FUND FACTSHEET – SEPTEMBER 2020

All data expressed as at 31 August 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

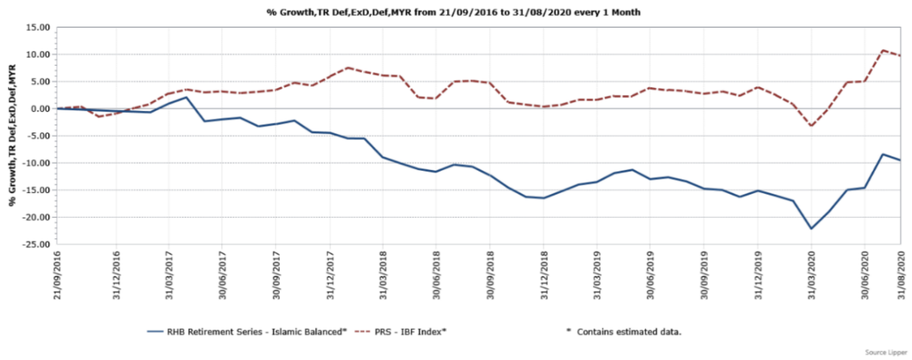
- At least 95% of NAV: Investments in units of RHB Dana Hazeem.
- 1% to 5% of NAV: Investments in liquid assets including Islamic money market instruments and placements of cash.

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	**-1.22**	**6.42**	**9.01**	**6.62**
Benchmark	-0.92	4.67	8.83	5.60

	1 Year	3 Years	Since Launch
Fund	**4.51**	**-6.49**	**-9.54**
Benchmark	6.33	6.35	9.68

Calendar Year Performance (%)*

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

Source: Lipper IM

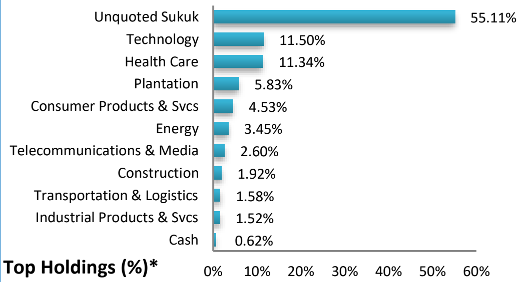
FUND DETAILS

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	RM0.4523
Fund Size (million)	RM0.93
Units In Circulation (million)	2.06
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

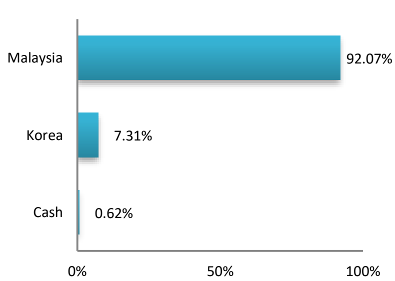
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management 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)	17.25
MEX I CAPITAL BHD 2.5% (24/01/2030)	12.30
TANJUNG BIN ENERGY 6.2%(16/03/2032)	7.85
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	6.36
MEX II SDN BHD 6.0% (29/04/2030)	6.06

**As percentage of NAV. Exposure in RHB Dana Hazeem 97.56%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4621	0.4621	0.5131
Low	0.4463	0.3752	0.3752

Source: Lipper IM

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PROVIDER'S COMMENTS

EQUITY MARKET REVIEW

MSCI Asia Ex Japan rallied 3.6% in August 2020, but underperformed World Equity Index which rose 6.0%. 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 (-1.3%). China equity market was up 5.6% as the economic recovery gathered pace across the manufacturing as well as services industries in the largest economy of the region. Hong Kong (7.6%) sprung back into life, buoyed by the rejuvenation of the gaming industry (15.2%) in Macau as well as a sharp rise in index heavyweight AIA Group Ltd (13.9%).

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. On the supply side, The Organization of the Petroleum Exporting Countries Plus (OPEC+) complied with production cuts. Weakness in dollar also supported 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. Base metal prices surged on stronger than expected demand rebound in China. Gold prices traded sideways (closed at $1968/oz) and lost steam on hopes of Coronavirus Disease 2019 (COVID-19) vaccine and signs of economic recovery.

Over in Malaysia, August 2020 turned out to be a dreadful month for Malaysia equity market. Malaysia is one of the worst performing market for month of August 2020 dragged down by poor earnings particularly banking sector. Except for gloves, insurance, technology and plantations, all other sectors saw a sharp contraction in 2Q20 earnings due to the lockdown. FBM KLCI declined by 78 points during the month of August 2020 to close at 1525.21 points, while FBM Emas Shariah chalked a -2.0% decline month-on-month (MoM) to close at 13,166 points. Apart from poor corporate earnings season, the index was dragged down by declined in glove companies' share price as vaccine discovery continue to steal the limelight.

Malaysia's 2Q 2020 Gross Domestic Product (GDP) contracted 17.1% year-on-year (YoY), falling short of consensus median estimate of -9%. Most sectors suffered a sharp decline, namely services (-16.2% YoY), manufacturing (-18.3%), mining (-20%), construction (-44.5%). Only agriculture sector grew YoY in 2Q20 by 1%. Domestic demand, which accounts for 94% of GDP, was weaker by 18.7% YoY in 2Q 2020 while net exports was sharply lower by 38.6% YoY. 2Q 2020 GDP was hit by the lockdown imposed under the Movement Control Order (MCO) that started on 18 March 2020 and partially relaxed from 4 May to 9 June followed by an almost full relaxation from 10 June to 31 August.

EQUITY MARKET OUTLOOK AND STRATEGY

After the 17.1% contraction of GDP in 2Q20, Malaysia's economy may have bottomed out with the recovery of business activities. However, it is still too early to tell if it is a sustained rebound. We are seeing lower unemployment rate and positive export growth in tandem with the easing of the nationwide lockdown. In addition, market liquidity remained elevated in July 20 as M1 money supply grew by an astounding 15.7% YoY, its highest since 2011. This also marked three consecutive months of double-digit growth in liquidity which explains the buoyant market sentiment with retail participation exceeding 30%, resulting in record market trading volume and value. Malaysia's June 2020 unemployment rate declined month-on-month to 4.9% from a record-high of 5.3% in May 2020 as more sectors, including the services industry, reopened due to the implementation of the nation's Recovery Movement Control Order (RMCO) to revive the country's economy while curbing the COVID-19 pandemic. Earnings risks remain elevated, underscoring our preference for growth stocks and exporters over recovery beta.

FIXED INCOME MARKET REVIEW

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 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 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.

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.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

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 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 including Malaysia, which continues to offer higher yields in comparison to G3 bonds.