

RHB ENERGY FUND

The Fund aims to achieve long term capital appreciation through an investment that is linked to the global energy sector.

INVESTMENT STRATEGY

- 90% to 100% of NAV: Investments in Malaysian bonds, money market instruments, cash and deposits with financial institutions.
- Up to 10% of NAV: As capital payment for exposure to a derivative instrument in the form of a swap agreement that will provide the Fund with exposure to the global energy sector. With this capital payment, the Fund can have a notional amount of up to 100% of its NAV exposed to the Underlying which are linked to the global energy sector.

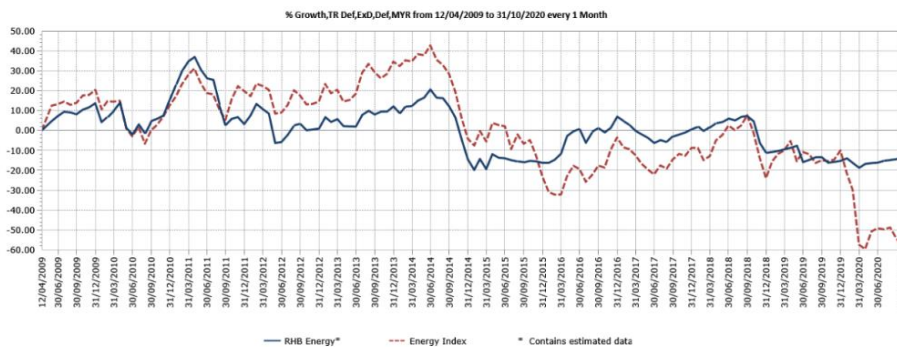
INVESTOR PROFILE

This Fund is suitable for investors who:

- seek investment opportunities in the global energy sector;
- seek capital growth;
- have a long term investment horizon; and
- have an appetite for risk to gain higher returns.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	1.01	1.87	3.78	1.93
Benchmark	-7.52	-15.96	4.75	-52.98

	1 Year	3 Years	5 Years	Since Launch
Fund	3.04	-11.81	1.87	-13.53
Benchmark	-50.03	-52.07	-55.59	-57.76

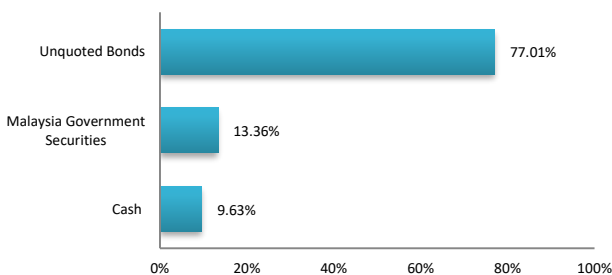
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	-4.52	-11.72	-5.85	27.42	-1.89
Benchmark	18.32	-16.73	-5.48	25.72	-19.93

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Asset Allocation*



Top Holdings (%)*

MEX I CAPITAL BHD 2.5% (24/01/2030)	20.95
GII MURABAHAH 4.724% (15/06/2033)	13.36
CIMB GROUP HOLDINGS 5.4% (23/10/2023)	12.20
MEX I CAPITAL BHD 2.5% (22/01/2031)	11.63
MEX II SDN BHD 6.4% (28/04/2034)	9.52

*As percentage of NAV

FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	23 March 2009
Unit NAV	RM0.3593
Fund Size (million)	RM8.68
Units In Circulation (million)	24.15
Financial Year End	31 March
MER (as at 31 Mar 2020)	1.64%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	60% S&P GSCI Energy Official Close Excess Return Index (RM) + 40% MSCI World Energy Index (RM)
Sales Charge	Up to 5.00% 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*
Distribution Policy	Incidental

*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 STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3703	0.3703	0.6014
Low	0.3557	0.3344	0.3226

Source: Lipper IM

RHB ENERGY FUND

The Fund aims to achieve long term capital appreciation through an investment that is linked to the global energy sector.

MANAGER'S COMMENTS

MARKET REVIEW

With concerns over rising Covid-19 cases and newly implemented mobility restrictions, the global equity markets fell by 2.5% in October, bringing the year to date return to -2.5%. Increasing Covid-19 numbers have pushed European governments to once again start imposing nation-wide lockdown measures. Until 1 December, people in France will only be allowed to leave their homes to buy essential goods, for medical reasons, or to exercise for an hour a day. Unlike the first lockdown, however, schools and nurseries will remain open. In Germany, Angela Merkel's government will impose a partial lockdown starting 2 November, which will last for four weeks. Spain imposed a national curfew (11 PM-6 AM) since 25 October, while Italy shut down several services and limited operating hours for bars and restaurants for a month since 26 October. England is into a second lockdown on November 2, making the country the latest in Europe to impose new national restrictions. In the US, hospitalizations for Covid-19 have risen at least 10% over the past week. However, this time it's different – the hospitalization trend is flatter than both the initial and summer outbreak. Fiscal stimulus will have to wait until after the election. On the election front, the odds for Biden victory are increasing again. Biden, along with a Democratic Senate, would most likely lead to a more aggressive stimulus. Fed Chair Powell (among others) has been steadfast in his message that there cannot be a sustainable economic recovery until the virus is controlled.

On the positive side, the AstraZenica-University of Oxford vaccine has reportedly shown promising results in treatment for the elderly, but we would need to wait for the phase 3 trial results to get a more conclusive picture about its safety metrics. Separately, J&J's vaccine could be available for emergency use by January, assuming no surprise in the results from its latest trial, expected later this year.

In the month of October, oil prices were relatively muted initially before sliding downwards near the end of the month amid the rise in new coronavirus cases globally and concerns around a return to lockdowns. Germany and France, two of Europe's largest economies, announced lockdown measures to combat the pandemic, eroding demand for fuel and exacerbate the supply glut. Crude inventories were also higher than market expectation despite Hurricane Zeta disrupting US production. Higher Libyan production and fear of demand weakness continue to weigh on oil prices.

