

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

March 2025

All data expressed as at 28 February 2025, unless otherwise stated.

RHB Retirement Series Review

The Morgan Stanley Capital International (“MSCI”) Asia Pacific ex Japan index was flat and up by 0.07% during the month of February 2025. The Chinese market experienced a strong rally, with offshore China equities continuing the post-DeepSeek Artificial Intelligence (“AI”) rally. China Autos surged due to global market share gains and new product launches, making Technology and Discretionary the two best performing sectors. Taiwan's AI names tumbled along with United States (“US”) counterparts, dragging MSCI Taiwan down by 4.8%. Korea ended largely flat, with a positive impact from the Defense sector. India (-8.0%) saw retreats across all sectors, driven by persistent Foreign Institutional Investor (“FII”) and local sales, subdued earnings, and uncertainty around tariffs under Trump 2.0 and domestic growth concerns. Association of Southeast Asian Nations (“ASEAN”) (-2.7%) underperformed North Asian peers due to lack of thematic upside drivers and ongoing concerns about domestic political situations. Indonesia experienced the most severe correction, while Japan lagged behind due to factors like US tariffs, rising interest rate expectations, cost-push inflation, and Japanese Yen appreciation.

The Kuala Lumpur Composite Index (“KLCI”) saw an improvement of 1.14% in February 2025. Malaysia experienced a better performance on the KLCI Index, but the broader Financial Times Stock Exchange (“FTSE”) Bursa Malaysia 100 Index fell by 0.7%. The month was dominated by earnings, with most companies reporting full-year earnings. However, there were some ex-earnings headlines, such as Malaysia's fourth quarter Gross Domestic Product (“GDP”) beating the expected 4.8%, the floods problem for palm oil production persisting for another month, and the government choosing a bus-tram network over a light rail transit system for southern Johor. Foreign fund flows continued to be volatile, with Malaysia and Indonesia remaining the most unloved markets in Emerging ASEAN. The foreign outflow of RM2.2 billion is the fifth consecutive monthly outflow since fourth quarter 2024, with foreigners net selling RM13.1 billion worth of Malaysia equities.

Only the RHB Retirement Series - Conservative Fund saw a positive performance during the month. Alibaba Group Holding Ltd (“Alibaba”) and Public Bank Berhad were the top contributors to the performance while Indonesian banks Bank Mandiri (Persero) Tbk PT (“Bank Mandiri”) and Bank Central Asia Tbk PT were the main drag. For the RHB Retirement Series - Moderate Fund and RHB Retirement Series - Growth Fund, the main drag came from investments in Malaysia. At security level Alibaba and Tencent Holdings Ltd contributed the most to the Funds performances, while Bank Mandiri and IJM Corporation Bhd were the main detractors.

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

For February 2025, the RHB Islamic PRS Funds' performance were lackluster in tandem with the weaker FTSE Bursa Malaysia (“FBM”) KLCI as trade fears escalate. RHB Retirement Series - Islamic Equity Fund underperformed benchmark and peers Month-to-Date (“MTD”) due to negative sector allocation, largely dragged by the underperformance in Information Technology (-144 basis points (“bps”). While the RHB Retirement Series - Islamic Balanced Fund came in below peers MTD, it outperformed MTD due to positive asset allocation (+98bps). The underweight position in Materials and Consumer Discretionary contributed positively to the Fund. The Sukuk also contributed to the Fund.

Strategy

Malaysia equity market were weighed down by strong negative sentiment, driven by concerns over a potential US recession and the risk of China entering a prolonged period of deflation. Foreign investors have offloaded more than RM13 billion worth of Malaysian equities since late October 2024, bringing foreign shareholdings to historical lows. In February 2025 alone, net foreign outflows amounted to RM2.2 billion. Strong domestic liquidity could lend support to the market, especially as the KLCI has already corrected by 10% from its recent peak of 1,680, whilst FBM Emas Shariah has registered 14% decline Year-to-Date (“YTD”). Given this, the PRS Provider believes the downside is fairly limited at current levels. The PRS Provider still expect meaningful expansion in forward earnings multiples and the KLCI do not justify valuations to at the lower end of historical ranges, in the PRS Provider's view. There are few compelling reasons to expect a meaningful expansion in forward earnings multiples in 2025 Forecast. The PRS Provider opined the government to continue with its favorable and a progressive policy backdrop and will led to robust



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domestic demand and earnings growth. However, the PRS Provider expects market sentiment to remain weak in the near term, with a more sustained recovery likely only after a US Federal Reserve rate cut. For 2025, the PRS Provider remains cautiously optimistic on Malaysia’s equity outlook, supported by the government’s structural reforms aimed at fostering long-term sustainable economic growth. Key investment themes for the year are:

1. Implementation of large-scale infrastructure projects
2. Malaysia’s positioning as a beneficiary of global trade shifts
3. Stable domestic consumption trends
4. Continued supply chain relocation under the China+1 strategy

The PRS Provider also favor higher dividend-yielding stocks to enhance portfolio resilience amid ongoing uncertainties and shifting global sentiment with Trump’s presidency.

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DISCLAIMER

Source: RHB Asset Management Sdn Bhd (“RHBAM”), 28 February 2025.

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, collective investment scheme 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, collective investment scheme 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, collective investment scheme 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.



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