

# RHB RETIREMENT SERIES – CORE AND NON-CORE PRIVATE RETIREMENT SCHEMES (“PRS”) UPDATE

May 2024

All data expressed as at 30 April 2024, unless otherwise stated.

## RHB Retirement Series Review

The MSCI Asia Pacific ex Japan index gained 0.33% during the month of April 2024. The ‘high for longer’ outlook for the United States (“US”) has been the main theme in global markets, while expected earnings improvement has been the main driver for the rebound of China and Hong Kong (“HK”) markets. The US March 2024 inflation data has surprised to the upside for a third straight month which led to market indicators adjust the number of expected Fed rate cuts to just only one cut for 2024. MSCI China (6.6%) led in performance thanks to Internet and Property. Hong Kong also outperformed, with Financials in particular helped by the Value rally and recovery in AIA Group Ltd. The Association of Southeast Asian Nations (“ASEAN”) markets broadly underperformed. MSCI Singapore (3.9%) held up well while MSCI Indonesia (-8.5%) lagged as the Indonesian central bank hikes rates to support Rupiah. MSCI Taiwan (-2.4%) underperformed as Artificial Intelligence (“AI”) stocks globally retreated after strong Year-to-Date (“YTD”) gains, with MSCI Korea (-6.05%) leading the underperformance due to KRW weakness and weakness in battery material and Internet names.

The FBMKLCI index was up by 2.6% in April 2024 outperforming the Emerging Markets and Asia Pacific ex-Japan (“APAC”) indices. Malaysia outperformed other markets in ASEAN benefitting from investor concerns on increased escalation of the conflict in the middle-East. Malaysia is characterized as an investor safe-haven due to its defensive nature and commodity exporter. Despite the strong market performance, foreign sell down on Malaysian equities continued for the second consecutive month albeit at half of the outflow we saw in March 2024 at –USD287.6 million. Overall, Thailand was the only country which saw foreign inflows in April 2024 at +USD107.9m but YTD the favourite market remains Indonesia with a +USD567.5 million worst of net foreign inflow.

Only the Moderate Core Fund saw a slight positive performance for the month, with both the Conservative and Growth Core Funds showing slight negative performance. The main positive contributor for the Moderate Core Fund was Dayang Enterprise Holdings Bhd while Samsung Electronics Co Ltd (“Samsung Electronics”) was the main drag. For the Growth core Fund the main positive performance contributor was the exposure to Malaysia while Indonesia and South Korea were a significant drag through its exposure to Bank Rakyat Indonesia (Persero) Tbk PT and Samsung Electronics. For the Conservative Core Fund Malaysia was the top contributor but Indonesia was the main drag due to its exposure to Indonesian banks.

The Retirement Series - i-Allocator Fund recorded a slightly negative performance for the month. The main contributor during the month was the exposure to the RHB Shariah China Focus Fund while exposure to RHB Global Shariah Dynamic Income Fund was a drag.

The RHB Retirement Series – Islamic Equity Fund continues to register positive return of 2.38% in the month of April 2024 as Malaysia market continue to be strong broadly while the RHB Retirement Series – Islamic Balanced Fund up by 1.46% in the month of April 2024 slightly underperformed the FBM Emas Shariah Index return of 3.80% as the big cap like Tenaga Nasional Bhd and Tele-Communication stocks were up which the Fund has underweighted. The Fund continue to overweight in Industrials, Energy, Technology, Property and Healthcare while underweight in Materials and Tele Communications. The Fund continues to be positive in Malaysia due to factors driven by the government to boost the infrastructure roadmap and also the spending by Petronas Gas Bhd capital expenditure in Energy sector. Johor play which include Electronic Manufacturing Services (“EMS”), property, data centre is also supporting the Malaysia investment theme as a whole.

## Strategy

We identify three key themes for Malaysia in 2024:

- government execution of the policies it announced in 2023, such as higher development expenditure and energy transition plans;
- the Johor-Singapore theme, with the setting up of a Special Economic Zone (“SEZ”) in Johor;
- the ringgit's current weakness, which we expect to strengthen in the latter part of 2024 amid potential US Federal Reserve (“Fed”) pivot and uplift in the technology cycle.



