

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

August 2025

All data expressed as at 31 July 2025, unless otherwise stated.

RHB Retirement Series Review

In July 2025, the Morgan Stanley Capital International (“MSCI”) Asia Pacific ex Japan index saw a 1.94% increase, largely due to trade deals being less negative than initially feared. The United States (“US”) market's strength, bolstered by a robust job market and the Federal Reserve (“Fed”) stance against rate cuts, led to a stronger US dollar and higher Treasury yields. Despite this, Asian markets, especially those of exporters, saw positive inflows. Taiwan was a standout, rising 5.6%, thanks to the global artificial intelligence (“AI”) boom and a positive outlook from Taiwan Semiconductor Manufacturing Company Limited (“TSMC”). China also grew by 4.8%, despite a seemingly uneventful Poly Turbocharger System (“Politurbo”) event. The Association of Southeast Asian Nations (“ASEAN”) region collectively increased by 2.0%, with Thailand leading with a 14% surge, driven by support for Delta Electronics Inc and a ceasefire with a neighboring country. Korea initially saw strong foreign inflows, leading to a 3.9% gain, but momentum and price breadth later weakened. On the other hand, India's market fell by 5.0%, impacted by a new “25% tariff plus penalty” announcement, negative flows from foreign institutional investors (“FIIs”), a depreciating rupee, and a rise in oil prices. Australia also saw a slight dip of 0.3%.

The Kuala Lumpur Composite Index (“KLCI”) experienced a 1.3% month-on-month decline, closing at 1,513 points. This downturn was attributed to several factors, including the anticipated implementation of higher US import duties on Malaysian goods in August 2025, concerns over a new electricity tariff mechanism, and worries about Tenaga's tax liability. However, market sentiment improved slightly after the Malaysian Prime Minister announced a series of incentives and the central bank cut its overnight policy rate by 25 basis points. Throughout the month, local investors were the largest net buyers, recording inflows of RM631 million and bringing their cumulative net buy for the first seven months of 2025 to RM1.6 billion. Their top investment sectors were financial services, healthcare, and technology. Conversely, foreign investors were significant net sellers, with outflows of RM940 million, reducing their shareholding in Malaysian equities to an all-time low of 19%. These outflows were concentrated in the financial services, healthcare, and technology sectors. Compared to other regional markets, Malaysia's KLCI lagged significantly. While the Stock Exchange of Thailand (“SET”), Jakarta Composite Index (“JCI”) and Straits Times Index (“STI”) all saw gains of 14.2%, 9.2%, and 5.3% respectively, the KLCI was the only market to decline. Within the KLCI, the construction, Real Estate Investment Trust (“REIT”), utilities, energy, and technology sectors were top performers, while financial services, healthcare, and property sectors underperformed. Notable gainers included Axiata Group Berhad, Nestlé S.A, and Petronas Chemicals Group Berhad, while Tenaga Nasional Berhad, PPB Group Berhad, and QL Resources Berhad were among the worst performers.

All three Private Retirement Schemes (“PRS”) Core funds saw a strong positive performance during the month. Exposure to Malaysia has been the top performance contributor with Axiata Group Berhad and Sunway Real Estate Investment Trust as top contributors to the performance for the Conservative Core fund. Solarvest Holdings Berhad and Foxconn Industrial Internet were top performance contributors for the Growth and Moderate Core funds. Tenaga Nasional Berhad and Australian gold miner Northern Star Resources were the largest detractors for both core funds.

The RHB Retirement Series -I-allocator Fund recorded a positive performance for the month. The main contributor was the RHB Shariah China Focus Fund. There were no performance detractors during the month.

In July 2025, both Islamic Retirement Series did well month-on-month (“MoM”) basis. RHB Retirement Series - Islamic Equity outpaced benchmark and peers in July 2025, generated 1.2% returns versus benchmark returns of 0.2%, and held on firmly on the top quartile versus peers. The outperformance was largely thanks to positive stock selection (+144 basis points (“bps”)). Key contributors were Southern Cable Group Berhad, Solarvest Holdings Berhad and Kelington Group Berhad. RHB Retirement Series - Islamic Balanced also outperformed benchmark but below peers in July 2025. The outperformance was due to positive asset allocation (+56bps on higher contribution of fixed income) and positive stock selection (+12bps, key contributor was Southern Cable Group Berhad).

Strategy

Malaysia's economic outlook is mixed. The country faces external challenges from global trade tensions, including the implementation of the expanded Sales and Service Tax (“SST”), a 25% export tariff by the US on certain goods, and a potential slowdown in the global economy. These factors are expected to impact corporate earnings growth, with a potential downgrade to below 2% for 2025. The semiconductor sector is also under a Section 232 tariff investigation,



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which could lead to an overhang in orders and capital expenditure. Despite these headwinds, there is a cautious optimism for the second half of 2025, supported by the government's structural reforms aimed at fostering long-term economic growth. Key investment themes include large-scale infrastructure projects, interest rate cuts, stable domestic consumption trends, and continued supply chain relocation. Malaysia's strategic geographical position and diversified economic sectors make it a preferred destination for the "China+1" story, and the government's favorable policies are expected to sustain domestic demand and corporate earnings growth into 2026. The market is also considered a defensive one due to strong local liquidity and low foreign ownership. The strategy for navigating this environment involves focusing on high-yielding stocks to enhance portfolio resilience and domestic-oriented sectors like construction, utilities, consumer discretionary, and property and REITs. The utilities sector, in particular, is considered bullish due to several key themes, including data center-driven electricity demand growth, gas-fired generation capacity expansion, and ramp-up of renewable energy projects. The KLCI target is set at 1,580, a slight decrease from 1,630, with a cautious stance on tariff and macroeconomic uncertainties. While domestic demand may slow due to the SST, there is room for Bank Negara Malaysia to loosen monetary policy in the second half of 2025, as inflation is expected to remain benign.

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DISCLAIMER

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



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