RHB Asset Management

FUND FACTSHEET – AUGUST 2018

All data expressed as at 31 July 2018 unless otherwise stated

3-year Fund Volatility 9.6 high Lipper Analytics 15 JUL 2018

RHB ASIA PACIFIC FUND

This Fund aims to achieve long term capital appreciation through investments in securities of companies listed or traded in emerging and developed markets.

INVESTOR PROFILE

This Fund is suitable for investors who:

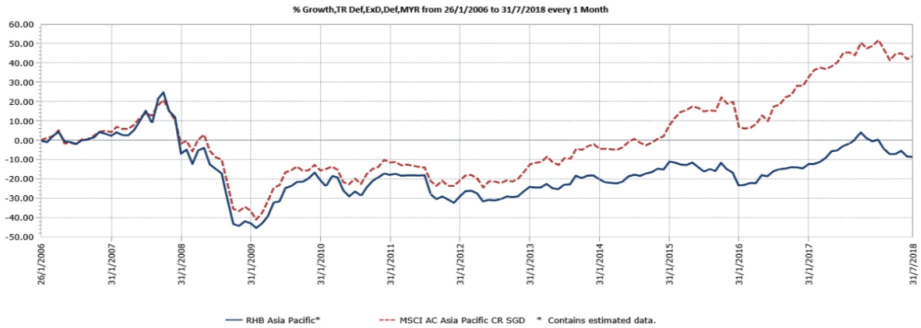
- wish to participate in the upside of the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments;
- prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

- Up to 98% of NAV: Investments in securities of and securities relating to companies that have high growth potential.
- 2% - 10% of NAV: Investments in liquid assets including bonds, 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	**-0.31**	**-1.64**	**-8.77**	**-7.83**
Benchmark	1.20	-0.67	-5.37	-3.50

	1 Year	3 Years	5 Years	Since Launch
Fund	**-5.78**	**9.24**	**19.10**	**-8.44**
Benchmark	-1.13	24.94	58.21	43.60

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**16.05**	**2.61**	**-1.76**	**3.89**	**11.26**
Benchmark	16.11	6.92	17.54	4.12	17.04

Source: Lipper IM

FUND DETAILS

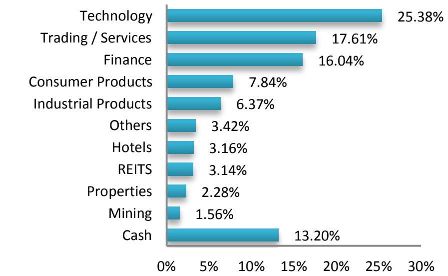
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	06 January 2006
Unit NAV	RM0.3486
Fund Size (million)	RM5.04
Units In Circulation (million)	14.45
Financial Year End	31 December
MER (as at 31 Dec 2017)	2.74%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI AC Asia Pacific Index (RM)
Sales Charge	Up to 5.26% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.07% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Annually, if any

**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.*

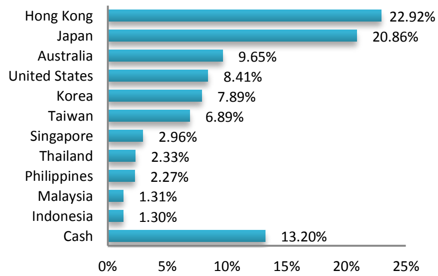
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALIBABA GROUP HOLDING	3.77
TENCENT HOLDINGS LTD	3.65
FUJI SEAL INTERNATIONAL	3.62
SAMSUNG ELECTRONICS CO LTD	3.51
TAIWAN SEMICONDUCTOR MANUFACTURING	3.24

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3533	0.4063	0.5975
Low	0.3426	0.3426	0.1994

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

After a flattish equity return in June, the month of July saw MSCI World recovering with a positive gain of 2.9%, its second strongest monthly gain in 2018 after January's 5.6%. ASEAN (+4.0% USD terms), US (+3.5%), Europe (+3.2%) closed the month in green and Japan (+0.4%) was flattish. HK/China (-3.1%) and Korea (-1.5%) was hurt by the looming trade war sentiment. IMF estimates that a 10% rise in import tariffs in both the US and the rest of the world leads to a 1% fall in world trade and 0.5% fall in world GDP. Export oriented countries like Hong Kong, Singapore, South Korea, and Taiwan would be the hardest hit in Asia should a full-scale trade war break out.

