RHB Asset Management

FUND FACTSHEET - DECEMBER 2020

All data expressed as at 30 November 2020 unless otherwise stated

3-year Fund Volatility 10.6 moderate Lipper Analytics 10 NOV 2020

RHB ISLAMIC REGIONAL BALANCED FUND - USD CLASS

The Fund aims to provide regular income* and capital growth over the medium to long-term** from a diversified portfolio of Shariah-compliant investments.

Note: Income is in the form of Units. Please refer to the Fund's distribution mode.*

*** "medium to long-term" in this context refers to a period of three (3) years or more.*

INVESTOR PROFILE

This Fund is suitable for investors who:

• want to have a balanced portfolio that provides both income and capital growth, and at the same time complies with the principles of Shariah; and

• are willing to accept moderate risk in their investments.

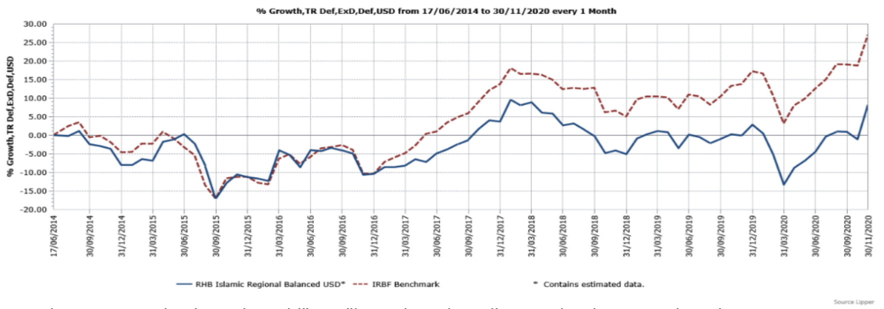
INVESTMENT STRATEGY

• At least 40% and up to 60% of NAV: Investments in Shariah-compliant equities.

• At least 40% and up to 60% of NAV: Investments in non-equity Shariah-compliant investments.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



RHB Islamic Regional Balanced Fund ("IRBF") Benchmark : Following the change in Shariah screening methodology of the Fund from a combination of screening methodologies to a single FTSE Shariah screening methodology effective from 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% FTSE Shariah Developed Asia Pacific Index. Prior to 3 December 2017, the performance of this Fund is benchmarked against a composite benchmark comprising 50% RAM QuantShop GII (medium term) Index and 50% Dow Jones Islamic Market Asia Pacific Index.

Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**9.36**	**7.06**	**16.05**	**5.14**
Benchmark	7.01	6.69	15.71	8.40

	1 Year	3 Years	5 Years	Since Launch
Fund	**8.23**	**3.97**	**20.92**	**8.09**
Benchmark	11.71	13.35	43.10	27.06

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**8.36**	**-8.44**	**15.58**	**1.11**	**-3.58**
Benchmark	11.60	-7.65	26.92	0.88	-6.90

Source: Lipper IM

FUND DETAILS

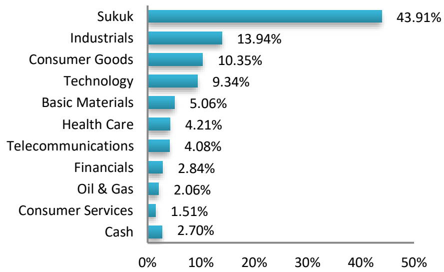
Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Balanced fund (Shariah-compliant)
Fund Type	Income and growth
RM Class Launch Date	08 April 2014
USD Class Launch Date	17 June 2014
Domicile	Malaysia
Base Currency	Malaysian Ringgit (RM)
Unit NAV	USD 1.0809
Fund Size (million)	USD 0.54
Units In Circulation (million)	0.50
Financial Year End	30 April
MER (as at 30 Apr 2020)	2.00%
Min. Initial Investment	USD 1,000.00
Min. Additional Investment	USD 100.00
Benchmark	50% RAM QuantShop GII (medium term) Index + 50% FTSE Shariah Developed Asia Pacific Index
Sales Charge	Up to 5.00% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	Up to 0.06% p.a. of NAV, subject to a min. of RM18,000p.a.*
Switching Fee	USD 10.00 per switch*
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.*

