RHB Asset Management

FUND FACTSHEET - NOVEMBER 2020

All data expressed as at 31 October 2020 unless otherwise stated

3-year Fund Volatility 9.9 moderate Lipper Analytics 10 OCT 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:

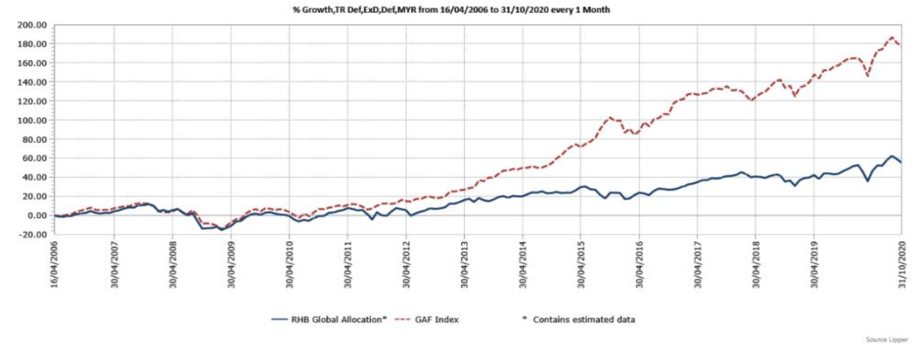
- a well-diversified investment across global markets;
- a flexible and dynamic asset allocation; and
- to invest in an established and proven foreign fund managed by a renowned international fund manager.

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	**-2.53**	**-1.92**	**5.80**	**2.40**
Benchmark	-1.35	-1.70	5.48	4.68

	1 Year	3 Years	5 Years	Since Launch
Fund	**5.95**	**10.14**	**25.30**	**55.37**
Benchmark	5.99	17.65	36.70	177.01

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	10.59	22.26

Source: Lipper IM

FUND DETAILS

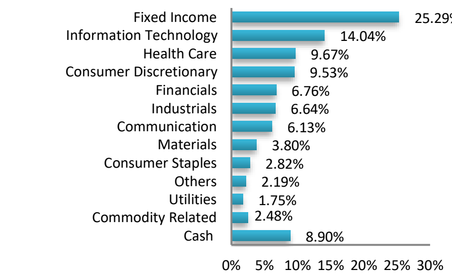
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	27 March 2006
Unit NAV	RM0.6909
Fund Size (million)	RM15.22
Units In Circulation (million)	22.03
Financial Year End	31 August
MER (as at 31 Aug 2020)	0.44%
Min. Initial 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.*

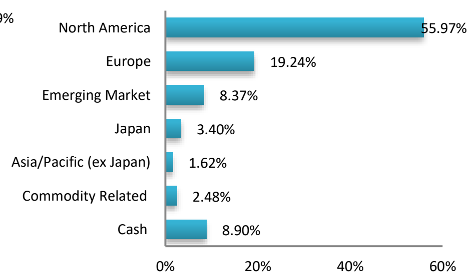
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Region Allocation*



Top Holdings (%)*

TREASURY (CPI) NOTE 0.125 04/15/2025	2.73
MICROSOFT CORP	2.02
SPDR GOLD SHARES	1.96
ISHARES $ HIGH YIELD CRP BND ETF $	1.95
APPLE INC	1.93

**As percentage of NAV*

**Source: Black Rock, 31 October 2020. Exposure in BlackRock Global Allocation Fund - 95.69%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7306	0.7306	0.7306
Low	0.6909	0.5607	0.3903

Source: Lipper IM

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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 October for the second consecutive month, led by declines across European and U.S. large cap stocks. Increasing COVID cases across Europe and the US (with lockdown measures being reinstated in Europe), disappointment on the lack of a second U.S. fiscal stimulus and increasing expectations of a contested U.S. election, weighed broadly on risk assets. Somewhat surprisingly, U.S. small-cap stocks and emerging market stocks were able to post modest gains during an otherwise turbulent October, despite their reputations for historically being more volatile that their large-cap and developed market peers. Outside of equities, traditional hedges such as U.S. treasuries and gold did not provide robust diversification benefits as these assets posted negative to flat returns for the month. Looking across fixed income, international sovereign bonds and U.S. high yield credit generated modest positive returns. Despite the expectation for continued volatility in the near-term, the Target Fund Manager remains cautiously optimistic into year-end as a combination of continued economic improvement based on prior stimulus, progress on the health front, (i.e. treatment protocol and vaccine) and clarity on the outcome of the U.S. election should support risk assets.

