RHB Asset Management

# FUND FACTSHEET – APRIL 2017

All data expressed as at 31 March 2017 unless otherwise stated

3-year Fund Volatility **39.1** very high
Lipper Analytics 15 MAR 2017

## RHB GOLD AND GENERAL FUND

This Fund aims to achieve returns on investment mainly in securities of corporations (whether or not listed on any stock exchange, and in any part of the world) whose business (in any part of the world) is or is substantially in the mining or extraction of gold, silver or precious metals (e.g. platinum, palladium, rhodium etc.), bulk commodities (e.g. coal, iron ore, steel etc.), base metals of all kinds (e.g. copper, aluminium, nickel, zinc, lead tin etc.), and other commodities (e.g. industrial minerals, titanium dioxide, borates etc.) and it includes the mining or extraction of oil, gas, coal and alternative energy or other commodities or other minerals.

### INVESTOR PROFILE

This Fund is suitable for Investors who:

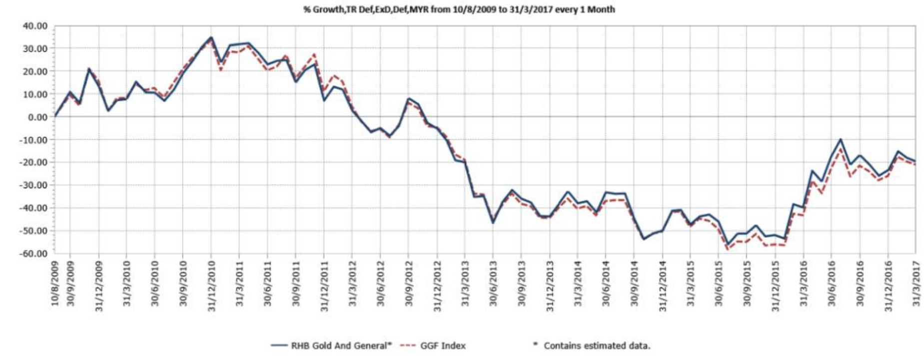
- wish to participate in the potential benefits derived from investment in companies involved in the mining and exploration of precious metals, energy or base metals;
- wish to diversify their investment portfolio from traditional asset classes; and
- are willing to accept a higher risk in their investments to obtain potentially higher returns in the long term.

### INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the units of United Gold and General Fund.
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

### FUND PERFORMANCE ANALYSIS

**Performance Chart Since Launch***




**Cumulative Performance (%)***

| | 1 Month | 3 Months | 6 Months | YTD |
|---|---|---|---|---|
| **Fund** | **-2.07** | **4.70** | **-3.35** | **4.70** |
| Benchmark | -1.79 | 6.66 | 0.52 | 6.66 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|---|---|---|---|---|
| **Fund** | **33.33** | **29.46** | **-21.79** | **-19.53** |
| Benchmark | 39.01 | 32.28 | -24.38 | -20.95 |

**Calendar Year Performance (%)***

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| **Fund** | **59.38** | **-4.01** | **-10.92** | **-40.59** | **-11.50** |
| Benchmark | 68.12 | -11.34 | -10.72 | -41.64 | -14.15 |

*Source: Lipper IM*

### FUND DETAILS

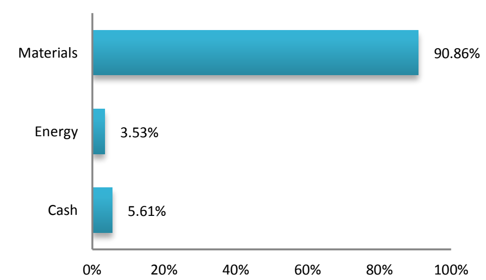
| | |
|---|---|
| **Manager** | RHB Asset Management Sdn. Bhd. |
| **Trustee** | HSBC (Malaysia) Trustee Bhd |
| **Fund Category** | Feeder Fund |
| **Fund Type** | Growth Fund |
| **Launch Date** | 21 July 2009 |
| **Unit NAV** | RM0.3032 |
| **Fund Size (million)** | RM191.18 |
| **Units In Circulation (million)** | 630.64 |
| **Financial Year End** | 30 June |
| **MER (as at 30 June 2016)** | 0.52% |
| **Min. Initial Investment** | RM1,000.00 |
| **Min. Additional Investment** | RM100.00 |
| **Benchmark** | 70% FTSE Gold Mines Index (RM) + 30% HSBC Global Mining Index (RM) |
| **Sales Charge** | Up to 5.50% of investment amount |
| **Redemption Charge** | None |
| **Annual Management Fee** | 1.80% p.a. of NAV* |
| **Annual Trustee Fee** | Up to 0.08% p.a. of NAV* |
| **Switching Fee** | RM25.00 per switch |
| **Redemption Period** | Within 10 days after receipt the request to repurchase |
| **Distribution Policy** | Incidental |

**The implementation of GST will be effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.*

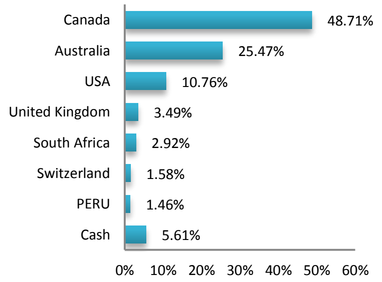
**For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

### FUND PORTFOLIO ANALYSIS

**Sector Allocation***




**Country Allocation***




**Top Holdings (%)***

| | |
|---|---|
| BARRICK GOLD CORPORATION | 9.40 |
| NEWMONT MINING CORP (NEW) | 8.82 |
| GOLDCORP INC | 7.04 |
| EVOLUTION MINING LTD | 4.39 |
| NEWCREST MINING | 3.43 |