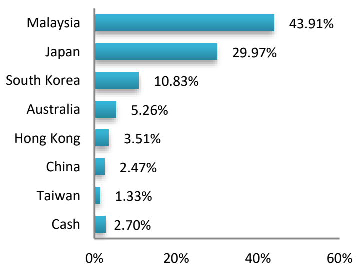
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SAMSUNG ELECTRONICS CO LTD	5.33
BANK MUAMALAT MALAYSIA 5.05% (25/11/2021)	4.67
SOFTBANK GROUP CORP	4.08
WCT HOLDINGS BHD 6.0% PERPETUAL	3.62
YTL POWER INTERNATIONAL 5.05% (03/05/2027)	3.54

**As percentage of NAV*

FUND STATISTICS

Historical NAV (USD)

	1 Month	12 Months	Since Launch
High	1.0931	1.0931	1.1106
Low	0.9884	0.7754	0.7754

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

Equity

The crucial announcement of preliminary Coronavirus Disease 2019 (COVID-19) vaccine results by few pharmaceutical companies, along with the passage of the United States (US) election overhang, catapulted global equities to their best monthly performance ever. Global equities rallied by 12.2% in the month of November 2020, lifting year-to-date (YTD) returns (9.4%). The strong rally were across all countries as well as all sectors. Reopening themes such as tourism and other beaten down sectors sprung back on the prospects of normalization in global economic activity, triggering a raft of analyst upgrades globally, especially for under-owned stocks and value stocks. Growth-sensitive commodities (Brent Crude: 27.0%, Copper: 12.8%) soared higher at the expense of precious metals (Gold: -5.4%) on expectations of sustained demand recovery.

FTSE Shariah Developed Asia Pacific Index was up 14.2% in November 2020. ASEAN was the best performing region, up 15.7%, rejuvenated by hopes of demand recovery, with Thailand rising 24.9%, Singapore 18.5%, and Indonesia 14.8%. Korea rose 17.9% on the back of a robust 3Q20 earnings season as well as stronger-than-anticipated exports, while Taiwan increased by 10.0%.

Sukuk

It was a roller coaster month for the US Treasury (UST) market, which had largely priced in a prospects of Biden led victory. The 10-year UST yield advancing up for 20 basis points (bps) in the month of October and ran up to 0.94% the day before US Presidential Election on bets of more stimulus if Joe Biden wins against current President Donald Trump. However, yields reversed sharply two days later to settle at 2-week low of 0.78% given the tight race between both parties, before rising back to 0.97% the following week on news from pharmaceutical Pfizer and German's BioNtech claimed that their coronavirus vaccines were more than 90% effective in shielding against Covid-19 infections. Yields and global equity index soared the highest with Dow Jones Industrial Average index broke 30,000. The following two weeks saw range trades in UST markets on disagreement between the Treasury Department and the Federal Reserve (Fed) over the continuation of funding for some of the emergency programs targeted towards small and medium size business, which has been served an important role to support the vulnerable economy amid worsening pandemic crisis.

At the end of November 2020 close, the benchmark 2-, 5-, 10-, 20- and 30-year UST were last traded at 0.1485% (October-2020: 0.1525% -4bps), 0.36% (0.38%; -2bps), 0.84% (0.87%; -3bps), 1.36% (1.43%; -7bps) and 1.57% (1.66%; -9bps) respectively. UST closed slightly bull flatter over the month while front end rates remain anchored.

