RHB Asset Management

FUND FACTSHEET – SEPTEMBER 2020

All data expressed as at 31 August 2020 unless otherwise stated

RHB ISLAMIC REGIONAL BALANCED FUND - MYR 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.

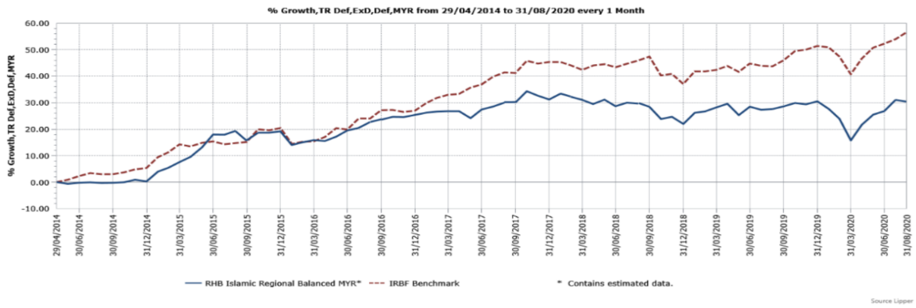
INVESTMENT STRATEGY

• 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	**-0.50**	**3.94**	**5.23**	**-0.06**
Benchmark	1.74	3.91	6.25	3.46

	1 Year	3 Years	5 Years	Since Launch
Fund	**2.21**	**0.23**	**9.27**	**30.38**
Benchmark	8.98	10.77	36.53	56.64

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**6.99**	**-7.11**	**4.61**	**5.27**	**18.90**
Benchmark	10.47	-5.70	14.50	5.41	14.33

Source: Lipper IM

FUND DETAILS

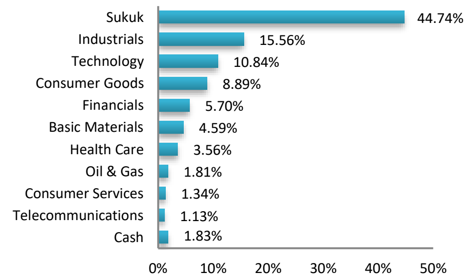
Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Balanced fund (Shariah-compliant)
Fund Type	Income and growth
RM Class Launch Date	08 April 2014
USD Class Launch Date	17 June 2014
Domicile	Malaysia
Base Currency	Malaysian Ringgit (RM)
Unit NAV	RM1.3042
Fund Size (million)	RM181.01
Units In Circulation (million)	138.79
Financial Year End	30 April
MER (as at 30 Apr 2020)	2.00%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
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	RM25.00 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.*

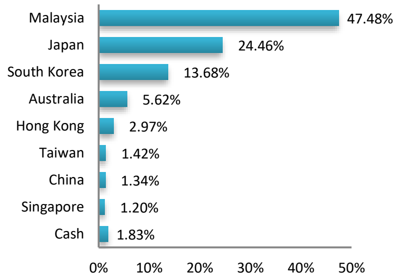
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SAMSUNG ELECTRONICS CO LTD	5.49
BANK MUAMALAT MALAYSIA 5.05% (25/11/2021)	4.79
WCT HOLDINGS BHD 6.0% PERPETUAL	3.39
YTL POWER INTERNATIONAL 5.05% (03/05/2027)	3.34
AFFIN ISLAMIC BANK BHD 5.65% PERPETUAL	3.09

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

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.3170	1.3170	1.3616
Low	1.2992	1.0692	0.9739

Source: Lipper IM

3-year Fund Volatility 8.0 low Lipper Analytics 10 AUG 2020

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MANAGER'S COMMENTS

MARKET REVIEW

Equity

World Equity Index and FTSE Shariah Asia Pacific Developed Index rallied 6% and 5.2% in August 2020 respectively. Asian equities rallied amidst declining dollar, progress on vaccine development and relaxed stance on United States (US) inflation targeting. Broad-based firming in macro data suggests a demand recovery associated with re-opening in the major economies. US-China tensions broadly remained mixed with commitment towards Phase I deal was a positive, while sanctions on Huawei, export controls and the South China dispute were clear negatives. The commitment of Federal Reserve Chair J. Powell to effectively maintain the fed funds rate at zero over an extended period of time resulted in a weaker US dollar.

Oil prices continued to move higher. West Texas Intermediate (WTI) crude and Brent posted their fourth monthly gain, up by 5.8% and 3.7% respectively. Pick-up in oil demand was driven by an expected recovery as economic activity normalizes underpinned by oil prices. The S&P Industrial Metals index was up 5.5% over the month, as global economies continue to see pick-up in activity post easing lockdowns.

