RHB Asset Management

FUND FACTSHEET - OCTOBER 2020

All data expressed as at 30 September 2020 unless otherwise stated

RHB DANA HAZEEM

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.

INVESTOR PROFILE

This Fund is suitable for Investors who:

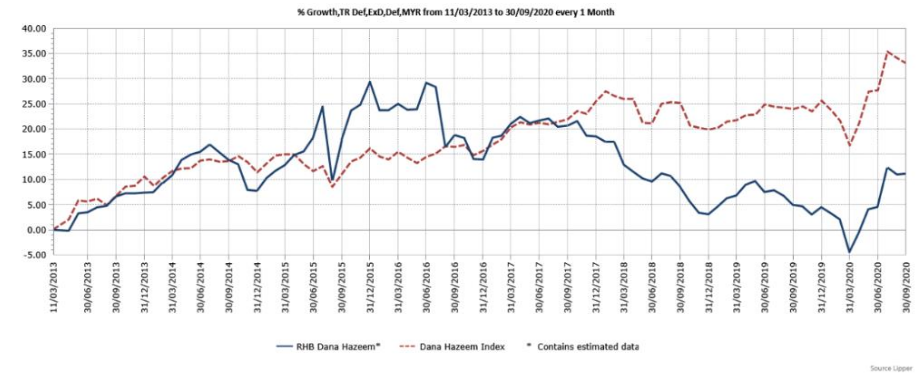
- require investments that comply with Shariah requirements; and
- are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

INVESTMENT STRATEGY

- 40% - 60% of NAV: Investments in Shariah-compliant equity and equity related securities of companies that have dividend and/or growth potential.
- 40% - 60% of NAV: Investments in non-equity Shariah-compliant investments.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**0.16**	**6.27**	**16.21**	**6.32**
Benchmark	-0.79	4.17	13.98	5.89

	1 Year	3 Years	5 Years	Since Launch
Fund	**5.85**	**-7.88**	**-5.69**	**11.11**
Benchmark	7.31	9.10	19.92	33.01

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**1.36**	**-12.98**	**3.94**	**-11.88**	**20.04**
Benchmark	4.81	-4.47	8.56	-0.40	4.29

Source: Lipper IM

FUND DETAILS

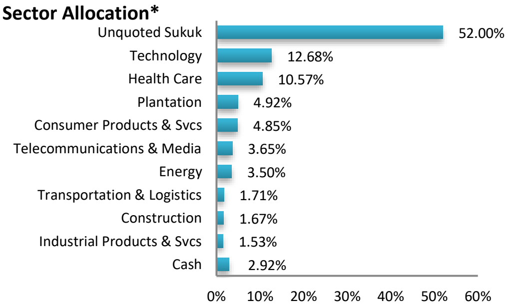
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Balanced Fund (Shariah-compliant)
Fund Type	Income and Growth Fund
Launch Date	18 February 2013
Unit NAV	RM0.4523
Fund Size (million)	RM15.61
Units In Circulation (million)	34.51
Financial Year End	28 / 29 February
MER (as at 28 Feb 2020)	1.63%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Emas Shariah Index + 50% Maybank Islamic Bank Berhad 12-month Islamic FD
Sales Charge	Up to 6.38% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 10 days after receipt the request to repurchase
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.*

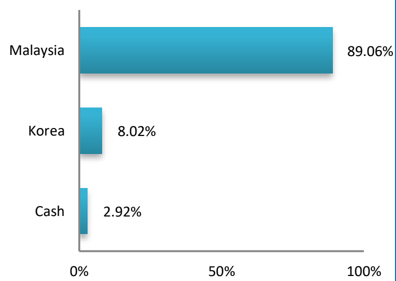
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

MEX I CAPITAL BHD 5.0% (20/01/2023)	17.68
MEX I CAPITAL BHD 2.5% (24/01/2030)	12.65
TANJUNG BIN ENERGY 6.2% (16/03/2032)	7.98
BANK MUAMALAT (M) BHD 5.8% (15/06/2026)	6.49
SPG IMTN** 5.45% (31/10/2033)	5.34

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

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4543	0.4615	0.5826
Low	0.4366	0.3749	0.3749

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
Feb 2020	-	-
Feb 2019	-	-
Feb 2018	-	-
20 Feb 2017	1.1000	2.18
25 Feb 2016	4.2500	7.90

Source: RHB Asset Management Sdn. Bhd.

