

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:

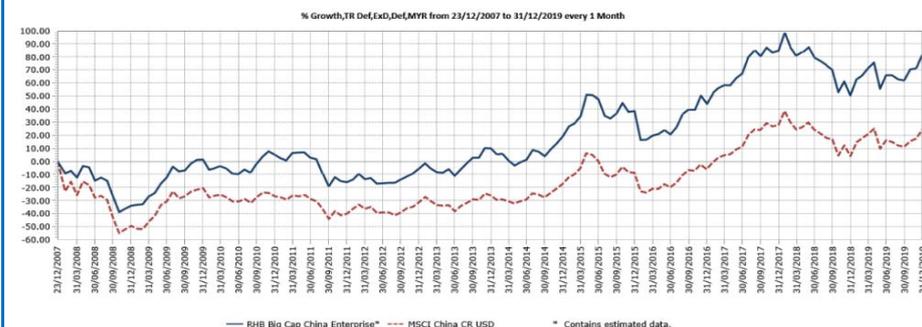
- wish to participate in the potential of the fast growing China economy; and
- are willing to accept higher risk in their investments in order to achieve long term capital growth.

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	5.96	11.94	9.33	20.47
Benchmark	6.06	12.00	7.33	19.71

	1 Year	3 Years	5 Years	Since Launch
Fund	20.47	25.89	51.97	81.52
Benchmark	19.71	32.58	50.84	24.37

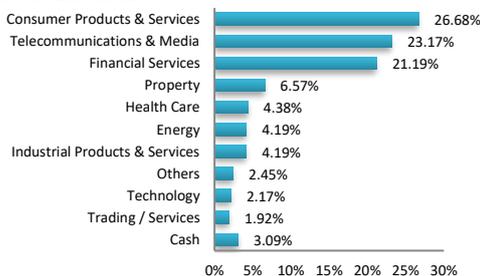
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	20.47	-18.35	27.98	4.06	16.01
Benchmark	19.71	-18.75	36.32	2.99	10.47

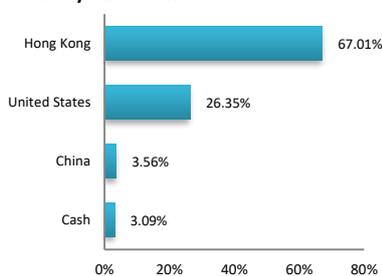
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALIBABA GROUP HOLDING LTD	11.99
TENCENT HOLDINGS LTD	11.06
CHINA CONSTRUCTION BANK CORP	5.14
PING AN INSURANCE GROUP CO OF	5.03
BAIDU INC	3.84

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6651	0.6651	0.7715
Low	0.6130	0.5280	0.2720

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
Dec 2018	-	-
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	5.7200

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

In the month of December, both the Hang Seng Index and Shanghai Stock Exchange Composite Index posted strong gains to close the year, recording +7.0% and +6.2% respectively. The strong run was due to mitigation of geopolitical risk where the US and China announced on 13th December that an agreement on "Phase I" trade deal has been reached. While the FOMC also left the US Fed rate unchanged for the month, PBOC announced on 28th December that all new loans originated from 1st Jan 2020 onward have to be priced based on Loan Prime Rate. This was followed closely by a 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. In Hong Kong, economic activity slowed further amid prolonged social unrest, which severely hit the consumption and tourism-related sectors since 3Q19. The Hong Kong government also cut its 10-year housing supply target to 430k units from 450k units and maintained the public-private split at 70:30. But the market saw some relief in the Hong Kong property market amid residential sales recovering slightly on recent relaxation of mortgage policy and developers' aggressive marketing of new projects, as well as President Xi praises Macau's stability during his trip in Macau.

On the macro front, China's industrial production growth picked up notably to 6.2% year-on-year in the month of November from 4.7% year-on-year in October. Meanwhile, industrial profits rose 5.4% yoy, reversing the decline in October as the market saw some stabilization in the PPI. December's NBS manufacturing PMI stayed flattish at 50.2, strengthening the case on signs of a potential bottoming of the Chinese economy and a turnaround likelihood. Separately, inflation outlook remains challenging as CPI rose 4.5% yoy on higher pork prices. Elsewhere, in Hong Kong, retail sales volume declined by 26.2% yoy in the month of October on broad-based weakness across the consumer segments, while tourist arrival plummeted 43.7% yoy with hotel occupancy rates dropping to 63%.

MARKET OUTLOOK AND STRATEGY

We expect the market to stay event driven and remain bullish in the Chinese market over a longer horizon. In the near term, we see bright spots in the Chinese economy supported by manufacturing PMI rebounding in the past two months, reinforcing the signs of a possible cyclical bottoming for China. On the external front, positive development on the trade war front continues to bode well for the global economy, with the with the "Phase I" trade deal to be signed in mid-January 2020. Domestically, China's growth is expected to continue its slower growth trajectory and monetary easing bias to continue. Further, the nation's infrastructure push and proactive fiscal policies will support growth. In particular, these easing policies and stimulus plans are likely to be directed towards the real estate and infrastructure construction markets going forward.

In terms of sector allocations, we continue to prefer consumers due to their resilient business models and continuous supportive policies, and insurers mainly because of their strong A-share exposure and correlation. We are positive on internet and technology sectors and believe that the secular growth story is still very much intact, and further supported by margins improvement from stringent cost control. We are well-positioned in the industrials space to ride on the supportive policies tailwind and construction market uplift. We are selective on real estate players and prefer those that have key competitive advantages over its peers. We believe that these trends will continue to do well and remain as the key themes going forward. We continue to adopt a dynamic allocation strategy and rigorous stock selection process to stay invested in names that we believed are backed by strong fundamental. We prefer companies with strong balance sheet, good cash flow and visible earning growth and will opportunistically add to these stocks.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 December 2019, the Volatility Factor (VF) for this fund is 16.0 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 restrictive geographical market, equities investment risks such as market risk and particular security risk and foreign investments risks such as 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.