RHB Asset Management

FUND FACTSHEET – JANUARY 2020

All data expressed as at 31 December 2019 unless otherwise stated

3-year Fund Volatility
12.0
very high
Lipper Analytics
10 DEC 2019

RHB ASIA CONSUMER FUND

This Fund aims to achieve capital appreciation through investment in equities or equity-related securities of Asian (excluding Japanese) companies whose businesses are likely to benefit from or are related to growth in consumer spending in Asia.

INVESTOR PROFILE

This Fund is suitable for investors who:

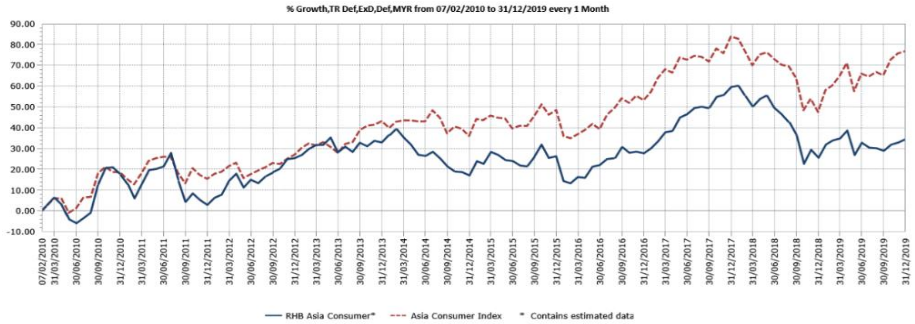
- seek investment opportunities in companies whose businesses are likely to benefit from or related to growth in consumer spending in Asia;
- seek capital appreciation rather than income; and
- are willing to accept a higher risk in their investments to obtain potentially higher returns in the long term.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the units of United Asia Consumer 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	**1.24**	**4.36**	**1.34**	**7.17**
Benchmark	0.62	7.04	6.51	19.80

	1 Year	3 Years	5 Years	Since Launch
Fund	**7.17**	**5.29**	**14.87**	**34.46**
Benchmark	19.80	15.36	29.99	76.79

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**7.17**	**-21.33**	**24.89**	**1.15**	**7.86**
Benchmark	19.80	-19.72	19.95	3.21	9.17

Source: Lipper IM

FUND DETAILS

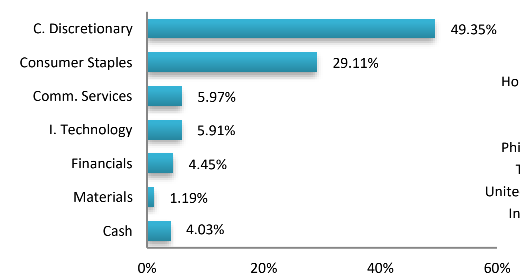
Manager	RHB Asset Management Sdn. Bhd.
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	18 January 2010
Unit NAV	RM0.4830
Fund Size (million)	RM4.97
Units In Circulation (million)	10.29
Financial Year End	31 July
MER (as at 31 July 2019)	0.70%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% MSCI AC Asia ex Japan Consumer Discretionary Index (RM)+50% MSCI AC Asia ex Japan Consumer Staples 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	0.08% p.a. of NAV, subject to a min. of RM18,000 p.a.*
Distribution Policy	None

**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.*

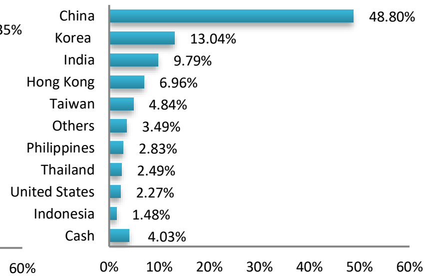
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALIBABA GROUP HOLDING LTD	24.55
HINDUSTAN UNILEVER LTD	6.12
TENCENT HOLDINGS LTD	4.38
GALAXY ENTERTAINMENT GROUP LTD	3.86
INNER MONGOLIA YILI INDUSTRIAL	3.29

