RHB Asset Management

FUND FACTSHEET - OCTOBER 2020

All data expressed as at 30 September 2020 unless otherwise stated

3-year Fund Volatility 9.8 low Lipper Analytics 10 SEP 2020

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

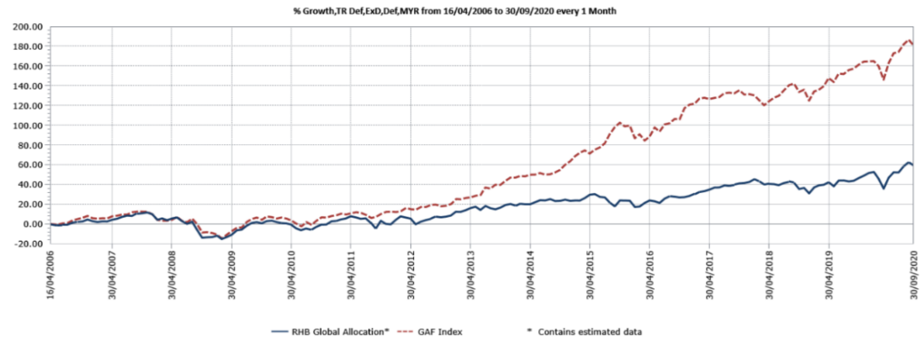
This Fund is suitable for Investors who:
- a well-diversified investment across global markets;
- a flexible and dynamic asset allocation; and
- to invest in an established and proven foreign fund managed by a renowned international fund manager.

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	**-2.00**	**4.68**	**17.27**	**5.05**
Benchmark	-2.04	2.39	14.01	6.11

	1 Year	3 Years	5 Years	Since Launch
Fund	**10.78**	**13.94**	**35.19**	**59.39**
Benchmark	9.10	20.86	41.77	180.79

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 DETAILS

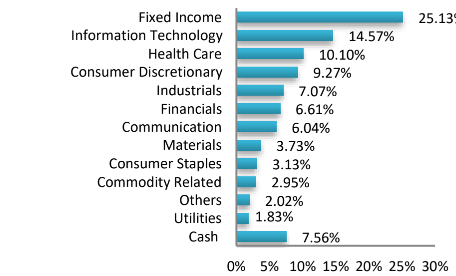
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	27 March 2006
Unit NAV	RM0.7088
Fund Size (million)	RM19.34
Units In Circulation (million)	27.29
Financial Year End	31 August
MER (as at 31 Aug 2019)	0.43%
Min. Initial 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.*

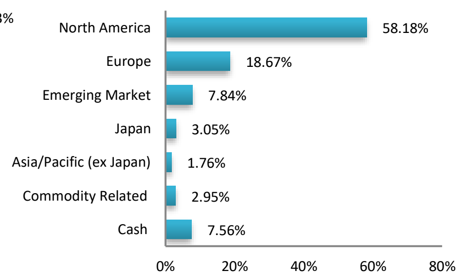
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Region Allocation*



Top Holdings (%)*

WI TREASURY (CPI) NOTE 0.125 (15/04/2025)	3.58
SPDR GOLD SHARES	2.20
APPLE INC	2.13
MICROSOFT CORP	2.04
TREASURY NOTE 1.75 (15/11/2029)	1.98

**As percentage of NAV*

**Source: Black Rock, 30 September 2020. Exposure in BlackRock Global Allocation Fund - 95.94%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7269	0.7269	0.7269
Low	0.6957	0.5607	0.3903

Source: Lipper IM

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3-year Fund Volatility
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RHB GLOBAL ALLOCATION FUND

