

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:

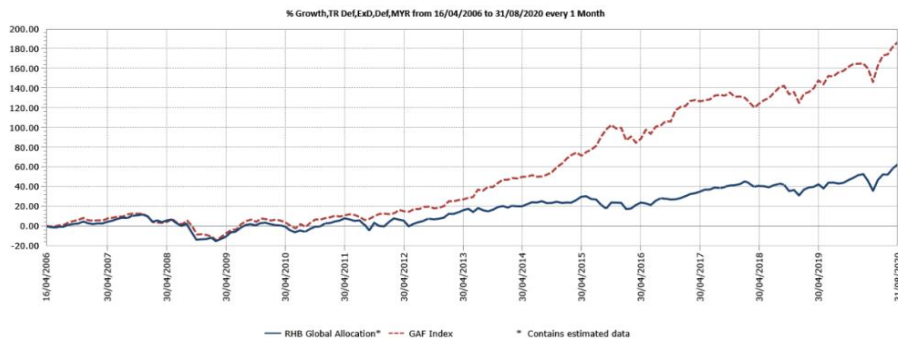
- a well-diversified investment across global markets;
- a flexible and dynamic asset allocation; and
- to invest in an established and proven foreign fund managed by a renowned international fund manager.

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	2.68	6.70	11.47	7.20
Benchmark	1.72	5.03	10.29	8.32

	1 Year	3 Years	5 Years	Since Launch
Fund	13.60	17.02	33.70	62.65
Benchmark	12.03	23.02	50.00	186.64

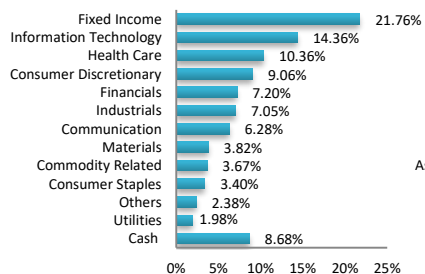
Calendar Year Performance (%)*

	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

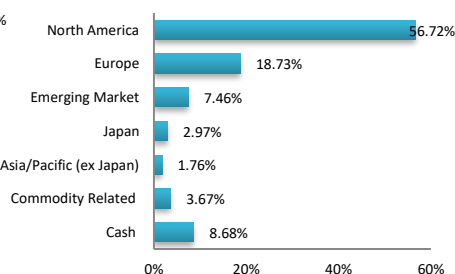
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Region Allocation*



Top Holdings (%)*

SPDR GOLD SHARES	2.40
MICROSOFT CORP	2.18
AMAZON COM INC	2.17
WI TREASURY (CPI) NOTE 0.125 (15/04/2025)	2.11
APPLE INC	2.10

*As percentage of NAV

*Source: Black Rock, 31 August 2020. Exposure in BlackRock Global Allocation Fund - 96.92%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7233	0.7233	0.7233
Low	0.7044	0.5607	0.3903

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	RM0.7233
Fund Size (million)	RM19.55
Units In Circulation (million)	27.03
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.

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.

