FUND FACTSHEET - DECEMBER 2020

All data expressed as at 30 November 2020 unless otherwise stated

3-year Fund Volatility 9.9 moderate Lipper Analytics 10 NOV 2020

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.

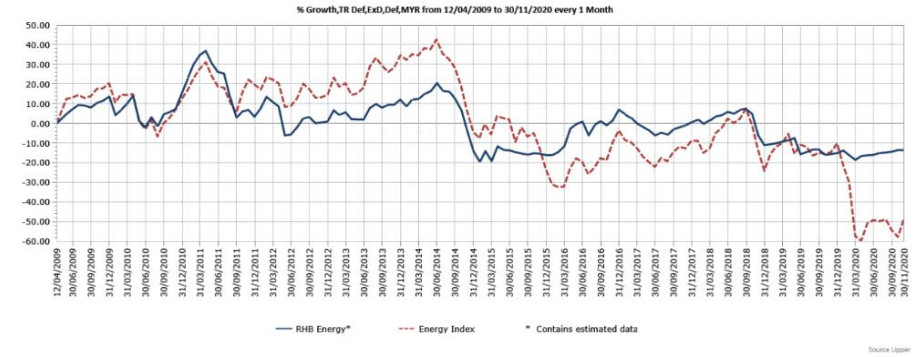
INVESTOR PROFILE

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	**-0.08**	**1.38**	**3.19**	**1.84**
Benchmark	21.50	0.33	4.36	-42.87

	1 Year	3 Years	5 Years	Since Launch
Fund	**2.48**	**-12.80**	**2.08**	**-13.60**
Benchmark	-39.80	-41.16	-41.15	-48.68

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 DETAILS

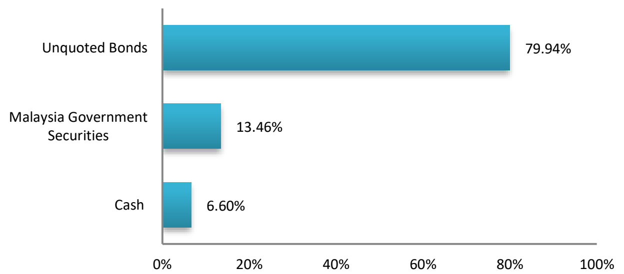
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	23 March 2009
Unit NAV	RM0.3590
Fund Size (million)	RM8.36
Units In Circulation (million)	23.30
Financial Year End	31 March
MER (as at 31 Mar 2020)	1.64%
Min. Initial 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 PORTFOLIO ANALYSIS

Asset Allocation*



Top Holdings (%)*

MEX I CAPITAL BHD 2.5% (24/01/2030)	21.82
GII MURABAHAH 4.724% 15/06/2033	13.46
CIMB GROUP HOLDINGS 5.4% (23/10/23)	12.58
MEX I CAPITAL BHD 2.5% (22/01/2031)	12.11
MEX II SDN BHD 6.4% (28/04/2034)	9.89

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3597	0.3703	0.6014
Low	0.3587	0.3344	0.3226

Source: Lipper IM

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RHB Asset Management

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3-year Fund Volatility
9.9
moderate
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RHB ENERGY FUND

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MANAGER'S COMMENTS

MARKET REVIEW

Major bourses, boosted by positive narratives, recorded strong gains in the month of November. These include heightened vaccines optimism, relatively good US macro data (strong PMI), optimism over the Donald Trump–Joe Biden transition and Janet Yellen's nomination to become the next US treasury secretary. The global equity markets gained 12.2% in November, bringing the year to date return to 9.4%.

Vaccine results from AstraZeneca and Oxford University brought another wave of optimism. Even if this vaccine is less effective (70% efficacy) than the other two (95% efficacy), it seems to be a far more practical solution from a logistical point of view, as it would be easier to distribute beyond the developed markets. The AstraZeneca vaccine only needs regular refrigerator temperature, whereas Pfizer and Moderna require special freezers (-70 degree Celsius) and ordinary freezers (-20 degree Celsius) respectively. Following encouraging trial results from Pfizer-BioNTech, Moderna and AstraZeneca, the FDA is likely to approve the Pfizer-BioNTech and Moderna vaccines in coming weeks with FDA Advisory Committee meetings on December 10 and possibly December 17 respectively.