3-year Fund Volatility 8.3 low Lipper Analytics 10 SEP 2020

RHB DANA HAZEEM

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MANAGER'S COMMENTS

EQUITY MARKET REVIEW

Global equities market took a beating in the month of September 2020. MSCI World Equity Index declined 3.4% during the month. Year-to-date (YTD) returns was 0.0%, as it witnessed the first monthly loss since bottoming out on 23 March 2020. The sell-off was led by the Developed Markets with the United States (US) declining 3.9% and Europe 3.4% while Japan (0.3%) stayed flat. Investors were concerned over high valuations in particular the technology sector and also partly attributed to the drying up of stimulus in US. In addition, US Presidential elections, as well as the rise in the number of new virus cases in Europe and other parts of the world may dampened global recovery. Commodities plunged on investor concerns over the sustainability of the sharp recovery in economic activity witnessed over the past few months, with the Brent Crude falling 9.6% over the month, Silver 17.4%, Iron Ore 6.3%, Aluminum 1.9%, and even Gold (-4.2%) failing to protect the downside. Asia ex-Japan declined marginally by 1.7% in September (YTD: 3.5%) was the best performing region in emerging market, owing to performances by technology-heavy Korea (2.9%) and Taiwan (1.8%). Despite continued improvement in economic data, China fell 2.9% during the month, as investors anticipate a potential breakdown of the Phase 1 trade deal with regards to an intensification of the US-China rivalry ahead of the US elections. ASEAN (-5.9%) was dragged down by Indonesia (-13.0%) and Thailand (-9.6%).

The FBM KLCI fell for the second consecutive month by 1.3% month-on-month (MoM) in September 2020 due to concerns over political uncertainty, the end of the loan moratorium on 30 September 2020 and rising new Coronavirus Disease 2019 (COVID-19) cases post-Sabah election. Similarly, the FBM Emas Shariah Index also fell 2.0% during the month. Retail participation share of trades fell MoM for the first time since March 2020. Foreign selling pressure continued in September 2020, with a net outflow of RM2.0 billion, bringing YTD net foreign selling to a record RM21.9 billion. Market activity pulled back in September 2020 as market Average Daily Volume (ADV) traded were down 30% MoM to RM4.7 billion.

Malaysia has seen a spike in the number of daily confirmed COVID-19 cases recently, with the seven day average tally reaching 209 as of 4 October 2020 higher than the previous peak of 173 in early April 2020. The recent wave is being driven by clusters in two states in particular Sabah and Kedah. While Sabah had accounted for most of the new cases even prior to the recent surge, several new cases in other states have been traced back to persons who had recently travelled to Sabah for the state elections on 26 September. The authorities have imposed localized lockdowns in the affected areas, while inter-district travel has also been banned in Sabah. The federal government has said it does not see the need to re-impose a nationwide lockdown as the majority of the cases are from previously identified clusters.

EQUITY MARKET OUTLOOK AND STRATEGY

In October, the market will be focusing on political developments after Datuk Seri Anwar Ibrahim claimed he has a “strong, formidable majority” to form a new government as well as how the end of the loan moratorium affects the market. We expect market to be range-bound, with downside risks in October 2020 in view of domestic and external uncertainties. With the end of the loan moratorium on 30 September, we expect deposits growth to slow and this could impact retail participation in the stock market. We maintain our cautious view on the market amid the economic uncertainty arising from COVID-19. We recommend sticking to sectors or stocks with earnings growth in particular exporters. Globally, investor focus remains on what is widely seen as the most important event risk over the rest of the year that is the US elections.