**As percentage of NAV*

**Source: UOBAM, 31 December 2019. Exposure in United Asia Consumer Fund - 97.86%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.4900	0.5243	0.6451
Low	0.4728	0.4477	0.4476

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
25 Jul 2019	1.6000	3.26
20 Jul 2018	-	-
20 Jul 2017	5.2000	9.56
31 Jul 2016	-	-
31 Jul 2015	-	-

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management

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MANAGER'S COMMENTS

MARKET REVIEW

Asia ex Japan ended the year strongly in December, chalking gains of +6.5%, outperforming global, US and other emerging markets. Asian markets were lifted by the improvements on the trade fronts, decisive outcome in UK elections and finalization of the USMCA. Markets were led by EM with LatAm, Asia and EMEA all contributing positively. Year to date, MSCI Asia ex Japan is up 18.2% underperforming AC World (+24.0%). The sectors and markets that significantly outperformed in the past month (in US$ terms) were China Real Estate, Korea Information Technology and HK Consumer Discretionary.

Asia ex Japan 2019/20 EPS was revised up by 0.6%/1.0% over the last month. Notably, Indonesia saw positive earnings revisions of ~3.3%. Taiwan's positive revisions were fuelled by rising 5G unit expectations and incrementally positive outlook of major Tech names in 5G applications. Australia, Malaysia, Thailand, South Korea and Singapore all experienced positive revisions above 1.5%.

Energy saw an upbeat month with Brent and WTI crude up by 10.7% and 8.3% respectively, as OPEC+ agreed on output cuts to help prop up prices amid fears of an economic slowdown and Trump signed off on a partial trade deal with China, giving a boost to the fragile outlook for global oil demand. Gold prices rose by 3.6% to $1,517/oz making 2019 the best year since 2010, having gained 18% driven by the trade war.

MSCI China outperformed, posting strong gains of 7.8% in December. The key driver for the strong performance was the mitigation of geopolitical risk, as the US and China announced on Dec 13 that an agreement on Phase One trade negotiation had been reached. The US announced that they will delay indefinitely the new tariffs that were set to take effect on Dec 15 on ~$160bn of Chinese imports (List 4B). In addition, the tariff on $120bn of Chinese imports (List 4A) will be reduced to 7.5% from 15%, which represents the first tariff rollback since the inception of the trade war in July 2018. Meantime, the long-awaited revision of Securities Law was approved.

MSCI Taiwan gained 7.2%, also outperforming MSCI Asia ex-Japan. The Tech sector recorded spectacular gains led by large cap blue-chip Tech names. Rising 5G unit expectations and the increasingly positive outlook of major Tech names in 5G applications was a key driver. Laggard commodity Tech sectors such as panels, DRAM, wafers, and passive component makers also recorded a notable rally.

The KOSPI also rebounded strongly to end the year on a high note, driven by the easing of the US-China trade war, better domestic macro signals such as recovery of custom exports, rising consumer inflation; and improved memory sentiment amid early pull-in restocking demand from customers, helping the rally in Korea's Technology sector.

MSCI India (US$) was up 1.5% in December, but notably underperformed Asia ex Japan. Indian equities had a volatile month declining in the first half as the RBI surprised negatively by keeping policy rates on hold on 5 December (vs. consensus expectations of 25bp cut) and sharply reducing FY20 GDP forecast by 110bps to 5%. Moreover, OPEC+ announced oil production cuts leading to a sharp surge in crude prices. Indian equities pared losses in the second half on the back of positive global developments.

ASEAN markets generally underperformed North Asia markets with the exception of Indonesia (up 6.9%). After 5 months of outflows, the JCI saw net inflows of $571mn in Dec. Energy and Financials outperformed in December, while Staples and Materials lagged. MSCI Singapore gained 3% while MSCI Malaysia gained 4% in Dec, but still underperformed Asia ex Japan by over 2-3%, even as sentiment turned positive to progress on US-China trade talks outlining a first phase of a trade deal and a suspension of a scheduled tariff hike. Thailand was the worst performer as MSCI Thailand only grew 0.9%, where outperforming sectors such as Electronics, Chemicals and Healthcare were dragged down by Hotels, Commerce and Construction.