Around 60-70% of the global population will need to be inoculated in order to fully break the link between the virus and economic activity. Given the scale (world population of 7.8 billion people) and the number of vaccines being developed requiring two doses (days between two doses ranging from 14-28 days), as well as the lack of global burden coordination, we may see mass vaccination globally occurring at a gradual pace, preventing a full normalization of mobility and cross-border flows. Looking more broadly, large shares of the population are likely to be vaccinated by late Q2 in all major developed markets.

Sentiment is being buoyed by two incrementally positive stories out from the United States. First, after weeks of delays, the US General Services Admission Administrator finally sent a letter to President-Elect Joe Biden, indicating that the agency is ready to make transition resources available to him and his team. News that Donald Trump seems ready to accept that the transition to Biden must begin was welcomed by the market. Adding to that President-Elect Joe Biden nominated former Federal Reserve Chair Janet Yellen to be the next US Treasury secretary. The relationship between Treasury and the Fed has been damaged and this move would help mend fences and improve coordination.

Oil prices rallied during the month on a surprise decline in U.S. crude supplies and expectations of OPEC+ holding the output hike underpinned the rally. More importantly, the positive vaccine news and funds rotation into commodities helped lift oil prices as well. From October 2020 data, International land rig count was down 14 rigs MoM to 477 rigs and International offshore rig count decreased by 24 rigs MoM to 154 rigs. Meanwhile, CPO prices continue to climb higher on tightening supply amid the adverse weathers.

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") curve were generally softer with yields seen to be drifted higher on less trading activities towards the end of the year as well as improvement in risk appetite following vaccine progress that saw global yields spiked and reversed entirely. The uncertainties ahead of the Budget 2021 debate and passing vote added in pressuring sentiment of Malaysia's bond market during the month. At this juncture, high anticipation in bond market is unlikely given the improvement in risk appetite might flows into equities following vaccine progress that could enhance optimism over combating and containing the rising global Covid-19 cases and help on global economy growth. Rising external yields will inevitably weigh on Ringgit bonds when supply profile remains heavy while demand faces headwinds. Nevertheless, BNM has ample capacity to raise its exposure in local government bonds though may less motivated to do so if yield increase comes under the context of better growth prospects.

Month-on-month, MGS space bear-steepened with the front-end yields adjusted higher after the rate cut expectation did not materialize. Overall, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.75% (Oct-2020: 1.75%), 2.00% (2.00%), 2.32% (2.32%), 2.61% (2.61%), 3.10% (3.10%), 3.45% (3.45%) and 3.89% (3.89%) respectively.

MARKET OUTLOOK AND STRATEGY

Over the medium term, we remain positive on Asia ex-Japan on prospects of growth uptick and hence returns for Industrial metals. China is the only major economy that registered a positive 2Q GDP growth. Amid "First in First out", China is at the forefront of restarting the economy and more policy space to revive activity.

On the oil front, with renewed "lockdown" measures in Europe, oil demand will likely be dented in the near-term. However, optimism surrounding vaccines should be a tailwind for oil price recovery for 2021. OPEC+'s meeting in Dec-2020 indicates that members will likely extend production cuts (reduce supply) of roughly 7.7mbpd. This should place some support under oil prices going into Jan-2021. We expect Saudi's influence within core OPEC to prevail as the Middle East giant leans more towards extending production cuts (vs. Russia [OPEC+] preference for increasing output by 0.5mbpd).

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 unchanged at a record low of 1.75%. This marked the second straight meeting that BNM has 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. The tone of monetary statement was sanguine, moving gradually away from the previous more downbeat outlook. BNM turned slightly optimistic on growth assessment but did highlight that the downside risks to growth continue to persist amid recent resurgence of Covid-19 cases which have resulted in major economies to re-introducing containment measures although less restrictive compared to earlier in March 2020. These downside risks to growth remain as further resurgence of infections could lead to weaker business, employment and income conditions. 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 it 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 expectation that the local government space to stay supported on widening yield differential versus the UST. 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. Vaccines and US politics may reshape global growth and inflation outlook in the next few months with rising external yields will weigh on local bond sentiments. 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 previously. 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.

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