FIXED INCOME MARKET REVIEW

US Treasuries (UST) continued to advance in the early part of the month with yields lowered by a further 3-6 basis points (bps) across the curve as the Federal Reserve (Fed) began its daily bond purchase particularly in the long end bucket. However, yields remained traded within tight range amidst uncertainties surrounding the vaccine hope, US-China relations and US fiscal stimulus impasse. Additionally, the commitment by the Fed to keep the US Fed Fund Rate at near zero for an extended period until 2023 provide support to the overall yield curve.

At the end of September 2020 close, the benchmark 2-, 5-, 10- and 30-year UST were last traded at 0.13% (August 2020: 0.13% +0bps), 0.28% (0.27%; +1bps), 0.68% (0.71%; -3bps) and 1.46% (1.48%; -2bps) respectively.

Local Govvies succumbed to selling pressure post Bank Negara Malaysia (BNM) decision to stand pat on the Overnight Policy Rate (OPR) at 1.75% during the September’s Monetary Policy Committee (MPC) meeting plus weak bidding metrics on the 30-year Government Investment Issue (GII). Yields spiked up by 5-17 bps with the long end suffered the most. Furthermore split market view on FTSE Russell announcement on Malaysia maintained in the index with possible of exclusion in the next review, gave rise to more uncertainties thus dampen the investors’ appetite.

MoM, yield curve generally bear flattened as Malaysian government securities (MGS) yields shifted higher by a range of 5-14bps in the belly curve while the long end of the curve rallied by range of 6-19bps. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.99% (August 2020: 1.85%), 2.25% (2.14%), 2.43% (2.29%), 2.67% (2.62%), 3.02% (3.08%), 3.33% (3.52%) and 3.81% (3.62%) respectively. On the other hand, GII yields moved generally higher across the curve with the longer tenure pressured the most with yield jumped by 40bps as a result of tepid demand on new 30 years issue. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.04% (August 2020: 1.85%), 2.21% (2.05%), 2.35% (2.39%), 2.63% (2.67%), 3.15% (3.18%), 3.56% (3.45%) and 4.05% (3.65%) respectively.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

Gradual re-opening of economy globally and concerted monetary easing by major global central Banks should spur recovery prospects in the coming quarters barring further spike in COVID cases and re-establishment of restrictive movement control. The US Fed reiterated to maintain the US Fed Fund Rate at near zero for an extended period until 2023 or until labour market condition have stabilised and reach the target employment level. On a related note, the new policy framework now allows inflation to rise above 2%.

With prospects of allowing inflation rate to rise and also increase in government debt issuance to finance enlarged stimulus packages, we opine that yield may rise gradually premised on better economic numbers as US economy reopens. Nevertheless, yields are not expected to rise at levels prior to the pandemic on views that there will not be hasty decisions to raise rates before 2023.

Despite Malaysia recorded a soft 2Q2020 Gross Domestic Product (GDP) print at -17.1% year-on-year (YoY), the data showed that domestic growth has rebounded since April, implying that domestic growth may have bottomed in 2Q and is poise to recover in 2H2020 with the gradual reopening of economies. 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.

While BNM decided to keep its policy rate unchanged at the current record low of 1.75% following a total of 125bps cut for 2020, we opine the central bank still has policy room to ease further given the benign inflation outlook. The pace of future policy easing remains data dependent. In the September’s FTSE Russell review, Malaysia will continue to remain included in FTSE Russell World Government Bond Index (WGBI). The index provider has acknowledged the positive measures introduced by BNM and has decided to maintain Malaysia’s continued inclusion in the index.

Going forward, FTSE Russell decision on Malaysia’s continued inclusion to infuse further market confidence on Malaysian Ringgit bond/sukuk market and we expect the demand for local govvies to garner traction from both local and offshore investors.

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