RHB Asset Management

FUND FACTSHEET – JULY 2018

All data expressed as at 30 June 2018 unless otherwise stated

3-year Fund Volatility
16.8
very high
Lipper Analytics
15 JUN 2018

RHB BIG CAP CHINA ENTERPRISE FUND

This Fund aims to achieve long term capital appreciation through investments in securities of companies with high growth potential.

INVESTOR PROFILE

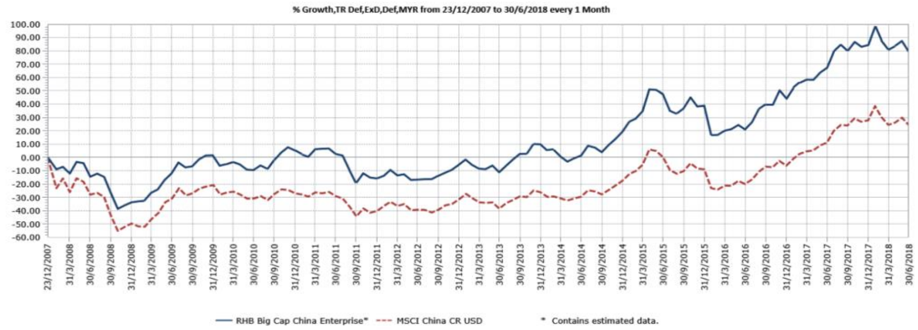
This Fund is suitable for investors who:
- wish to participate in the potential of the fast growing China economy; and
- are willing to accept higher risk in their investments in order to achieve long term capital growth.

INVESTMENT STRATEGY

- Up to 98% of NAV: Investments in equities & equity-linked securities issued by companies whose businesses are in China and are listed on the China markets and/or other markets.
- 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	**-4.22**	**-0.83**	**-2.82**	**-2.82**
Benchmark	-4.23	-0.08	-2.77	-2.77

	1 Year	3 Years	5 Years	Since Launch
Fund	**7.10**	**21.55**	**101.23**	**79.34**
Benchmark	12.00	24.07	101.99	24.34

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**27.98**	**4.06**	**16.01**	**8.51**	**16.36**
Benchmark	36.32	2.99	10.47	11.71	7.54

Source: Lipper IM

FUND DETAILS

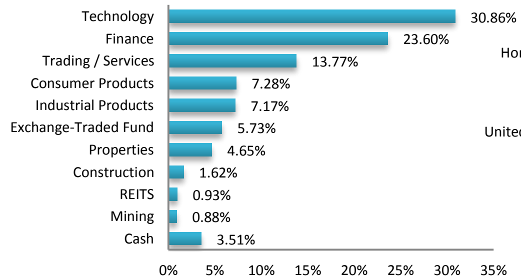
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	03 December 2007
Unit NAV	RM0.6484
Fund Size (million)	RM415.55
Units In Circulation (million)	640.90
Financial Year End	31 December
MER (as at 31 Dec 2017)	2.04%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI China 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

**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*

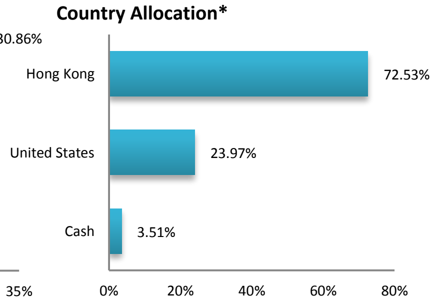
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALIBABA GROUP HOLDING SP ADR	8.93
TENCENT HOLDINGS LTD	8.89
BAIDU INC SPON ADR	7.29
CHINA CONSTRUCTION BANK H	5.74
IND & COMM BK OF CHINA H	4.21

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7028	0.7715	0.7715
Low	0.6347	0.6347	0.2720

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
20 Dec 2017	7.0000	10.28
28 Dec 2016	5.0000	8.90
16 Dec 2015	5.2600	7.81
16 Dec 2014	3.0000	5.72
31 Dec 2013	-	-

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

In June, global PMI remained in expansionary territory amid slower for both US and Asia, while improving in Europe. US flash composite PMI eased slightly to 56.0 in June from 56.6 the previous month, while Eurozone flash composite PMI improved +0.7pts to 54.8 due to stronger services PMI. In Asia, China's PMI Caixin eased by 0.1pts at 51, but remain in healthy range.

Trade tension intensified in the last 2 weeks during the month of June. China retaliated quickly when US announced 25% tariff on the final list of US$34 billion worth of Chinese imports effective July 6. The change in China's tone from "open to negotiation" to "retaliation" mode trigger a sell-off in the equity market. MSCI China came off –5.6% (local currency) in the month of June led by economic sensitive sectors like the basic materials and industrial. Reaching a deal in the near term seems unlikely, hence this trade tension could continue to affect market sentiment. Furthermore, despite the robust sales data, market is starting to be concerned on the tightness in credit in the property sector. The National Development and Reform Commission (NDRC) reiterated its stance to limit offshore bond issuance for property developers.

The recent 50bp RRR cut will inject an estimated of RMB 700bn liquidity into the system effective 7 July. Central government spending has been prudent in the first few months of 2018. The government is running a surplus of nearly RMB 400bn as of end May, thus we do see ample firepower to beef up fiscal policy in the 2H18. In light of the more cautious view on external environment, this shift to a more easing bias provide support to China's economic growth amidst uncertainty in the external environment. We expect further RRR cuts near term to maintain the liquidity condition.

MARKET OUTLOOK AND STRATEGY

Our key drag this month came from our A shares exposure, although stock selection from the rest of the HK/China market mitigated the impact. Currently, we view this sell off as a blanket selling across all the emerging market and have more or less discounted the threat of a trade war. Unless there is a massive escalation into a full blown threat, we do see value emerging in the China equity market especially in resilient sectors like consumption, healthcare and internet technology. It is good to note that the government has indicated more policy easing measures in coming months. The statement out from the first monetary policy committee (MPC) meeting on the 28 June indicate shift in policy stance to "reasonably adequate" liquidity conditions and soften its tone on deleveraging. On top of RRR cut, there are levers that China can pull to ensure growth including: 1) increasing commercial bank loan quotas, 2) employing "asymmetric" strategy in RMB market intervention, and 3) tax cut for affected sectors etc.

We skewed our portfolio towards companies with strong balance sheet and good cash flow generation. This has allowed us to better weather through market volatility. We like consumer sector, new economy technology companies as well as large banks. Energy equities is one of our outperformer in the portfolio on the back of high energy prices. We remains selective in the property sector and prefer companies with good sales growth and lower gearing ratios.

China internet sector remain one of our favourite sectors for its long-term penetration story. We particularly like stocks within the e-commerce sector and search engine for its good growth prospect at reasonable valuation. However, these sectors did not perform well this month due to market sell-off relating to investors' concern on a potential China-U.S. trade war. Based on our channel check, the fundamentals of the stocks that we like remain intact and we believe the recent share price weakness presents a good buying opportunity.