On the local rates, both Malaysia's sovereign papers that is 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/sukuk market during the month. At this juncture, high anticipation in bond/sukuk 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 Malaysian Ringgit bonds/sukuk when supply profile remains heavy while demand faces headwinds. Nevertheless, Bank Negara Malaysia (BNM) has ample capacity to raise its exposure in local government bonds/sukuk though may less motivated to do so if yield increase comes under the context of better growth prospects.

Month-on-month, MGS space was 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% (October-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. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to also been in a same trend of bear-steepening curve on softer overall local bond market. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 1.79% (October-2020: 1.79%), 1.96% (1.96%), 2.34% (2.34%), 2.59% (2.59%), 3.21% (3.21%), 3.51% (3.51%) and 4.00% (4.00%) respectively.

MARKET OUTLOOK AND STRATEGY

Equity

The rotation to value has already started but surely still has a long way to play out given the gaps in price performance between victims and beneficiaries of the pandemic are huge. We believe the potential sharp downgrade in corporate earnings will not happen unless the resurgence of COVID-19 is out of control. Equity market is expected to consolidate in the short term due to strong rebound from end October 2020. However, we do expect index to go higher as corporate earnings improve along with the gradual recovery in the global economy. Uncertainties are still prevailing due to the surging local COVID-19 that may force further lockdowns that would overshadow optimism over recent vaccine developments.

Sukuk

We retain our view that global growth will be severely impacted largely due to the COVID-19 pandemic, with inflation to remain largely depressed throughout 2020. Monetary policy is likely to remain accommodative across both Developed Market and Emerging Market economies in the near to medium term. International Monetary Fund (IMF) expects global growth to fall 4.4% in 2020, 0.5ppts above their June projection as they are projecting a somewhat less severe though still deep recession in 2020. Global growth for 2021 is therefore unchanged at +5.4%. The focus for policymakers has shifted from targeted emergency support to broader demand-boosting stimulus. This could help the economy cope with pressures from a still-struggling private sector and limp domestic demand.

As for Malaysia, 3Q20 GDP growth surprised on the upside at -2.7% YoY which is a significant improvement from -17.1% in 2Q20. However, we note that there are considerable downside risks to the near-term outlook taking into account the Conditional MCO reinstated in October which could hamper economic activity to some extent and thus have an impact on 4Q20 GDP growth.

Nevertheless, BNM has decided to maintain the Overnight Policy Rate (OPR) at 1.75% at the final Monetary Policy Meeting (MPC) for this year held on 3 November, citing projected further improvement on the country's economic activity and inflation to remain subdued as the world economy contends with the resurgence in Covid-19 cases. In a statement post MPC, BNM was confident on the continued recovery in the global economy, led by improvements in manufacturing and export activity although the resurgence in Covid-19 cases suggests that the global economic recovery will likely remain uneven in the near term. As for Malaysia, the latest indicators point towards significant improvement in economic activity in the third quarter. BNM acknowledged, the introduction of targeted measures to contain Covid-19 in several states could affect the momentum of the recovery in the fourth quarter. Nonetheless, growth for the year 2020 is expected to be within the earlier forecasted range. On Malaysia's inflation, BNM said that in line with earlier assessments, headline inflation is likely to average negative this year given the substantially lower global crude oil prices. For 2021, headline inflation is projected to average higher. The country's inflation outlook will continue to be significantly affected by global oil and commodity prices.

As the Feds is pledging for interest/profit rates to remain unchanged at current level at least until 2023, hence we see the positive real interest/profit rates in emerging market yields, which are still decent compared to develop nation should attract flows. Nevertheless, we expect market to be more cautious in the coming months and into 2021 premised on higher supply in both government and corporate issuance as well as heightened policy and political uncertainty domestically. Additionally, vaccines and US political landscape may reshape global growth and inflation outlook in the next few months with rising external yields will also weigh on local bond/sukuk sentiments.

Based on the above, we are neutral in duration and continue to position in capturing volatility for trading while maintaining quality credits for yield preservation.

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