

### RHB GOLDEN DRAGON FUND

This Fund aims to maximise total returns through a combination of long term growth of capital and current income.

#### INVESTOR PROFILE

This Fund is suitable for investors who:

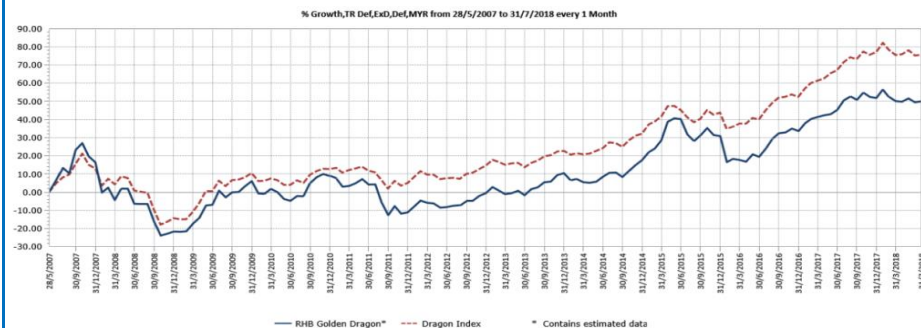
- are conservative and yet wish to participate opportunistically in the potential of the fast growing Greater China markets;
- seek a flexible investment mandate capable of capitalising and adapting to prevailing market conditions;
- are willing to accept moderate risk in their investments in order to achieve long term capital growth and income.

#### INVESTMENT STRATEGY

- 30% - 70% of NAV: Investments in securities of & securities relating to companies whose businesses are in the Greater China (i.e. the People's Republic of China, Hong Kong SAR and Taiwan) & are listed on the Greater China markets and/or other markets.
- 30% - 70% of NAV: Investments in Malaysian fixed income securities, money market instruments, cash and deposits with financial institutions.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	0.37	0.15	-4.22	-1.21
Benchmark	0.26	-0.14	-3.59	-0.84

	1 Year	3 Years	5 Years	Since Launch
Fund	-0.32	13.87	47.76	50.01
Benchmark	2.43	24.43	51.44	75.63

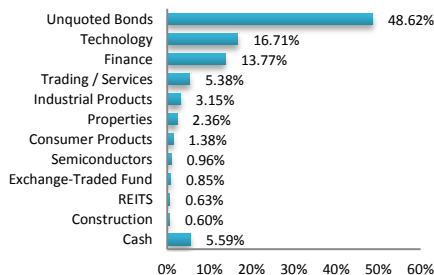
##### Calendar Year Performance (%)\*

	2017	2016	2015	2014	2013
Fund	13.68	2.02	11.36	6.55	11.05
Benchmark	16.20	6.02	8.85	7.76	7.00

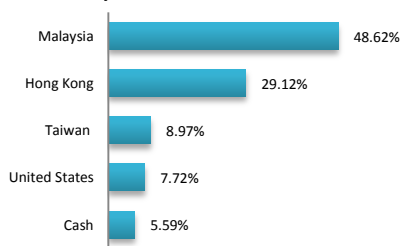
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



##### Top Holdings (%)\*

MEX II SDN BHD 6.2% (29/04/2032)	14.33
ALPHA CIRCLE 5.6% (18/11/2022)	7.82
ALPHA CIRCLE 5.30% (23/02/2021)	5.91
TENCENT HOLDINGS LTD	5.21
ALIBABA GROUP HOLDING	4.96

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5420	0.5679	0.6106
Low	0.5290	0.5290	0.3026

Source: Lipper IM

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

	Distribution (sen)	Yield (%)
31 Dec 2017	-	-
28 Dec 2016	3.6000	7.51
16 Dec 2015	4.5750	8.24
31 Dec 2014	-	-
31 Dec 2013	-	-

Source: RHB Asset Management Sdn. Bhd.

