minister until the new prime minister is decided. The term of the next prime minister is the same as Abe’s term, which is until the end of September, 2021. Along with the BoJ, Abe was the promulgator of a weak-JPY and ‘easy-money’ policy since 2012. As the term of office for the BoJ Governor Haruhiko Kuroda is through April 2023, it is unlikely that the BoJ will shift its monetary policy upon Abe’s resignation.

China’s industrial profit growth rose to 19.6% YOY in July, up from 11.5% in June, taking its year-to-date growth to -8.1% YOY in July – compared to -12.8% in June (2019: -3.3%). This improvement was likely driven by a rise in PPI inflation to -2.4% YOY in July, improving from the -3.0% in June, as industrial production growth remained unchanged at 4.8% YOY for the month. Over the first seven months of 2020, profit growth at state-owned and private enterprises dropped to -23.5% and -5.3% YOY respectively, down from -12.0% and 2.2% in 2019; while profit growth at foreign enterprises over the same period inched up to -3.4% from -3.6% in 2019. Tensions with the US are likely to remain high as US November election draw nearer.

STRATEGY

Overall, we remain positive on Asia ex-Japan on prospects of growth uptick and within which, we favour China. China is the only major economy that registered a positive 2Q GDP growth (Figure 4). The speed and effectiveness at which China was able to deal with recent virus relapses while avoiding wide-scale shutdowns mitigate a downside risk that concerned us as recently as of a couple of months ago. Although we still anticipate clusters to occur going forward, China has acquired enough capacity to conduct mass testing relatively quickly. Such capacity allows it to identify and quarantine the transmission chains to prevent even larger outbreaks. Amid “First in First out”, China is at the forefront of restarting the economy and more policy space to revive activity, but we will remain cautious amid the ongoing US-China tensions. A secondary risk is the severe flooding, which is still ongoing and hence the overall impact remains uncertain. Yet we expect any flooding impact (either on inflation or on economic growth) to be transitory.

Within developed markets, we prefer US relatively on the longer run as it has more policy space versus other developed markets, but key risks such as increasing new COVID-19 cases, political risks ahead of November election and delay to the next round of US stimulus, US-China/EU tensions and high valuations remain. We remain opportunistic and prefer stocks that have a healthy balance sheet, visible earnings growth and valuations support.