FUND FACTSHEET - DECEMBER 2020

All data expressed as at 30 November 2020
unless otherwise stated

RHB RETIREMENT SERIES - ISLAMIC BALANCED FUND

The Fund aims to maximise total returns through a combination of long-term^ growth of capital and current income consistent with the preservation of capital by investing in one target Shariah-compliant fund.

^ "long-term" in this context refers to a period between 5 – 7 years.

INVESTMENT STRATEGY

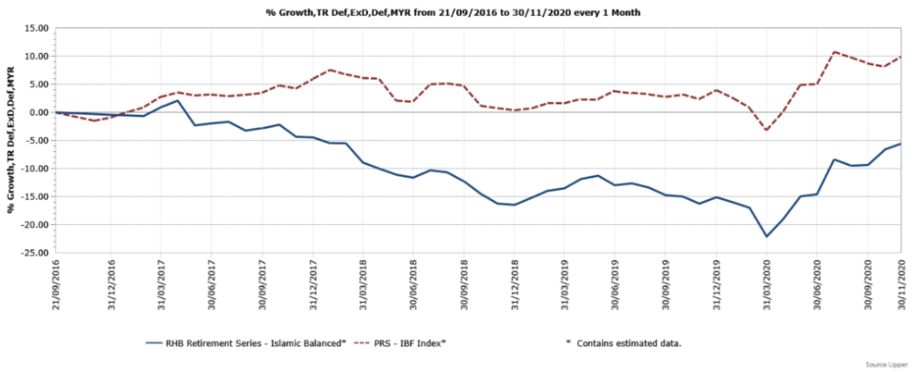
- At least 95% of NAV: Investments in units of RHB Dana Hazeem.
- 1% to 5% of NAV: Investments in liquid assets including Islamic money market instruments and placements of cash.

MEMBER'S PROFILE

The Fund is suitable for Members who require investments that comply with Shariah requirements and are willing to accept moderate risk in their investments in order to achieve long-term growth and income.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**1.14**	**4.38**	**11.08**	**11.29**
Benchmark	1.60	0.16	4.84	5.77

	1 Year	3 Years	Since Launch
Fund	**12.78**	**-1.32**	**-5.58**
Benchmark	7.41	5.41	9.86

Calendar Year Performance (%)*

	2019	2018	2017
Fund	**1.60**	**-12.62**	**-4.02**
Benchmark	3.50	-5.22	6.87

Source: Lipper IM

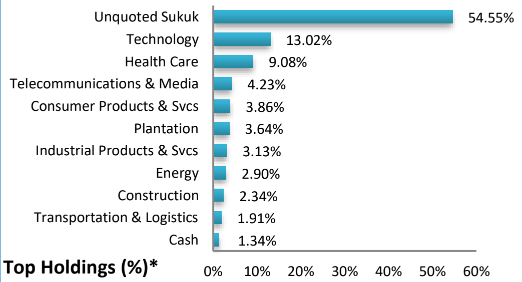
FUND DETAILS

Provider	RHB Asset Management Sdn. Bhd.
Trustee	Deutsche Trustees Malaysia Bhd
Fund Category	Feeder fund – balanced (Shariah-compliant)
Launch Date	01 September 2016
Unit NAV	RM0.4721
Fund Size (million)	RM0.98
Units In Circulation (million)	2.08
Financial Year End	31 May
MER (as at 31 May 2020)	Not available #
Min. Initial Investment	RM100.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Emas Shariah Index + 50% Maybank 12-month Islamic FD
Sales Charge	Up to 3.00% of NAV per unit*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.04% p.a. of NAV*
Switching Fee	None
PPA (Private Pension Administrator) Annual Fee	RM8.00*
PPA Pre-retirement Withdrawal Fee	RM25.00 per withdrawal*
PPA Transfer Fee	RM25.00 per transfer*
Annual PPA Administration Fee	0.04% p.a. of NAV*
Distribution Policy	Annually, if any

