# RHB Asset Management

**FUND FACTSHEET – SEPTEMBER 2017**

All data expressed as at 31 August 2017 unless otherwise stated

3-year Fund Volatility 37.8 very high
Lipper Analytics 15 AUG 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

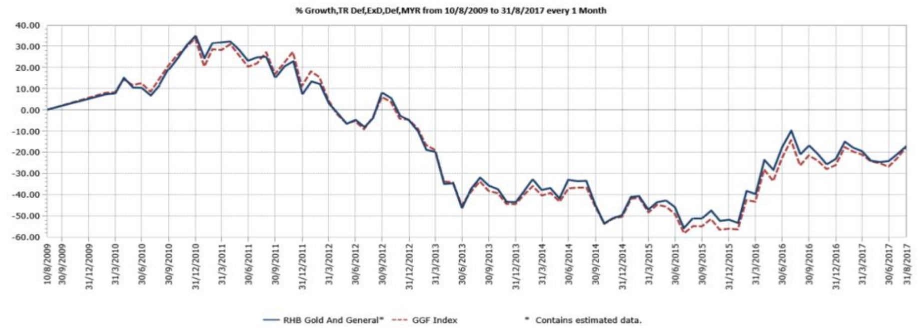
This Fund is suitable for Investors who:
- wish to participate in the potential benefits derived from investment in companies involved in the mining and exploration of precious metals, energy or base metals;
- wish to diversify their investment portfolio from traditional asset classes; and
- are willing 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** | **4.72** | **10.21** | **1.07** | **8.05** |
| Benchmark | 6.78 | 10.45 | 2.91 | 11.76 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|---|---|---|---|---|
| **Fund** | **5.04** | **25.01** | **-13.85** | **-16.96** |
| Benchmark | 12.09 | 30.51 | -14.36 | -17.17 |

**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

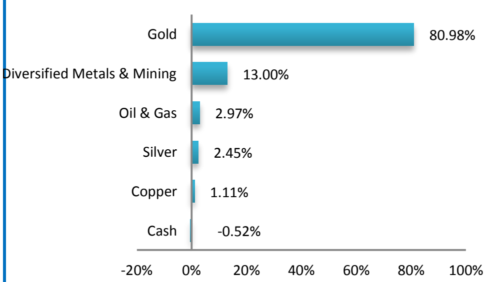
| | |
|---|---|
| **Manager** | RHB Asset Management Sdn. Bhd. |
| **Trustee** | HSBC (Malaysia) Trustee Bhd |
| **Fund Category** | Feeder Fund |
| **Fund Type** | Growth Fund |
| **Launch Date** | 21 July 2009 |
| **Unit NAV** | RM0.3129 |
| **Fund Size (million)** | RM208.63 |
| **Units In Circulation (million)** | 666.86 |
| **Financial Year End** | 30 June |
| **MER (as at 30 June 2017)** | 0.55% |
| **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.*

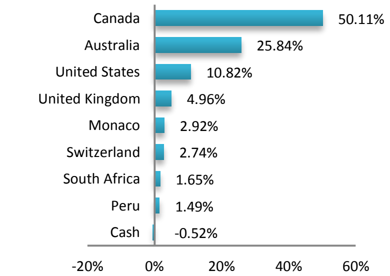
**For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

### FUND PORTFOLIO ANALYSIS

**Sector Allocation***




**Country Allocation***




**Top Holdings (%)***

| | |
|---|---|
| NEWMONT MINING | 9.39 |
| BARRICK GOLD | 5.97 |
| EVOLUTION MINING LTD | 4.54 |
| GOLDCORP INC | 4.04 |
| NORTHERN STAR RESOURCES LTD | 3.72 |

**As percentage of NAV*

**Source: UOBAM, 31 August 2017. Exposure in United Gold & General Fund - 97.15%*

### FUND STATISTICS

**Historical NAV (RM)**

| | 1 Month | 12 Months | Since Launch |
|---|---|---|---|
| High | 0.3145 | 0.3436 | 0.6393 |
| Low | 0.2914 | 0.2578 | 0.1622 |

*Source: Lipper IM*

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

| | Distribution (sen) | Yield (%) |
|---|---|---|
| 30 Jun 2017 | - | - |
| 30 Jun 2016 | - | - |
| 30 Jun 2015 | - | - |
| 30 Jun 2014 | - | - |
| 30 Jun 2013 | - | - |