• Regionally, the Target Fund Manager is overweight equities in the United States and to a lesser extent, China with an emphasis on high quality companies that are positioned to generate consistent earnings. The Target Fund Manager also maintain an overweight to European equities (ex-U.K.) amidst further policy support from joint monetary and fiscal efforts that should act as a catalyst for growth in the intermediate term. 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, such as mining and oil & gas production.

• From a sector perspective, the Target Fund Manager continues to emphasize high quality and innovative companies that can generate consistent cash flows 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 has tilted the portfolio towards select cyclical industries such as rails, specialty chemicals, semiconductors, and housing related names that will benefit from a stabilizing economy but do not require a sharp upturn in economic activity as a catalyst. In a recent market insight, Russ Koesterich discusses looking between traditional pure growth and deep value, and how a focus on growth at a reasonable price may result in opportunities among cyclical industries.

• The Target Fund Manager increased exposure to select companies across utilities and materials with exposure to renewable energy that would benefit from a shift in energy consumption.

• Within consumer discretionary, the Target Fund Manager added to select consumer services and durables names across the U.S. and Japan. Within Japan, exposure is focused on high quality companies that are more cyclical in nature and could benefit from a pickup in demand given increased mobility as COVID cases remain contained across the country.

• Within the derivatives space, the Target Fund Manager found opportunities in the options market to trade volatility to augment their core equity positions and manage the portfolio's risk/return profile. More recently the Target Fund Manager overwrote existing core fundamental positions to generate income, where the call options possessed strike prices where be comfortable selling the shares. The Target Fund Manager also implemented risk reversal positions whereby the Target Fund Manager sold downside exposure in the form of put options to fund call options to generate additional upside or positive convexity into the portfolio.

• As of October month-end, portfolio duration was 2.2 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 ~1.6% 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 investment grade and high yield credit securities, as well as select EM sovereigns and securitized debt. Within high yield, while there has been spread compression over the past several months, it is the Target Fund Manager's view that high yield continues to offer more attractive relative value as compared to higher quality segments of the global fixed income markets. 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 (like duration) and rotated into other portfolio hedges such as cash and currency pairs that may provide more diversification benefits in the current environment. The Target Fund Manager maintains a modest exposure as they believe the gold 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.

• The Target Fund Manager is overweight the US Dollar and Japanese yen given historical roles as reliable hedges during periods of market volatility. The Target Fund Manager has reduced the overweight to the U.S. Dollar in recent months given the low interest rate environment and political uncertainty in the U.S., as well as a better than expected recovery in Europe. In October, the Target Fund Manager pared back their euro overweight as a resurgence of COVID weighed on the currency. 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: 63%, fixed income: 25%, precious metals: 3%, cash equivalents: 9%

• Within the BGF Global Allocation Fund, positioning reflects a desire to invest for the long-term while managing for the shortterm. The Target Fund Manager remains overweight equities given the supportive macro backdrop from previous stimulus, sustained low rate environment, strong household balance sheets and corporate resilience. That said, in October the Target Fund Manager continued to trim their equity overweight based on the expectation that the market would be more volatile, and range bound into the U.S. election. Within fixed income, the Target Fund Manager uses duration as a partial hedge against equity risk however consistent with their view of an improving economy, the Target Fund Manager remains underweight relative to the benchmark. Given the dearth of income as a result of the sustained low rate environment, they 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, goldrelated 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.