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Sector specific, we remain overweight Healthcare sector, Construction/Infrastructure sector, Water-related sector, Tourism sector, Renewable Energy/Utilities sector and Technology sector. The Consumer sector might benefit going forward due to the increase in the civil servants' salary. The hike of more than 13% starting December 2024 will be the highest increase in the nation's history. The exercise would involve an allocation of over RM10 billion. Furthermore, the Employees Provident Fund (“EPF”) has also announced a restructuring of its members' accounts effective 11 May 2024 that seeks to enhance their income security after retirement while addressing members' current life cycle needs. Akaun Fleksibel provides flexibility for short-term financial needs. Savings in this account can be withdrawn at any time according to members' needs. We are of the opinion that much of the bad news already in the price although the US rate cut might be pushed towards fourth quarter 2024 from first quarter 2024. China in our view should recover in 2024. Besides better economy, corporate earnings are also expected to recover after having recorded negative growth last year. From valuation perspective, the Index is not expensive and cheap Ringgit would attract foreign inflows.

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## DISCLAIMER

Source: RHB Asset Management Sdn Bhd (“RHBAM”), 30 April 2024.

RHBAM is the Private Retirement Scheme (“PRS”) Provider of the RHB Retirement Series – Core PRS (consist of RHB Retirement Series-Growth Fund, RHB Retirement Series-Moderate Fund and RHB Retirement Series-Conservative Fund) and RHB Retirement Series – Non-Core PRS (consist of RHB Retirement Series-Islamic Equity Fund, RHB Retirement Series-Islamic Balanced Fund and RHB Retirement Series-i-Allocator Fund).

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A Product Highlights Sheet (“PHS”) highlighting the key features and risks of the RHB Retirement Series – Core PRS and Non-Core PRS is available and contributors have the right to request for a copy of PHS. Contributors are advised to read and understand the PHS and the contents of the Replacement Disclosure Document dated 2 December 2015 and Non-Core PRS dated 1 September 2016 and its supplementary(ies) (if any) (collectively known as “the Disclosure Document”) before investing. The Disclosure Document has been registered with the Securities Commission Malaysia (“SC”) who takes no responsibility for its contents. This update does not amount to indicate that the SC has recommended or endorsed the PRS. Amongst others, contributors should consider the fees and charges involved. Contributors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a distribution is declared, contributors are advised that following the issue of additional units/distribution, the Net Asset Value (“NAV”) per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Disclosure Document relates will only be made on receipt of a form of application referred to in the Disclosure Document. Contributors are advised that investments are subject to investment risk and that there can be no guarantee that any investment objectives will be achieved. Contributors should conduct their own assessment before investing and seek professional advice, where necessary and should not make an investment decision based solely on this update. A copy of the PHS and the Disclosure Document can be obtained from any of our offices or website. For more information, please visit our website at [www.rhbgroup.com/myinvest](http://www.rhbgroup.com/myinvest).

The Private Retirement Series Provider wishes to highlight the specific risks of RHB Retirement Series-Growth Fund are equity risk, credit risk, interest rate risk, liquidity risk, income distribution risk, derivatives risk, currency risk and country risk. The specific risks of RHB Retirement Series-Moderate Fund are equity risk, credit risk, interest rate risk, liquidity risk, income distribution risk, derivatives risk, currency risk and country risk. The specific risks of RHB Retirement Series-Conservative Fund are equity risk, credit risk, interest rate risk, liquidity risk, income distribution risk, currency risk and country risk. The specific risks of RHB Retirement Series-Islamic Equity Fund are management risk and the specific risks of the Target Fund are reclassification of shariah status risk, market risk and particular security risk. The specific risks of RHB Retirement Series-Islamic Balanced Fund are management risk and the specific risks of the Target Fund are reclassification of shariah status risk, market risk, particular security risk, interest rate risk and credit/default risk. The specific risks of RHB Retirement Series-i-Allocator Fund are liquidity risk, country risk, currency risk, Islamic collective investment schemes risk, profit rate risk, credit/default risk and reclassification of shariah status risk. These risks and other general risks are elaborated in the Disclosure Document.

This update has not been reviewed by the SC.

