

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

November 2024

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

RHB Retirement Series Review

The MSCI Asia Pacific ex Japan index fell by 4.90% during the month of October 2024. The United States (“US”) job and retail data was strong which reinforced the case for a soft landing. Moderate rate cuts, increased odds of a Trump win, and fears of inflation risks pushed 10-year US Treasury (“UST”) yields up from 3.78% to 4.28%. The USD also strengthened against global currencies. With the expectation of “higher for longer” rates scenario, most Emerging Market (“EM”) Asia markets experienced foreign outflows, and most Asian equity markets were weighed down. Taiwan (+3.9%) was the exception, which benefited from stronger-than-expected third quarter 2024 results on robust Artificial Intelligence demand. A lack of details on China’s stimulus and extreme overbought levels led China and Hong Kong to fall almost 6% from end-September 2024. Korea and Thailand cut policy rates by 25bps each in October 2024, while India and Indonesia kept rates on hold. However, disappointing earnings results for Samsung Electronics Co Ltd further weakened the Korean market, making it the worst-performing market in Asia Year-to-Date (“YTD”). Expensive Indian stocks finally took a breather from their continuous rise over the last 11 months, correcting by 7.7% in October 2024, partly triggered by a weak result season.

The FBMKLCI declined by 3.29% in October 2024. Malaysia’s KLCI fell into the red for the second month in the row now in line with the weakness across Emerging Markets and Asia- Pacific (“APAC”) markets, taking KLCI to +10.2% YTD. Budget 2025 was tabled on 18 October 2024. As expected, it was a neutral budget overall with no new major taxes or mega projects announced but it was yet another expansionary budget for Malaysia although the higher expenditures this time will go to higher civil servant salaries. A timeline for the RON 95 subsidy rationalisation was also finally provided, ie by mid-2025. The government will still bear RM12 billion of fuel subsidies for 85% of Malaysians. Separately, there were some goodies in property with tax relief for first time home buyers of RM7k for homes priced less than RM500k and RM5k for homes priced at RM500k-RM750k.

The RHB Retirement Series – Moderate Fund and RHB Retirement Series – Growth Fund saw a slight positive performance during the month, while the RHB Retirement Series – Conservative Fund was slightly negative. The main contributor was exposure to Taiwan while the main drag came from investments in China and Malaysia. At security level IHH Healthcare Bhd, Taiwan Semiconductor Manufacturing Co Ltd and Northern Star Resources Ltd contributed the most to the funds performances, while Samsung Electronics Co Ltd and Guan Chong Berhad were the main detractors.

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

Despite the broader market decline, both RHB Retirement Series – Islamic Equity Fund and RHB Retirement Series – Islamic Balanced Fund outperformed the benchmark of -1.49% in October 2024. RHB Retirement Series - Islamic Equity Fund was flat +0.02% outperformed the benchmark due to underweight in Telecommunications and overweight in Gloves and positive stock selection mainly in Johor Plantation and Hartalega Holdings Berhad. As for RHB Retirement Series - Islamic Balanced registered a -0.05% also outperforming benchmark, thanks to positive asset allocation and stock selection.

Strategy

The PRS Provider believes there is more room for the FBMKLCI to go higher due to stable currency which is fuelled by a robust economy and external factors. Positive economic prospects and domestic structural reforms, complemented by ongoing initiatives to encourage foreign exchange flows, will continue to support the ringgit and the index. The economy is likely to show better performance going forward due to the increased investment activities. Investment activities are 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 higher realisation of approved investments. In addition, Malaysian companies would likely benefit from the relocation of manufacturing facilities from China as Chinese companies would try to bypass US tariffs. In addition, Malaysia will likely gain from China's recent stimulus measures, which includes interest rate cuts and property market support measures, as a stronger economy spurs demand for goods and services and more disposable income for the Chinese to travel. Sectors such as Tourism,



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

November 2024

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

Manufacturing and Commodities would benefit if China recovers well though it may take a while due to the weaknesses in China real estate markets as bulk of China's citizen wealth resided in the Property sector. The PRS Provider's base case remains for a US soft-landing, and the Federal Reserve (“Fed”) would likely to act fast to avoid recession. The PRS Provider reiterates the positive stance on Malaysian equities due to the improving domestic economy. Execution of catalyst projects in line with national masterplans (i.e. New Industrial Masterplan 2030, National Energy Transition Roadmap and 12th Malaysia Plan) and the significant interest in Malaysia as a global supply chain realignment alternative should encourage investment activity. The Prime Minister announced that the government has approved investment inflows into the country from January 2024 to June 2024 increased to RM160 billion, representing 18% growth compared to the same period last year. Meanwhile, the rebound in external demand has aided in the expansion of the economy following second quarter 2024 export growth of 5.8% from a year ago (Year-on-Year (“YoY”)) (first 2024: 2.0% YoY). Malaysia's exports are likely to progressively increase for the rest of 2024 amid better international trade conditions and improved demand for Electrical and Electronics (“E&E”). While the demand is increasing globally, possible trade disputes, such as between the US and China, may increase the possibility of trade disruptions. The healthy labour market, alongside supportive domestic policies, will continue to shore up consumer spending and lend support to overall economic growth.

The FBMKLCI is currently trading at 13.8 times forward earnings Price-to-Earnings (“PE”) ratio which is lower relative to historical PE of 16 times to 18 times. However, the market needs stronger booster in terms of earnings to sustain its uptrend. The PRS Provider believes that the corporate earnings are likely to be upgraded in the second of 2024 as the macro indicators pointing towards better economy in the second half of the year. Liquidity is strong to support the market as foreign investor positioning in Malaysia is still light at 20.1% and YTD foreign inflows were RM1.78 billion. Domestic liquidity will likely continue to support stocks, due to relatively larger allocations by local asset owners to Malaysian stocks.

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

November 2024

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

DISCLAIMER

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

This update has been prepared by RHBAM and is solely for information only. It may not be copied, published, circulated, reproduced or distributed in whole or part to any person without the prior written consent of RHBAM. In preparing this update, RHBAM has relied upon and assumed the accuracy and completeness of all information available from public sources or which was otherwise reviewed by RHBAM. Accordingly, whilst RHBAM have taken all reasonable care to ensure that the information contained in this update is not untrue or misleading at the time of publication, RHBAM cannot guarantee its accuracy or completeness and make no representation or warranty (whether expressed or implied) and accept no responsibility or liability for its accuracy or completeness. You should not act on the information contained in this update without first independently verifying its contents.

Any opinion, management forecast or estimate contained in this update is based on information available as the date of this update and reflects prevailing conditions and underlying PRS Provider’s views as of the date of this update, all of which are subject to change at any time without notice. Such opinions, forecasts and estimates as well as the information contained herein relating to the historical performance of various indices is for information only and is not indicative of the future or likely performance of the PRS and should not be construed as such.

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.

