

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

July 2025

All data expressed as at 30 June 2025, unless otherwise stated.

RHB Retirement Series Review

The Morgan Stanley Capital International Asia Pacific ex Japan index saw a 5.33% increase in June 2025, driven by positive market momentum that began in early April 2025. Several factors contributed to this rise, including progress in United States (“US”)-European Union/Canada/Japan trade discussions, de-escalation of conflict in the Middle East, a softer US inflation outlook, and dovish statements from the Federal Reserve (“Fed”). This led to higher equity markets, lower US treasury yields, and a weaker US dollar, resulting in increased capital inflows into Asia. Within the region, Korea experienced exceptional gains (+17.3%) following its presidential elections, fuelled by optimism about corporate governance reforms. Taiwan (+9.1%) also performed strongly, primarily due to its Information Technology sector benefiting from Artificial Intelligence (“AI”) momentum and its Financials sector from Exchange-Traded Fund inflows. China (+3.7%) and Hong Kong (+5.9%) saw moderate gains, supported by reduced geopolitical risks, southbound inflows, a robust Initial Public Offering market in Hong Kong, and low Hong Kong Interbank Offered Rate. In contrast, India (+3.5%) underperformed regional indices due to increased supply in primary markets, high valuations, and limited exposure to AI/stablecoin themes, despite an unexpected interest rate cut by the Reserve Bank of India. Association of Southeast Asian Nations (“ASEAN”) (+0.2%) lagged behind its neighbors, though Vietnam (+4.0%) performed better due to easing trade tensions. Indonesia, however, declined (-4.0%) due to issues with its banks. Japan (+1.6%) saw moderate gains as investors attempted to balance concerns about Fed rate cuts/ Bank of Japan rate hikes and fund outflows. Australia (+3.9%) experienced sector divergence, with internet/semiconductor names benefiting from AI optimism and strong gains in winning sectors like Financials, while losing sectors like Materials saw losses.

The Kuala Lumpur Composite Index (“KLCI”) saw a 1.6% month-over-month increase in June 2025, closing at 1,532 points. This rebound was attributed to eased geopolitical tensions from the Iran-Israel conflict, a stronger Malaysian Ringgit (“MYR”) which attracted foreign investment, and a favorable US response to Malaysia’s tariff engagement. Despite this, the KLCI still experienced a 6.7% decline in the first half of 2025 (1H25). Local institutional investors were the primary drivers in June 2025, with net buys of RM1.7 billion, bringing their 1H25 total to RM9.6 billion. Conversely, foreign investors were net sellers, offloading RM1.3 billion in June 2025, leading to a cumulative net sell position of RM12.1 billion in 1H25. The best-performing sector in June 2025 was Utilities.

All three Private Retirement Scheme (PRS) Core Fund saw a strong positive performance during the month. Korean names like Naver Corporation and Hana Financial Group were top contributors to the performance for the Conservative Core Fund while Solarvest Holdings Berhad and Korean cosmetics manufacturer Cosmax Inc were top performance contributors for the Growth and Moderate Core Funds. The Retirement Series I-Allocator Fund recorded a positive performance for the month. The main contributor was iShares Morgan Stanley Capital International Emerging Markets Islamic Exchange-Traded Fund (iShares MSCI EM Islamic ETF), while the main drag came from the RHB Shariah China Focus Fund. Both PRS Islamic Funds did well in June 2025 – the equity fund outpaced benchmark and peers in June 2025, having +3% returns vs benchmark returns of +1.62%, thanks to positive stock selection (+118 basis points). Key contributors were Southern Cable, Solarvest Holdings Berhad and Supercomnet Technologies Berhad. Similarly, the Balanced Fund outperformed benchmark and peers month-to-date, thanks to positive stock selection and sukuk contribution. Key contributors were Solarvest Holdings Berhad, Southern Cable, MN Holdings.

Strategy

The global economy faces continued market volatility due to US trade policy and a slowdown, impacting local corporate earnings growth with a downgrade expected for 2025. The KLCI target has been lowered due to ongoing trade and macroeconomic uncertainties, although the market may trade higher on liquidity push. Despite this, a progressive policy backdrop and sustained domestic demand are expected to drive corporate earnings growth in 2026, with the market currently trading at mean valuation and anticipating 6% earnings growth. The utilities sector is viewed positively due to data centre-driven electricity demand growth, an expansion of gas-fired generation capacity and a step-up in grid capex by Tenaga Nasional Berhad to facilitate energy transition with a ramp-up of renewable energy program rollouts aiming for 70% Renewable Energy generation mix target by 2050. Global headwinds from US tariffs may cause a domestic demand slowdown, but Bank Negara Malaysia is expected to maintain loose monetary policy, and inflation is likely to remain benign. Domestically, construction, utilities, consumer discretionary, property, and Real Estate Investment Trusts sectors are favored for their attractive dividend yield. However, we remain cautious on auto sector which reflects both domestic and external challenges.



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DISCLAIMER

Source: RHB Asset Management Sdn Bhd (“RHBAM”), 30 June 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, investors should compare and consider the fees, charges and costs 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.

