

RHB ASIAN REAL ESTATE FUND

This Fund aims to achieve a long term capital appreciation through investments in the real estate market.

INVESTOR PROFILE

This Fund is suitable for investors who:

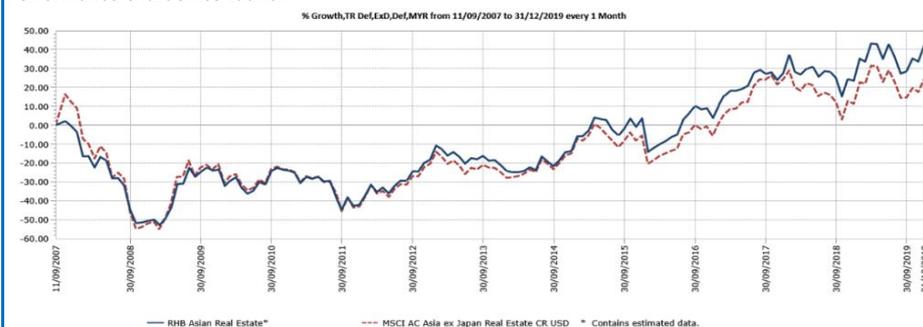
- wish to participate in the opportunities offered by the Asian real estate markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

- Up to 98% of NAV (with at least 70% of NAV in equity): Investments in primarily Asian real estate securities and listed Real Estate Investment Trusts (REITs).
- 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	6.46	10.80	-0.41	15.24
Benchmark	6.04	8.73	-3.41	11.96

	1 Year	3 Years	5 Years	Since Launch
Fund	15.24	37.13	64.86	42.34
Benchmark	11.96	31.84	46.31	24.72

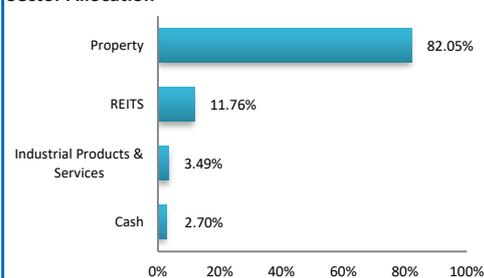
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	15.24	-3.23	22.97	0.04	20.18
Benchmark	11.96	-10.39	31.42	-0.05	11.03

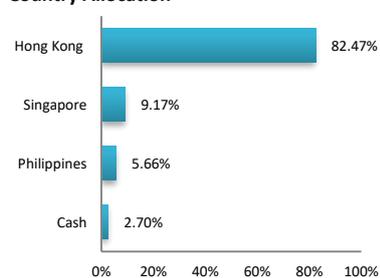
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SUN HUNG KAI PROPERTIES LTD	9.75
LINK REIT	7.67
HENDERSON LAND DEVELOPMENT CO	6.59
NEW WORLD DEVELOPMENT CO LTD	6.32
CHINA RESOURCES LAND LTD	6.20

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7121	0.7377	0.7377
Low	0.6685	0.6016	0.2187

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

In December, the China property sector outperformed the broader market supported by sustained sales momentum and resilient market conditions. Sales volume continue to remain robust through the month of December as primary and secondary GFA sales rose. Property developers had a good run as well after the Politburo Meeting ended without mentioning of further property tightening measures. Further, multiple cities have also adopted more accommodative stance especially in Tier2/3 cities during the month. For example, Zhengzhou announced on 4th December favourable plans to increase upper limit of mortgage from housing provident fund for the purchases of first-homes and second-homes effective from 1st January 2020. Additionally, the General Office of CPC Central Committee and the State Council, jointly issued a guideline to improve social mobility of labour force and talent, echoes the NDRC's guidelines released in April 2019 on Hukou policies, encouraging regional mobility and upside risk from accelerated urbanization. Though recent wave of policy loosening at city-level hasn't deviated from the direction set by central government through its "Houses are for living, not for speculation" policy, the government policy has become more nimble. On the monetary front, the PBOC announced on 28th December that all new loans originated from 1st Jan 2020 onward have to be priced based on Loan Prime Rate. However, mortgage loan pricing to stay unchanged even after migration to LPR during March-August 2020 throughout the term of the contract until January 2021.

In Hong Kong, the property market saw a relief rally during the month as the citywide protests calmed down a little, and residential sales recovered slightly on recent relaxation of mortgage policy and developers' aggressive marketing of new projects. Some relief was also felt after President Xi praises Macau's stability during his trip in Macau.

MARKET OUTLOOK AND STRATEGY

We remain constructive on China property in the longer horizon as we believe that the property sector is currently in its mid-cycle. The sector looks supportive from falling rate outlook post the reserve requirement ratio (RRR) cut by the PBOC on New Year Day 2020, lowering rate by 50bps effective from 6th January 2020 across the board, as well as marginal credit improvement and more local policy fine-tuning. As the liquidity cycle kicked off, further easing monetary policies by the PBOC will benefit the property sector as well. The portfolio is well-positioned in mid to big developers with exposure to mid-tier cities. We also prefer these developers for their ample funding resources, strong balance sheet and balanced regional coverage. We will selectively accumulate quality names into our portfolio, especially leaders with a niche in sourcing land bank.

In Hong Kong, we are seeing signs of stabilization in the property market after government launched a series of supportive policies over the past months with the deferred impact from LTV relaxation to be realised soon. Further, with low volumes in 2H19, we see accumulated pent-up demand going into 2020. Currently, we have an overweight position in Hong Kong property. We prefer developers and landlords with a good project pipeline, strong balance sheet and stable growing income from investment property. We also believe that most of the longer term drivers continue to stay intact. Mainly, mortgage rate remains at low level given a US rate cut roadmap, as well as a resilient supply outlook given the limited new land supply at least over the next few years. Recent correction due to political protests creates a good chance to selectively accumulate quality names.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 December 2019, the Volatility Factor (VF) for this fund is 15.4 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 11.2 (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 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2019.

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 real estate 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.