

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

June 2024

All data expressed as at 31 May 2024, unless otherwise stated.

RHB Retirement Series Review

The MSCI Asia Pacific ex Japan index gained 1.57% during the month of May 2024 from softer USD, continued strong Artificial Intelligence (“AI”) momentum, China policy stimulus and Indian elections. Softer than expected April 2024 Jobs numbers, inflation data and Retail sales report helped ease concerns for higher for longer rates. This allowed for stronger Asian currencies. Taiwan (5.1%) led regional performance thanks to AI momentum. China (2.4%) and Hong Kong (2.4%) ended the month higher but saw profit taking towards the end of the month. Australia (3.7%) outperformed with a rally in the AUD which helped Financials. Korea (-3.45%) underperformed with profit taking in Samsung Electronics Co Ltd. Indonesia (-6.2%) lagged the most after an unexpected rate hike and weak macro data which resulted in sharp share price declines of Indonesia banks.

The FBMKLCI index was up by 1.3% in May 2024 outperforming the Emerging Markets. It was a month of earnings results which showed a decent start of first quarter 2024. The booming datacentre theme in Malaysia continued to be strong. Construction names like Gamuda Bhd and IJM Corporation Bhd showed strong share price performance with expectations of more datacentre contracts awards. Some notable events were 1) announcements of salary hikes of more than 13% for civil servants and the new Employees Provident Fund (“EPF”) Account 3 withdrawals; 2) Microsoft and Google announced multi-billion dollar investments in Malaysia 3) Announcement of RM25 billion National Semiconductor Strategy. Malaysia was the only country in ASEAN with net foreign inflows during the month which helped reduce the net foreign outflow Year-to-Date to –USD160.1 million, the lowest in the region.

Both the Moderate Core Fund and Conservative Core Fund saw a positive performance for the month. The main positive contributor for the Moderate Core Fund was Sime Darby Property Bhd while Bank Mandiri (Persero) Tbk PT was the main drag. For the Conservative Core Fund the main positive performance contributor was IJM Corp while the main drag came from Bank Mandiri (Persero) Tbk PT. The Growth Core Fund showed a slight negative performance with Top Glove Corporation Bhd as the main drag while to main positive contributor was Southern Cable Group Bhd.

The RHB 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 Global Shariah Dynamic Income Fund while the Ishares MSCI EM Islamic ETF was a drag.

The RHB Retirement Series – Islamic Equity Fund also registered positive performance of 3.70% in the month of May 2024 outperformed the FBM Emas Shariah Index return of 2.54% as Malaysia market continue to outperform with the main contributor came from Industrials and Technology sector. Malaysia market has been outperforming the ASEAN region due to due recent rally in Construction sector driven by more data centre contract awarded to the local contractors this month. Some property players also benefited from selling land for data centre. The Fund overweight position in Industrials, Energy and Property continue to helped fund outperformance. RHB Retirement Series – Islamic Balanced Fund also up by 1.63% in the same month.

Strategy

The United States (“US”) economy remains steady but data released in May 2024 pointed to some signs of moderation. However, the minutes from the Federal Reserve’s (“Fed”) last meeting painted the same “higher for longer” picture for interest rates and an openness to potential rate hikes, if appropriate. Investors are now pricing in fewer than two cuts for the year, and debate has shifted to whether or not the Fed will make its first cut by September 2024. The based case scenario is we would see US economy to experience a soft landing. Hence, Fed would need to cut interest rate eventually.

China domestic demand was still weak for now which necessitates a reliance on strong export growth. Challenges in the Real Estate sector remain unresolved, creating some doubts about the sustainability of the Chinese rally.

As for Malaysia, based on the latest indicators Malaysian economy point towards higher economic activity in the second quarter 2024 driven by resilient domestic expenditure and a positive turnaround in exports couple with the increase in tourist arrivals and spending. Investment activity would be supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of initiatives under the national master plans, as well as the



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higher realisation of approved investments. The Private Retirement Scheme (“PRS”) Provider remains positive on Malaysian market as the PRS Provider believes the market would be supported by the improving economy and better corporate earnings. The PRS Provider believes that the positive market trend could be sustained as long as the macroeconomic and corporate earnings performance remain positive. The PRS Provider expects the positive catalysts in the local market to continue due to the structural reforms announced by the government to achieve long term sustainable economic growth. For example, the Madani Economic Framework, the New Industrial Masterplan 2030, and the National Energy Transformation Roadmap (“NETR”) are positive for the economy and the improvement in the bigger picture bodes well for corporate Malaysia’s earnings outlook. Corporate earnings are key for the index to sustain its upward momentum. The Ringgit has also shown stabilisation for now and has performed better against other currencies in the past three months despite external negative news. This will be positive for the local market as foreign investors will have more confidence to invest in Malaysia, besides strong local liquidity. Foreign investors have been net seller of Malaysian equities for the for the first four months of 2024 on the expectation that US Fed may not cut its interest rate soon and expectations of a reduction in the number of the rate cuts in 2024. However, the selling pressure has been fully absorbed by local institutional investors. The positive observation is that foreign investors have started to come back to Malaysia market from the last week of April 2024. This would be positive for the index if the trend continues.

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DISCLAIMER

Source: RHB Asset Management Sdn Bhd (“RHBAM”), 31 May 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.

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.