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MANAGER'S COMMENTS

TARGET FUND'S MAIN PORTFOLIO CHANGES

- Global stocks declined in September for the first time since March, as investor concerns about the timing and magnitude of a second U.S. fiscal stimulus weighed broadly on risk assets. Part of the market pullback was also driven by a recalibration on valuations that had become stretched in the late summer driven largely by increased option activity in the mega-tech space. While sovereign bond markets posted modest positive returns, credit markets fell alongside of risk assets. 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, the Target Fund Manager believes that 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. Australia, and Canada. The Target Fund Manager's underweight positions within these countries are due primarily to the sector composition of their equity markets, including significant weights to financials and secularly challenged industries.
- From a sector perspective, the Target Fund Manager continues to emphasize secular growth themes across high quality and innovative companies in areas such as consumer discretionary, technology, healthcare, and communication services. The Target Fund Manager remains cautious on deep value-oriented sectors, notably energy and parts of the financial sector where commerce is changing the efficacy of these business models.
- The Target Fund Manager continues to favor secular growth companies for the long-term, however have tilted the portfolio towards select cyclical industries such as rails, manufacturing, aerospace and defense, and specialty chemicals that will benefit from a stabilizing economy but do not require a sharp upturn in economic activity as a catalyst.
- The Target Fund Manager rotated exposure within technology from mega-cap tech positions in favor of more cyclical parts of the sector such as semiconductors and hardware. In addition to positioning in individual securities, the Target Fund Manager also hold thematic baskets with exposure to cyber security and cloud computing, both of which stand to benefit for the acceleration in trends around technology adoption.
- Despite remaining underweight financials due to long-term structural challenges and the low rate environment, the Target Fund Manager increased exposure to select European banks and U.S. money centers with diversified business models. Continued improvement in the global economy and any further steepening of local yield curves may help support the share prices of these firms.
- The use of equity derivatives is an additional lever the team can pull to augment core fundamental equity exposure and adjust the portfolio's risk/return profile. Amidst the elevated volatility in US equity derivative markets, the Target Fund Manager has observed increased demand for options in the form of higher premiums. Given the Target Fund Manager's view that markets would remain range-bound in the near-term, they sought to take advantage of this dislocation in the options space. As a result, the Target Fund Manager sold a combination of put and call options that would require a significant market move before becoming in the money (i.e. markets would need to fall by 10-20% for the puts or increase by ~ 20% for the calls). Both market movements represent a point where the Target Fund Manager would be comfortable buying back shares of the underlying securities for the puts and selling the shares for the calls. The Target Fund Manager then used some of the proceeds of these option strategies to buy protection via long put options at more moderate levels as a hedge against local movements in the market (i.e. protection if the market were to fall ~5%).
- As of September month-end, portfolio duration was 2.5 years, an underweight relative to the 2.75 duration of the Target Fund's reference benchmark. With negative rates prevailing in many fixed income markets, and US rates near historic lows (however unlikely to turn negative), the Target Fund Manager believes the efficacy of government bonds as an effective hedge to equity volatility has been diminished meaningfully.
- 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 mid to 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% at points in time. As such, despite near-term headwinds for inflation, the Target Fund Manager believes that the 5-year breakeven rate of ~1.5% 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. The aggregate exposure of these off benchmark fixed income asset classes currently exceeds ~10% of AUM and helps to differentiate Global Allocation from more traditional "60/40" portfolios.
- The Target Fund Manager reduced exposure to gold-related securities over the month given its increased correlation to risk assets and diminished efficacy as a hedge (similar to duration). Despite this reduction, the Target Fund Manager maintains ~ 3% exposure as they believe the precious metal can provide resiliency in the portfolio and prove to still be a moderately 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.
- Given the current environment, the Target Fund Manager believes that cash equivalents may be a comparable to short- and intermediate-term U.S. Treasuries in their effectiveness in mitigating equity risk. The Target Fund Manager also hold cash a source of funding as they look to opportunistically deploy capital.
- While the Target Fund Manager remains overweight US Dollar given its historical roles as reliable hedges during periods of market volatility, they have decreased the overweight given the low interest rate environment and political uncertainty in the U.S., as well as a better than expected recovery in Europe. In addition to the USD, the Target Fund Manager is overweight the euro and Japanese yen. The Target Fund Manager is also short select currencies such as the Australian Dollar and select Emerging Market currencies, some that have material exposure to global commodities. The Target Fund Manager's view is that in a "risk off" environment, many of these currencies are likely to underperform certain DM currencies such as the USD and JPY.

TARGET FUND'S POSITIONING

- Asset allocation (as % of net assets*): Equity: 64%, fixed income: 25%, precious metals: 3%, cash equivalents: 8%
- Within the Global Allocation Fund, positioning reflects a desire to invest for the long-term while managing for the short-term.

The Target Fund Manager remains overweight equities as they expect continued economic improvement, progress on the health front, (i.e. treatment protocol and vaccine) and continued support from the Fed, particularly given its pivot towards a more dovish reaction function over the long-term. That said, in the near-term the Target Fund Manager has trimmed their equity overweight in September based on the expectation that the market will be more volatile, and range bound into the election. Within fixed income, the Target Fund Manager continues to use duration as a partial hedge against equity risk however consistent with their view of an improving economy, they remain underweight relative to the benchmark. Given the dearth of income as a result of the sustained low rate environment, the Target Fund Manager also maintain exposure to credit (primarily high yield but also some investment grade) and to select emerging market sovereign debt as additional sources of yield that should continue to benefit from aging demographics, an increasing demand for income, and an improving global economy. Given the Target 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, derivatives 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.