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### MANAGER'S COMMENTS

#### MARKET REVIEW

Macro overhangs from the escalation in trade war as the Trump administration announced another US\$200bn tariff plan, and a further 3% CNY depreciation in July triggered another wave of selling in the Hong Kong and China market (MSCI China -2.4%). IMF estimates that a 10% rise in import tariffs in both the US and the rest of the world would result in a 1% fall in world trade and a 0.5% fall in world GDP. A relief rally towards month end, triggered by State Council's stimulus package of a potentially increased expenditure on infrastructure projects as well as the 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, carried the outperformance. Meanwhile, consumer discretionary, healthcare and internet tech disappointed.

China posted 2Q18 GDP growth at 6.7%oya as expected. China's Caixin July PMI eased by 0.2pts at 50.8. June industrial activities recovered modestly, as both retail sales (+1.2% m/m) and manufacturing FAI came in higher than May. Meanwhile, financing constraint resulted in a decline of infrastructure and real estate FAI. The latest supportive funding measures are expected to shore up the infra FAI in the 2H. Base commodities and oil and gas sectors led the +20% yoy growth in industrial profit. MMA Southbound net inflow in July of HKD3.9bn (vs June net outflow of HKD 6.5bn); bringing net flow to HKD 96.9 bn YTD.

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

Sector wise: China internet sector had a pretty tough month, with majority of the stocks seeing share price corrections. Tencent, the market darling of last year, saw its share price corrected 25% from the 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.

The TWSE Index appreciated 2.0% in July, outperforming regional markets due to strength of large cap technology stocks. Taiwan Semiconductor Manufacturing Company are headed towards better revenues for the second half of the year, due to the ramp up of 7nm chips. Stocks such as Largan, ASE, and Catcher also outperformed. On the other hand, share price of Mediatek corrected on signs of weak smartphone sales in China. The pace of foreign selling abated (USD 34m in July vs USD 2.8b in June). Manufacturing PMI, GDP and June IP shows signs of moderating manufacturing activity and exports.

#### MARKET OUTLOOK AND STRATEGY

Due to the major overhangs of China-U.S. trade war and CNY depreciation, market sentiment may remain sluggish in both the offshore and onshore markets in China in short terms. On the flip side, we are encouraged to see the Chinese government is launching more supportive measures, especially towards fiscal policy and capital market. We are also seeing some early signs that money is flowing back into China and emerging markets. On the company level, we will get a better picture on the earnings outlook in second half as we enters the interim result season.

On the portfolio front, we continue to remain positive on certain sectors including consumption, healthcare and internet technology in a long term horizon. Although they are being sold off due to a across the board market sell-off, we believe that their secular growth story is still very much intact. We think this is a good opportunity to accumulate quality names.

Currently, we continue to skew our portfolio towards companies with strong balance sheets and good cash flow generation. This has allowed us to better weather through market volatility. We will keep our overall position flexible so that we can react to market opportunities.

We maintain our neutral view over Taiwan equities, but are positive on the technology sector. Flows from foreign investors (c.+US\$9bn) turn positive in July, a change in tide from May and June outflows. Amid the volatility in cryptocurrency prices and weakness in Chinese smartphone demands in the first half of 2018, demand for semiconductors slowed down compared to last year. As a result, TSMC revised down its full year revenue guidance, while Mediatek also toned down its near-term outlook. However, we believe that TSMC and Mediatek will gain market share even as growth slows down, as they will launch new products which help their customers to differentiate their offerings or reduce costs. In the Apple supply chain, we believe the near-term outlook is lukewarm although Apple announced strong results recently. Hence, we are selectively positioned in companies that can improve market share or their margin profile. In the memory segment, we believe NAND production will scale up significantly, which will benefit certain backend packaging companies.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 15 July 2018, the Volatility Factor (VF) for this fund is 10.3 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 restrictive geographical market, interest rate risk, credit and default risk, foreign investment risks such as country risk and currency risk and equities investment risks such as market risk and particular security 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.