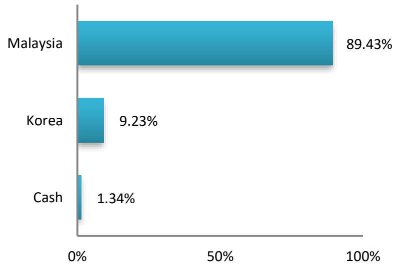
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*
 # The MER is not applicable as the expenses are borne by the PRS Provider.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

MEX I CAPITAL BHD 5.0% (20/01/2023)	18.51
MEX I CAPITAL BHD 2.5% (24/01/2030)	14.70
TANJUNG BIN ENERGY 6.2% (16/03/2032)	7.98
BANK MUAMALAT (M) BHD 5.8% 15/06/2026	6.51
SPG IMTN** 5.45% 31/10/2033	5.31

As percentage of NAV, IMTN: Islamic Medium Term Note. Exposure in RHB Dana Hazeem 96.71%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4742	0.4742	0.5131
Low	0.4657	0.3752	0.3752

Source: Lipper IM

RHB Asset Management Sdn Bhd (174588-x) **Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur** **General Line: 603-9205 8000**

RHB RETIREMENT SERIES - ISLAMIC BALANCED FUND

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PROVIDER'S COMMENTS

EQUITY MARKET REVIEW

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%). 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. Asia ex-Japan was up 8.0% in November 2020 (YTD: 14.9%). 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%.

Over in Malaysia, November 2020 was the second-best month for FBM KLCI in 2020 with a +6.53% gain (July: +6.85%) to 1,563 points, as gainers significantly outnumbered losers. Investors bought into value stocks which were bashed down year to date. The value rally saw YTD losers dominating the top gainers list – Genting Bhd (+37.16%), Press Metal (+27.50%), CIMB (+23.05%), Genting Malaysia (+22.50%), RHB Bank (+21.75%). Top losers were in Gloves (Hartalega -20.00%, Top Glove -16.92%). Foreigners net sold RM1.03 billion worth of equities in the month of November 2020 (October: RM669 million), bringing YTD net outflow to RM24.00 billion. Local institutionals and retailers each net bought RM523 million/RM504 million worth of equities in November 2020 (October: RM213 million/RM456 million), while retailers continued to account for 39.0% of trades (October: 39.9%). Similarly, the FBM Emas Shariah also posted 3.2% gain in November to close at 13,147 points.

Crude oil climbed to its highest level since early March 2020 on optimism surrounding the vaccine announcements, with sentiment also boosted by US election results. Oil futures turned into backwardation to reflect tighter conditions. Financials sector also enjoyed November 2020 rally with the index returned close to 15% due to low price to book. Construction was one beneficiary seen out of the Budget 2021. After all, mega-infra projects now seem to be back in the limelight with mentions of the MRT3 and High-speed Rail by Finance Minister. This was reflected in the construction index's 12.8% return.

COVID-19 cases have not improved here in Malaysia. In fact, November 2020 was the worst for daily reported new cases with 34,149 cases reported, 74% higher than October 2020. We also saw Top Glove (TOPG MK) seeing some of its production factories being shut down progressively and the company's manufacturing area in Klang being put under Enhanced Movement Control Order (EMCO) after a high number of positive COVID-19 cases were reported among its workers there.

EQUITY MARKET OUTLOOK AND STRATEGY

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. The uncertain political backdrop continues to be a drag. It is, however, not the overriding investment consideration. We believe the potential sharp downgrade in corporate earnings will not happen unless the resurgence of COVID-19 is out of control. Fear that banking and gloves sectors' earnings would be badly affected by 2021 budget did not materialise and was positive for the FBM KLCI's earnings. Index 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 economy and foreign inflows might be back in Malaysia. Uncertainties are still prevailing due to the surging local COVID-19 cases; this may force further lockdowns that would overshadow optimism over recent vaccine developments.

FIXED INCOME MARKET REVIEW

It was a roller coaster month for the United States 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 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 bonds/sukuk market during the month. At this juncture, high anticipation in bonds/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 bonds/sukuk 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.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

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 Gross Domestic Product (GDP) growth surprised on the upside at -2.7% year-on-year (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 Movement Control Order (CMCO) 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 bonds/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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