Sukuk

At the start of the month August, US treasuries continued to advance with overall yields down by 2-7 basis points (bps) across the curve, as patchy economic data continued to stimulate fear of a more fragile recovery in the US economy. However, better-than-expected July jobs data and additional supply of circa USD112billion under the recently announced quarterly refunding exercise by the treasury plus a lesser dovish The Federal Open Market Committee (FOMC) statements set the spike in benchmark yields between 1-23bps with the curve steepening sharply. The selling pressure continued towards end of month as risk sentiments improved from trade optimism and vaccine hope which prompted investors to pare holdings in safer government securities.

Nevertheless, the US Treasury (UST) yields ended the last trading of August lower on the announcement at the Jackson Hole meeting by the Federal Reserve's Chairman in the shift in monetary policy to tolerate higher inflation (letting inflation go above 2%), by not raising interest/profit rates to stem rising inflation. Hence signals its intention of keeping rates low for an extended period of time. At the end of August 2020 close, the benchmark 2-, 5-, 10- and 30-year UST were last traded at 0.13% (July 2020: 0.11% +2bps), 0.27% (0.20%; +7bps), 0.71% (0.53%; +18bps) and 1.48% (1.19%; +29bps) respectively.

Mirroring the UST market, a follow through rally with active trades were seen in the first week of the month for local bond/sukuk market with Govvies benchmark yields shifted 2-16bps lower across the curve. Much of the rally was attributed to the increase in foreign investors' interests on Malaysian local bonds/sukuk in search of better yields hence strengthened Ringgit level to a 5 month high. Despite a decline in real yields across Emerging Market, 2-year real yields are highest in Malaysia. Nevertheless, the government's move to raise the country's statutory debt limit to 60% of GDP from 55% presently triggered profit-taking and selling activities in the following week until towards end of month. The overall benchmark Malaysia Government Securities (MGS) and Government Investment Issue (GII) yields closed higher between 0-34bps; as the 7-year to 20-year tenures felt the most pressure.

Month-on-month (MoM), yield curve generally bear steepened as Govvies yields spiked by a range of 3 - 34bps with the long end of the curve pressured upward the most. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.85% (July 2020: 1.91%), 2.14% (2.11%), 2.29% (2.25%), 2.62% (2.55%), 3.08% (2.96%), 3.52% (3.18%) and 3.62% (3.52%) respectively. While similar pattern was noted in GII space, with yield sold-off towards the end of the month. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 1.85% (July 2020: 1.97%), 2.05% (2.07%), 2.39% (2.28%), 2.67% (2.56%), 3.18% (3.02%), 3.45% (3.30%) and 3.65% (3.66%) respectively.

MARKET OUTLOOK AND STRATEGY

Equity

After a strong rebound in the equity market since end March, we expect to see some form of consolidation or correction in the equity market. Over the longer term, we remain positive on the market as economic recovery, even though uneven, is gradually gathering pace. Due to extended loose monetary policy and continued support from governments through fiscal stimulus, there should be ample liquidity to support the equity market. Furthermore, more positive news flows on the potential development of the Coronavirus Disease 2019 (COVID-19) vaccine could likely be another catalyst for the equity market. Hence, we continue to stay invested in market and we will likely take the opportunity to buy into companies with strong fundamentals if there is a significant pullback in the market. We remain overweight in South Korea and Hong Kong/China and stay invested in the cyclical sectors that are industrial, commodities, consumer discretionary.

Sukuk

Malaysia's growth slowed and enters into negative territory in the second quarter following the movement control measures introduced by the government to contain the COVID-19 pandemic which consequently resulted to slower economic activities. Domestic growth in 2Q2020 prints -17.1% YoY following a previous print of +0.7% in the 1Q2020. Bank Negara Malaysia (BNM) revised the growth outlook for Malaysia for 2020 to range between -3.5% to -5.5% with prospects of growth recovery to +5.5% to +8.0% in 2021.

Key focus for investors to look out for the month of September include the upcoming BNM Monetary Policy Committee (MPC) meeting in the second week of the month with a prospect of another cut in Overnight Policy Rate (OPR) by BNM following softer 2Q2020 GDP print, while FTSE Russell review for the decision on Malaysia's sovereign bond update scheduled towards late September. We view that demand for the local govvies remained strong with positive foreign inflows seen in the prior months, strengthening our expectation that MGS to remain included in the index.

We maintain our view that investing in Malaysian Ringgit bonds/sukuk continues to provide positive real yields as inflation is expected to stay negative in 2020. Additionally, prospects of weaker USD outlook given the dovish slant in the US Fed's outlook for an extended period should infuse further catalysts for investors searching for yields to shift interests towards Asian local currency bonds/sukuk including Malaysia, which continues to offer higher yields in comparison to G3 bonds.