**As percentage of NAV*

**Source: UOBAM, 31 March 2017. Exposure in United Gold & General Fund - 95.88%*

### FUND STATISTICS

**Historical NAV (RM)**

| | 1 Month | 12 Months | Since Launch |
|---|---|---|---|
| High | 0.3111 | 0.3436 | 0.6393 |
| Low | 0.2877 | 0.2231 | 0.1622 |

*Source: Lipper IM*

**Historical Distributions (Last 5 Years) (Net)**

| | Distribution (sen) | Yield (%) |
|---|---|---|
| 30 Jun 2016 | - | - |
| 30 Jun 2015 | - | - |
| 30 Jun 2014 | - | - |
| 30 Jun 2013 | - | - |
| 30 Jun 2012 | 2.3000 | 5.10 |

*Source: RHB Asset Management Sdn. Bhd.*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## MANAGER'S COMMENTS

**MARKET REVIEW**

Physical gold started the year at US$1,256/oz and initially fell sharply to an intra-month low of US$1,202/oz by 10 March 2017. This was largely due to co-ordinated hawkish statements by various US Federal Reserve ("Fed") governors, and widespread anticipation of the 0.25% rate increased that was subsequently announced on 15 March 2017. However, the gold price then rallied after the rate hike announcement, moving above the US$1,250/oz level by 27 March 2016. This price recovery was a repeat of gold's performance in the immediate aftermath of the prior two US interest rate increases. Gold eventually finished the month at US$1,250/oz.

Selling pressure on gold at the start of the month was driven by bullish statements on the health of the US economy by various Fed governors, suggesting that multiple US interest rate hikes were likely in 2017. This included statements by previously dovish Fed officials, such as Fed chair Yellen and regional Fed governors Brainard and Dudley. Despite this, the Fund continues to believe a slow increase in US interest rates can still be gold positive so long as rising US inflation data means real interest rates remain negative. We also expect future FOMC policy action to remain data-dependent, given continued mixed economic data and uncertainty over Trump administration policies.

Gold benefited from rising political uncertainty after the Republicans failed to get support in the US House of Representatives for their plan to overhaul US health insurance. This increased speculation that the Trump administration's key programs, including tax reform, infrastructure spending, and deregulation, may take longer to pass than projected. If the US 'reflation trade' is undermined as a consequence, then gold is likely to be a beneficiary. Political risk in Europe also supported gold as investors await the French Presidential elections in April-May 2017.

March 2017 saw COMEX gold long positions fall to 853 tonnes (-8.1% mom), with COMEX gold short positions virtually unchanged at 355 tonnes (-0.0% mom). This meant net long positions declined to 498 tonnes (-12.9% mom), with COMEX gold positioning remaining in neutral territory. UBS data showed Gold ETF buying, with total aggregate holdings increased to 2,128 tonnes (+0.1% mom). IMF data on central bank gold purchases showed the People's Bank of China (PBoC) and the Russian Central Bank purchased 10 tonnes of gold in February 2017.

Gold equities tracked physical gold in March 2017, with the ratio between physical gold and the HUI gold equity index decreasingly slightly to 6.3x, from 6.4x previously. Initial 1Q17 production numbers announced by gold producers were generally in-line with existing management guidance, and suggest the 1Q17 reporting season should continue the steady performance by gold companies evident in recent quarters. Since many gold producers now have all-in sustaining costs of below US$900/oz, we expect listed gold producers will show positive free cash flow generation. The Fund remains overweight Australian and Canadian gold producers that are profiting from US$-based revenues and local currency costs.

The Euromoney Global Mining Index declined in March 2017, as investors used uncertainty over the US reflation trade to lock-in commodity-related share price gains achieved since the US election in November 2016. This profit-taking was despite positive Chinese data, with China's manufacturing PMI rising to a 5-year high of 51.8 for March 2017 as construction activity was supported by government-funded projects. Despite this strong performance, bulk commodity prices weakened as Australian production recovered from the wet weather evident at the start of the year. We remain cautious on general mining stocks given relatively high speculative interest in commodity futures' markets.

The West Texas Intermediate crude oil price started March at US$54.01/bbl and traded sideways to close the month at US$50.60/bbl (-6.3% mom). Brent crude oil prices also closed lower at US$53.13/bbl (-6.0% mom). Latest estimates from the International Energy Agency showed modest consumption growth in 1Q17, with global crude oil inventories remaining at their prior level. Commentary from OPEC member states appears to support growing confidence that production cuts will be extended for a further six months at the upcoming 25 May 2017 OPEC meeting.

**MARKET OUTLOOK AND STRATEGY**

The timing of further interest rate increases by the US Federal Reserve remains data-dependent. Tightening US monetary policy contrasts with the Bank of Japan and the ECB, both of which continue with quantitative easing programs. This divergence is causing volatility in global currency markets and has contradictory implications for global inflation rates. Unconventional monetary policy and continuing negative real interest rates could result in higher inflation, which would be positive for gold and for general commodity prices. Conversely, disappointing economic growth and government spending cuts could result in deflation and systemic risk to the global banking system. The Fund expects to hold a neutral to overweight position in gold equities relative to the benchmark, with a preference for mid-tier and junior producers with good production growth profiles and low production costs. The Fund's preference for gold is based on our belief that gold-related assets can perform well in both inflationary and deflationary environments.



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