*Source: RHB Asset Management Sdn. Bhd.*

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# RHB GOLD AND GENERAL FUND

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## MANAGER'S COMMENTS

### MARKET REVIEW

Physical gold started the month at US$1,269/oz and drifted lower during the first week in light summer trading. After reaching an intra-month low of US$1,258/oz on 7 August 2017, the gold price rallied sharply on rising North Korea geopolitical tensions. Having been accused of launching two Intercontinental Ballistic Missiles (ICBMs) in July 2017, North Korea launched a number of shorter-range rockets in mid-August, followed by another ballistic missile on 29 August 2017 that overflew Japan before crashing into the Pacific Ocean. This activity helped push the gold price above the US$1,300/oz level. Threatening rhetoric between the US and North Korea overshadowed mixed US economic news, and a largely neutral meeting of leading central bankers at their annual Jackson Hole summit. The gold price eventually finished the month at US$1,321/oz.

As a "safe-haven" asset, gold is perceived as a sensitive barometer of geopolitical risk. Generally, the US Dollar also rises during periods of political uncertainty. Yet uncertainty over the behaviour of the Trump administration saw the US Dollar decline during August 2017, with the DXY index moving from 93.0 to 92.7 (-0.3% mom). We view it as positive for gold that investors appeared to prefer gold to the US Dollar during the current North Korea crisis. In recent quarters, there has been an inverse relationship between gold and the US Dollar, and we note that in some previous periods of heightened political risk a stronger US Dollar has robbed gold of "safe-haven" demand.

Both Fed Chair Janet Yellen and European Central Bank (ECB) head Mario Draghi avoided commenting on future monetary policy at the annual Jackson Hole summit, and there was little direction from other Fed spokesmen during August 2017. Mixed US economic data and increased geopolitical risks saw US 10-year bond yields decline during the month. Gold is likely to benefit from any future weakness in US economic performance or from worsening geopolitical risk.

August 2017 saw COMEX gold long positions increase to 1,181 tonnes (+42.6% mom), with COMEX gold short positions falling to 366 tonnes (-27.2% mom). This meant net long positions surged to 815 tonnes (+150.8% mom), and COMEX gold positioning has now moved into overbought territory. UBS data showed total aggregate Gold ETF holdings increased to 2,174 tonnes (+1.8% mom). IMF data on central bank gold purchases showed the Russian Central Bank bought 14 tonnes in July 2017, increasing its official gold reserves to 1,731 tonnes. The People's Bank of China (PBoC) made no addition to its current official gold reserves of 1,842 tonnes.

Gold equities outperformed physical gold in June 2017, with the ratio between physical gold and the HUI gold equity index decreasing to 6.2x, from 6.5x previously. Gold equities responded positively to the gold price breaking out from the US$1,200-1,300/oz trading range that existed in 1H17. Although higher cost gold companies provide greater leverage in a rising gold price environment, the Fund remained largely invested in Australian and Canadian producers that have low operating costs and good production growth profiles.

The Euromoney Global Mining Index moved higher in August 2017 with investors remaining positive on Chinese growth prospects ahead of the 19th Communist Party conference in October 2017. Reported Chinese economic data remained strong, although there is growing concern that slowing Chinese credit growth will cause a slowdown in the Chinese housing market in 4Q17. Listed mining companies continued to benefit from rising earnings expectations as financial analysts raised commodity price assumptions. This boosted future earnings forecasts, and allowed valuations to remain at reasonable levels compared to historic trading ranges. The Fund retained a neutral benchmark weighting for general mining companies, with a preference for base metal exposure over bulk commodity producers.

The West Texas Intermediate crude oil price started June at US$50.17/bbl and closed the month lower at US$47.23/bbl (-5.9% mom). In contrast, Brent crude oil prices closed only slightly lower at US$52.38/bbl (-0.5% mom). The difference in price performance was due to US refinery closures caused by Hurricane Henry, which depressed US crude demand by over 4.0 mmbopd. As the impact on US demand should be temporary, US production was not redirected into significantly higher US crude oil exports. OPEC production discipline remained strong, which enabled Brent prices to stay above the US$50.0/bbl level.

### MARKET OUTLOOK AND STRATEGY

Financial markets expect further interest rate hikes and monetary tightening from the US Federal Reserve. However, US monetary policy contrasts with the Bank of Japan and the ECB, both of which continue with quantitative easing programs. This divergence may cause volatility in global currency markets and has uncertain implications for global inflation. 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 growing volume output 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.