

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

April 2024

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

## RHB Retirement Series Review

The MSCI Asia Pacific ex Japan index gained 2.29% during the month of March 2024. Share price of Artificial Intelligence (“AI”) related counters in the region continue to surge, while China (1.25%) saw a recovery with better macro data for January 2024 and February 2024. However, United States (“US”) - China geopolitical tensions increased with a selloff in the Healthcare sector. Taiwan (7.71%) was the best performer with Taiwan Semiconductor Manufacturing Co Ltd (“TSMC”) rising by 13.4%. Korea (5.16%) was the second best performer by Technology and Healthcare.

The FBMKLCI declined by 1% in March 2024 but closed higher by 5.6% in the first quarter of the year. As the fourth quarter 2023 earnings season was coming to an end, Tele-communications surprised positively but the Plantations sector saw the biggest disappointment. Foreign net flow turned negative during the month. Notable events were Bank Negara Malaysia (“BNM”) holding the Overnight Policy Rate (“OPR”) at 3%, Sime Darby Bhd completing the 100% acquisition of UMW Holdings Berhad and Malaysia Airports Holdings Berhad inking the new Passenger Services Charges (“PSC”) for Malaysia, alongside a new Operating Agreement (“OA”) and a potential Turkey sale.

All the Core Series Funds showed a strong positive performance for the month. The main positive contributors for all three Core Series Funds was the exposure to Malaysia, while Indonesia was the main drag. KPJ Healthcare Berhad, Hon Hai Precision Industry Co Ltd, SK Hynix Inc and TSMC were the main performance contributors for the Core Series Funds. Public Bank Berhad and Indosat Tbk PT were the main performance detractors during the month.

The Retirement Series - i-Allocator Fund recorded a positive performance for the month. The main contributor during the month was the exposure to the Ishares MSCI Emerging Markets Islamic ETF.

The RHB Retirement Series – Islamic Equity Fund also registered strong performance in the March 2024 due to Malaysia exposure as the Fund was up by 4.67% while the RHB Retirement Series – Islamic Balanced Fund was up by 1.75% outperformed the FBM Emas Shariah Index return of 1%. The Fund attributed the contribution mainly from overweight in Industrials, Property and Energy while underweight in Materials, while the stock selection in Industrials and Energy helped too. The Fund continue to favour Malaysia due to the earnings recovery and decent valuation on top of the factors driven by the government to boost the infrastructure roadmap and also the spending by Petronas capital expenditure in Energy sector.

## Strategy

Recent economic data suggests that Malaysia economy is improving. If this sustains it will help corporate earnings to recover after falling into negative growth in 2023. The recently concluded fourth quarter 2023 results season saw higher proportion of hits than misses. Earnings were slightly upgraded for 2024 post earnings announcement. There is an expectation of a soft-landing in US, where inflation stabilizes without economic growth taking a significant downturn for the US, which means that a recession would likely be avoided. The PRS Provider expects the positive catalysts in the local market to continue due to the structural reforms announced by the government to achieve long term sustainable economic growth. The Madani Economic Framework, the New Industrial Masterplan 2030, and the National Energy Transition Roadmap (“NETR”) are positive for the economy and the improvement in the bigger picture bodes well for corporate Malaysia’s earnings outlook. The positive local sentiments are also supported by the announcement that China would be injecting fresh stimulus in a bid to boost the country’s struggling economy. Furthermore, the better than expected US economic growth fourth quarter 2023 would also alleviate the fear that US economy is going into recession in 2024. However, the unresolved developments in the Middle East and the concern over the health of the Chinese economy couple with strong US economic data for now that would encourage the US Federal Reserve (“Fed”) to hold higher for longer rates would create volatility in the market in the short term. The PRS Provider is positive on the equity outlook for 2024 with much of the bad news already in the price although the US rate cut might be pushed towards second half of 2024 from first quarter 2024. China in the PRS Provider’s view should recover in 2024. Besides better economy, corporate earnings are also expected to recover having recorded negative growth last year. The PRS Provider identify three key themes for Malaysia in 2024: 1) government execution of the policies it announced in 2023, such as higher development expenditure and energy transition plans 2) the Johor-Singapore theme, with the setting up of a Special Economic Zone (“SEZ”) in Johor 3) the Malaysia ringgit’s current weakness, which the PRS Provider expects to strengthen in the latter part of 2024 amid potential US Fed pivot and uplift in the technology cycle. Sector specific, the

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PRS Provider remains overweight Healthcare, Construction/Infrastructure, Water-related, Tourism, Renewable Energy/Utilities and Technology sector.



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## DISCLAIMER

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

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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](http://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.