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") curve were generally bull-steepened in most part of the month as positive auction of the new MGS 10-year benchmark has drove the short-tenor and up to the belly of the curve to be well demanded. This is on top of gradual market adjustment and expectation for lower policy rate going forward as the surge in number of Covid-19 cases shall warrant dovish monetary policy to curb potential shortfall in growth trajectory as well as to lend further support for domestic economy.

Looking ahead, curve steepening pressure might prevail on supply dynamics point of view as there is now a stronger case for the continuation of expansionary fiscal measures which will reflect in similarly heavy government bond supply profile in 2021. Therefore, we will be closely watched for further details in this upcoming Budget 2021 announcement as government need to find a tight balance between fiscal consolidation and maintaining adequate and sustainable support for the recovery. Nonetheless, we remain opportunistic as the correction in yields will attracts good entry level as policy remain far from tightening cycle.

Month-on-month, MGS space was bull-steepened with the front-end yields were well priced-in for another 25 bps OPR reduction. Overall, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.75% (Sept-2020: 2.00%), 2.00% (2.24%), 2.32% (2.42%), 2.61% (2.65%), 3.10% (3.04%), 3.45% (3.37%) and 3.89% (3.84%) respectively.

MARKET OUTLOOK AND STRATEGY

The macro backdrop continues to favor precious exposure: falling real rates; worldwide adoption of the rate cut cycle by central banks and, of course, universal anxiety about the virus. Biggest cap for gold & silver's upside is perhaps the preference for cash on collapsing inflation expectations. Any price upside depends on rates/stimulus strategies delivering a recovery and an unexpectedly sharp return of inflation risk.

On the oil front, investors are barely tipping their toes in the oil market. Most participants are awaiting the elections to be over and re-engage ahead of the next OPEC+ meeting on 1st December 2020. The market expects OPEC+ to exercise caution in bringing 1.9 million barrels per day of oil production back online amid the tepid recovery in the pandemic and dampened end-user demand. Meanwhile positives of trade normalization and stimulus spending could be more meaningful amid a tightening oil market in 2021, but the shift towards renewables may eventually cap some of the upside of oil prices going forward.

Domestically in Malaysian fixed income, at the final BNM Monetary Policy Meeting ("MPC") of the year on 3rd November 2020, BNM has decided to keep its overnight policy rate (OPR) unchanged at a record low of 1.75%. The decision has been expected by 17 out of 22 economists surveyed in Bloomberg. This marked the second straight meeting that BNM held the OPR unchanged after consecutively lowering its benchmark rate by 125 bps from January 2020 to July 2020. BNM in a statement said that the latest indicators pointed towards significant improvement in the economic activity in the third quarter. Nonetheless, growth for the year 2020 is expected to be within the official forecasted range of -5.5% to -3.5% with growth in 2021 projected to improve further. Aside, the pace of recovery will be uneven across sectors where economic activity in some industries remaining below pre-pandemic levels on top of slower improvement in the labour market. The central bank's statement suggested that the door remains open for easing in the future if necessary. As of now, BNM believe that previous cuts were enough to support domestic growth and could wait to gauge on incoming risks to the growth outlook as downside risks remain from ongoing uncertainties surrounding the pandemic globally and domestically. In term of inflation trajectory, BNM forecasted it to be muted this year with average headline inflation to be negative on account of substantially lower global oil prices. On official forecast, BNM has guided that inflation to be around -1.5% to +0.5% in 2020. That said, given the lower inflation trajectory amid a weaker growth backdrop, we opine that even easing cycle might enter its tail end, it is still far for BNM as well as other central bankers to embark on tightening cycle thus will leave the interest rate low for longer at this juncture.

We are still maintaining our expectations that the local government space will stay supported on widening yield differential versus the US. We opine that investing in MYR bonds is attractive from a real yield perspective given the benign outlook on growth and moderate inflation prospects globally. With subdued inflation which will likely be in negative territory in 2020, we view it will further boost the attractiveness of MYR bond market, thus keeping real yields attractive. On top of that, with The Fed is pledging for interest rates to remain unchanged at current level at least until 2022, we see the increase of attractiveness towards emerging market yields which are still decent compared to develop nation. Therefore, the prospect of lower global interest rates for longer also may increase the appeal for yield hunting strategies which may potentially see foreign inflows. Nevertheless, we will continue to monitor the market situation given cautious investors' sentiment due to higher supply going forward in both government securities and corporate space as well as heightened policy and political uncertainty domestically. With these views, we remain positioned to capture opportunities to actively trade in the government securities space as volatility is expected to present value from a risk-reward perspective especially on recent yields' correction which deemed healthy and more attractive compared to couple of months before. In the corporate space, we will remain selectively invested for portfolio yield preservation, amidst historical low yield environment. While cognizant of higher supply of bond issuances ahead, we are holding on towards our higher yielding bonds for income accrual of the portfolio going forward.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 October 2020, the Volatility Factor (VF) for this fund is 9.9 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 9.6 but not more than 12.8 (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 Prospectus dated 3 September 2017 and its supplementary (ies) (if any) ("collectively known as the Prospectus") before investing. The 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 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 Prospectus relates will only be made on receipt of a form of application referred to in the Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the 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 credit and default risk, interest rate risk, counterparty credit risk associated with derivatives, derivative risk, legal/ regulatory risk, sector risk, currency risk, management risk, risk linked to the MSCI World Energy Index, returns are not guaranteed and risks relating to JPMCCI Energy Excess Return Index and the Contag Indices. These risks and other general risks are elaborated in the 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