MANAGER'S COMMENTS

TARGET FUND'S MAIN PORTFOLIO CHANGES

- Global equities gained in August, marking the fifth consecutive month of positive returns as U.S. large-cap stocks (represented by the S&P 500 Index), experienced their biggest gains in the month of August since 1986. Generally favorable U.S. economic data, moderating COVID-19 infection rates across the U.S., and very supportive monetary policy from the U.S. Federal Reserve, all combined to push major global equity indices sharply higher over the period. While still positive, emerging market stocks lagged developed market stocks as many EM countries faced rapidly rising cases of COVID-19. Bond markets were generally weak in August amidst the risk on sentiment, with U.S. high yield and EM debt being two of the only areas that posted gains. 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.
- Regionally, the Target Fund Manager is overweight the United States and to a lesser 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.
- From a sector perspective, the Target Fund Manager continues to emphasize secular growth themes across high quality equities in areas such as healthcare, consumer discretionary, communication services, and technology. 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.
- While the Target Fund Manager continues to maintain overweight positions in secular growth companies, they have tactically shifted exposure at the margin, by adding to cyclical exposure across industrials at the expense of select mega-tech positions following continued outperformance. Exposure remains focused on areas such as rails, manufacturing and specialty chemicals that could benefit from a stabilizing economy but do not require a sharp cyclical upturn as a catalyst. In a recent market insight, portfolio manager, Russ Koesterich, discusses the importance of being selective in cyclical exposure with an avoidance of deep value names that still face secular headwinds.
- Within consumer discretionary, the Target Fund Manager partially rotated exposure by taking profits in select U.S. home builders and fast food chains and added to select European consumer durable companies.
- The use of equity derivatives is an additional lever the team can pull to augment core fundamental equity exposure. Given the elevated volatility in US equity markets in recent months, the Target Fund Manager has been implementing risk reversal positions whereby they sell downside exposure in the form of put options to fund call options to generate additional upside or positive convexity into the portfolio.
- As of August month-end, portfolio duration was 2.2 years. With negative rates prevailing in many fixed income markets, and US rates near historic lows (however unlikely to turn negative), the efficacy of government bonds as an effective hedge to equity volatility has been diminished meaningfully. In recent months, they have shifted positioning in favor of a barbell exposure, with exposure to long-duration bonds, balanced with cash to further hedge equity exposure.
- 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. Recent policy intentions announced at the annual Federal Reserve Symposium reinforced the Fed's commitment to support employment efforts even if it means having inflation exceed 2% as points in time. As such, despite near-term headwinds for inflation, the Target Fund Manager believes that the 5-year breakeven rate of ~1.7% underestimates the potential for future inflation and is not fully pricing in the power of the Fed's resolve.
- The Target Fund Manager continues to build yield into the portfolio via high-quality spread assets with a preference for a diversified basket of high yield credit securities, as well as select EM sovereigns and securitized debt. In August, the Target Fund Manager trimmed exposure to credit and securitized assets where spreads have tightened to extreme levels.
- 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 they believe 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 short-term bills in Japan to get exposure to the Japanese yen (JPY) as an additional hedge in the portfolio.
- While the Target Fund Manager remains overweight US Dollar given its historical roles as reliable hedges during periods of market volatility, they reduced exposure given the low interest rate environment and political uncertainty in the U.S., as well as a better than expected recovery in Europe. Outside of USD exposure, the Target Fund Manager is overweight the euro and Japanese yen and have added select FX pairs, notably a short Australian Dollar against the Japanese Yen. This position is based on the view that the Australian dollar typically trades with a reliably high beta to global growth 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: 66%, fixed income: 22%, 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. In August, the Target Fund Manager trimmed equity exposure ahead of a potential increase in volatility leading up to the U.S. elections and news of the next stimulus package. Within fixed income, the Target Fund Manager uses duration as a partial hedge against equity risk however remain underweight relative to the portfolio given an increase in long-term inflation expectations following the Fed's willingness to allow U.S. core inflation to periodically run above 2% (in order to attain its long-term objective of an average inflation level of 2%). Given the dearth of income as a result of the sustained low rate environment, the Target Fund Manager 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 and an increasing demand for income. Given the fund's risk aware mandate, the Target Fund Manager looks to balance exposure to risk assets with a diversified selection of portfolio hedges including (the afore mentioned) duration, cash, gold-related securities, and FX positioning.
- * 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.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 August 2020, the Volatility Factor (VF) for this fund is 9.7 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 3.3 but not more than 9.6 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 30 June 2020 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2020.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the contents of the PHS and Master Prospectus dated 3 September 2017 and its supplementary(ies) (if any) ("collectively known as the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia ("SC") who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Master Prospectus should not be taken to indicate that the SC has recommended the fund. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors. If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

The Manager wishes to highlight the specific risks of the Fund are management risk, currency risk and country risk. These risks and other general risks are elaborated in the Master Prospectus.

This Fund Factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide to future performance. Returns may vary from year to year.

This Fund Factsheet has not been reviewed by the SC.

RHB Asset Management Sdn Bhd (174588-x)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000