

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

September 2025

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

RHB Retirement Series Review

In August 2025, Morgan Stanley Capital International (“MSCI”) Asia Pacific ex Japan rose by 1.38%. This was led by a strong uptick in China's equity market, where increased liquidity and positive sentiment drove the A-shares index up by more than 10% and pushed trading volumes to record highs. This momentum spilled over to Hong Kong, causing MSCI China to climb by 5%. The positive trend was also supported by a shift in fund allocations from bonds to equities. The United States (“US”) dollar weakened by 2.2% in August 2025, influenced by expectations of Federal Reserve (“Fed”) rate cuts following negative payroll revisions and remarks from Fed Chair Powell. Despite this, some Asian markets, particularly India (-2.2%), experienced outflows. India was the worst-performing market in August 2025 and the third quarter due to negative returns across sectors and sentiment weighed down by escalating tariffs from the US. In contrast, Singapore (+7.1%) was the top-performing market in August 2025. Singapore's performance was bolstered by strong corporate earnings. Other notable gains were seen in Australia (+4.0%) and Association of Southeast Asian Nations (“ASEAN”) (+4.2%). However, Taiwan (-0.7%) and Korea (-1.5%) experienced negative returns, following the sideways movement of the Nasdaq.

The Kuala Lumpur Composite Index (“KLCI”) grew by 4.1% month-over-month to 1,575 points, its best performance since July 2023. This rally was driven by a number of factors, including a reduction in US tariffs on Malaysian exports, an extension of the US-China trade truce, the tabling of the 13th Malaysia Plan, expectations of a US rate cut, and a strong second-quarter earnings season. However, some of the gains were limited by foreign investors selling off Malaysian equities. Local institutional investors were a major force in the market, buying RM3.38 billion worth of shares in August 2025, their second-highest monthly net buy for the year. This pushed their total net buying for 2025 to RM12.98 billion, already exceeding their total for all of 2024. The financial services and utilities sectors were their top picks. In contrast, foreign investors were net sellers for the third month in a row, with outflows of RM3.43 billion in August 2025. This brought their total net outflows for the year to RM16.5 billion, almost four times the amount from 2024. They sold off shares primarily in the financial services, utilities, and healthcare sectors. Regionally, Malaysia's KLCI was the second-best performing market among the MIST countries (“Malaysia, Indonesia, Singapore, and Thailand”) in August 2025, second only to Indonesia's Jakarta Composite Index (“JCI”). While Singapore's Straits Times Index (“STI”) also saw gains, Thailand's Stock Exchange of Thailand (“SET”) and the MSCI All Country ex-Japan Index both declined. By sector, construction, technology, and finance were the top performers in August 2025. Among the key KLCI stocks, Sime Darby Berhad, CIMB Group Holdings Berhad, and Petronas Chemicals Group Berhad were the biggest gainers, while Axiata Group Berhad, MR D.I.Y. Group (M) Berhad, and CelcomDigi Berhad were the biggest losers.

All three Private Retirement Schemes (“PRS”) Core funds saw a strong positive performance during the month. For the PRS Growth Core fund exposure to China has been the top performance contributor with Foxconn Industrial Internet as top contributor to the performance. For both the PRS Moderate Core and Conservative Core funds, allocation to Malaysia has been the main contributor, but at security level the Australia gold miner Northern Star Resources has been the top contributor.

The Retirement Series -I-allocator Fund recorded a positive performance for the month. The main contributor was the RHB Shariah China Focus Fund. The RHB Global Sukuk fund was the main performance detractor.

For the Islamic PRS funds, both funds performed well in the month of August 2025. Islamic Equity outperformed benchmark and peers Month-to-Date (“MTD”). The outperformance was thanks to positive stock selection. Key contributors were Southern Cable Group Berhad, Kelington Group Berhad and MBM Resources Berhad. For Islamic Balanced - The fund outperformed benchmark and peers MTD as well. The outperformance was led by positive asset allocation on sukuk contribution on Malaysia's Maju Expressway 1 (“MEX1”) upgrade and equity contribution from Malaysian Pacific Industries Berhad (“MPI”) and Southern Cable Group Berhad respectively.

Strategy

The ongoing uncertainty surrounding US trade policy continues to keep the market volatile. In this environment, the key strategy is to focus on high-yielding stocks and a domestic economy driven by strong sectors to help mitigate some of the risks stemming from US trade policy and a global slowdown. The overall economy's expected slowdown will impact corporate earnings growth prospects in 2025. Disappointing first and second quarter results have led to a downgrade



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in corporate earnings growth to below 2% for 2025, down from 10% since the beginning of the year. This suggests that earnings might have already hit their bottom. Despite the earnings downgrade, we're maintaining the fundamental KLCI index target of 1,580. However, we believe the index could trade higher to 1,650 on liquidity push and expectations of higher earnings growth in 2026. We're confident the government will continue with its favorable and progressive policy backdrop, leading to sustained domestic demand and corporate earnings growth in 2026. With the market valuation considered cheap, the index is now trading below its mean valuation. Looking ahead to 2026, we're expecting a decent earnings growth of around 6%–7%, which would translate to a higher index level. We remain bullish on the utilities sector, based on several key themes. These include data centre-driven electricity demand growth; an expansion of gas-fired generation capacity to support electricity demand; a step-up in grid capacity by Tenaga Nasional Berhad (“TNB”) to facilitate energy transition; and the ramp-up of renewable energy program rollouts to achieve the 70% Renewable Energy (“RE”) generation mix target by 2050. In line with the anticipated buildup of gas-fired generation capacity, more investments are expected to flow into expanding the natural gas supply infrastructure. Amid these uncertainties, the utilities sector is also favored for its recurring cash flows and defensive business model. We also focus on domestic-oriented sectors like construction, utilities, consumer discretionary, and Real Estate Investment Trusts (“REITs”). The banking sector, however, may suffer from lower net interest margins but has an attractive dividend yield and potentially better loan growth. We remain cautious on this sector, reflecting both domestic and external challenges. Malaysia is still the preferred destination for a China+1 strategy due to its strategic geographical position as a shipping and logistic hub, a diversified economic base, and political stability and good governance. The country also has a conducive business and investment ecosystem, rich natural resources, and a skilled workforce. We remain cautiously optimistic on Malaysia's equity outlook for the second half of 2025, supported by the government's structural reforms aimed at fostering long-term sustainable economic growth. Key investment themes include: the implementation of large-scale infrastructure projects, interest rate cuts, stable domestic consumption trends, and continued supply chain relocation under the China+1 strategy. We will also focus on higher dividend-yielding stocks to enhance portfolio resilience amid ongoing uncertainties. Malaysia is a defensive market due to its strong local liquidity and low foreign ownership.

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DISCLAIMER

Source: RHB Asset Management Sdn Bhd (“RHBAM”), 31 August 2025.

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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.