In July, PMI remained in expansionary territory, slowing down for both US and Asia, while improving in Europe. The US ISM manufacturing PMI eased to 58.1 in July from 60.2 the previous month, while Eurozone's manufacturing PMI improved +0.2pts to 55.1. In Asia, China's Caixin PMI eased by 0.2pts at 50.8, while ASEAN slipped 0.6pts to 50.4 in July.

On 1st August, Trump administration reported plans to announce more aggressive retaliation against China and has directed US trade representative to consider increasing the proposed level of the additional duty from 10% to 25% tariff on the US$200bn Chinese products announced on 10th July. The news pushed Shanghai Composite down 2% on the 2nd August.

The UST 10 years closed the month of July at 2.96%, up by 10bps as market participants looking for action with the Bank of Japan, which saw JGB 10 year testing a high of 0.099% in July. Bank of Japan introduced forward guidance which raised the ceiling on their 10-year interest target band from 0.1% to 0.2%, in order to allow more flexibility for purchases while sustaining its rate low-for-long guidance. The Dollar Index (DXY) was relatively range bounded around 94.5.

At its July monetary policy meeting, BOJ maintained its annual ETF purchase target of roughly ¥6trn, but added a statement to suggest flexibility in its execution. Purchases could exceed ¥6trn when share prices are falling. In line with prior media reports (including in the 26 July Nikkei), it also decided to increase purchases of TOPIX-linked ETFs.

Macro overhangs from the escalation in trade war as Trump admin announced another US$200bn tariff plan and a further 3% CNY depreciation in July triggered another wave of selling in the Hong Kong China market (-3.1%). A relief rally towards month end, triggered by State Council's stimulus package through potential more spending on infrastructure projects and PBOC easing guidance on wealth management products, managed to salvage some stock market performance. Not surprisingly, utilities i.e. gas distributors, as well as sectors that will benefit from infrastructure spending, such as materials and industrials, carry the outperformance. Meanwhile, consumer discretionary, healthcare and internet tech disappointed.

ASEAN markets rebounded the most in July after a lackluster June. The Indonesian market recovery was driven by the coal and financial sectors. Bank Indonesia has signaled that they would stabilize the currency at the expense of pursuing economic growth.

MARKET OUTLOOK AND STRATEGY

We managed to weather market volatility by skewing our portfolio towards companies with strong balance sheet and good cash flow generation. However, our bias in new economy technology and earnings disappointed, as Japanese consumer companies became our key deflectors this month, while stock picks in ASEAN helped to lift the portfolio. We have since rotated out of those and into Japanese companies that would benefit from the monetary policy of the BOJ and a weaker Yen.

China internet sector had a pretty tough month with majority of the stocks seeing share price correction. Tencent, last year's market darling, saw its share price corrected 25% from its peak this year due to (1) premium valuation compared to peers and (2) lack of positive catalysts in seasonally weak 2Q18. One week into 2Q18 results season, industry developments so far have not met the lofty expectations. Despite solid revenue growth within the search engine industry, both Baidu and Souegou guided rising traffic acquisition costs in 2H18. We believe the intensifying war of user acquisition among internet companies will continue in the coming quarters as China mobile internet users' growth decelerates. We reviewed the sector and have re-positioned the fund into companies with reasonable valuation that were unfortunately beaten down by the market unfairly. Sectors that look oversold in the near term remain an attractive growth sector in the new economy.

Overall, we expect trade tension to remain headwind for the stock market. The next US$200bn tariff plan will be on public consultation until early September. Our base case scenario is not for a massive escalation into a full blown threat and government policy measures will be ratcheted up along the way to stabilize domestic demand in China. Macro data and events (e.g. financial market volatility and trade tension with the US) are material in deciding the pace and intensity of wave of easing/stimulus.

On the back of a wide performance gap between developed markets and Asia, we do see value emerging in the Asian equity market, especially in resilient sectors like consumption, healthcare and internet technology. YTD, oil and gas equities have been our outperformers in the portfolio, riding on the back of high energy prices/volume. We do see this trend continuing. Emerging market is the region to benefit the most from a rebound in the global industry cycle given its YTD underperformance.

For ASEAN, we are cautiously optimistic on these markets as currency headwinds is starting to stabilize the near term. We are looking to deploy some cash in ASEAN companies given that the markets are trading one standard deviation below its long term 5 year PE mean and valuations of some oversold quality companies are getting attractive.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 July 2018, the Volatility Factor (VF) for this fund is 9.6 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 8.7 but not more than 11.1 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 30 June 2018 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2018.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 3 September 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Amongst others, investors should consider the fees and charges involved. Investors 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, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are country risk and currency risk. These risks and other general risks are elaborated in the Master Prospectus.

This factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide to future performance. Returns may vary from year to year.

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