MARKET OUTLOOK AND STRATEGY

Global growth notably Asia has been sluggish amidst trade tensions in 2019. The US/China tariffs have had a major impact on industrial production and business investments. However, the Target Fund Manager heads into 2020 with a US-China phase 1 trade deal at hand and stable leading indicators pointing to a bottoming in industrial production and acceleration in restocking demand. The policy environment is still fairly benign with China cutting RRR rates and easing fiscal policy, India continues to cut rates and US Fed rates on hold as the global economy is still reeling from the industrial slowdown. Hence, the Target Fund Manager is more optimistic on Asia's 2020 prospects.

Asian equity market valuations remain fair, trading above its 18-year historical mean on-price-to-earnings basis and near mean on a price-to-book basis. Nonetheless, a Phase 1 US/China trade deal should lower risk premiums and improve corporates' earnings outlook, driving Asian equity markets higher. Moreover, Asian markets are still trading at a significant discount to US markets and with more room for earnings upgrades as the industrial cycle turns for the better.

Risks still linger despite the current buoyant market sentiment. Geopolitical tensions in the Middle East are heating up after the US assassinated a top Iranian General, sparking fears that a war could be imminent. The path towards a phase 2 and beyond of a US-China trade deal is still marred with uncertainty, and in the long term is still likely to hit some obstacles. Closer to home, the social unrest and chaos in Hong Kong still lingers, dragging HK's economy into recession, affecting a major part of Asian market's capitalization which is listed on the HK bourse.

On balance, the Target Fund Manager still see reason to be more optimistic on Asian markets' prospects in the coming quarter. As US-China trade tensions subside, the Target Fund Manager now turn more positive on China and Korea after having upgraded the markets to neutral from underweight the previous month. These markets remain cheap relative to other Asian markets, increasing the scope for more positive earnings revisions. The Target Fund Manager also remain overweight Taiwan as the Target Fund Manager sees the technology cycle turning more positive. The Target Fund Manager's preference is for large cap Consumer Staples as a play on a rise in domestic consumption, though the sector may see some selling pressure near-term due to sector rotation into Technology stocks. The Target Fund Manager continues to underweight the Hong Kong market as continued social unrest and chaos continue to weigh on the economy and undermines HK's status as a safe haven and financial hub. Tourism and consumer retail-related industries continue to struggle.

The Target Fund Manager is also overall underweight ASEAN to fund their overweight positions in North Asia. Within ASEAN, the Target Fund Manager remains relatively bullish on Singapore, as cyclical indicators for the island state such as electronics exports as well as cargo throughput have shown signs of bottoming out. With attractive valuations accompanied by fiscal flexibility of the government to support growth, Singapore's economy should grow steadier given the "lower base" in FY19E. This should help improve consumer sentiment. The Target Fund Manager remains Neutral on Indonesia as economic growth has stalled amid persistently weak private consumption. The Target Fund Manager also remain Neutral on Philippines. Inflation headwinds have faded and earnings revisions have turned positive. Philippines's earnings growth for 2020 is one of the strongest within ASEAN. The Target Fund Manager continues to underweight Thailand with risks of underperforming potential growth. The strength of the Thai Baht has proved to be a bane despite monetary loosening and administrative measures. Malaysia remains an underweight as a mild recovery in exports and investments may be insufficient to stave off a tepid growth in consumer spending. Private investments remain weighed down by political and policy uncertainty.

Key risks to the Target Fund Manager's more positive view now include a full blown Middle East war, souring market sentiment and another U-turn in the progress of US-China trade negotiations, which has happened multiple times in the past one and a half years.