

RHB EUROPEAN SELECT FUND

The Fund aims to achieve capital growth over the long-term* by investing in one target fund, i.e. the Threadneedle (Lux) - European Select Fund.

*Note: "long term" in this context refers to a period of between 5 - 7 years.

INVESTOR PROFILE

This Fund is suitable for investors who:

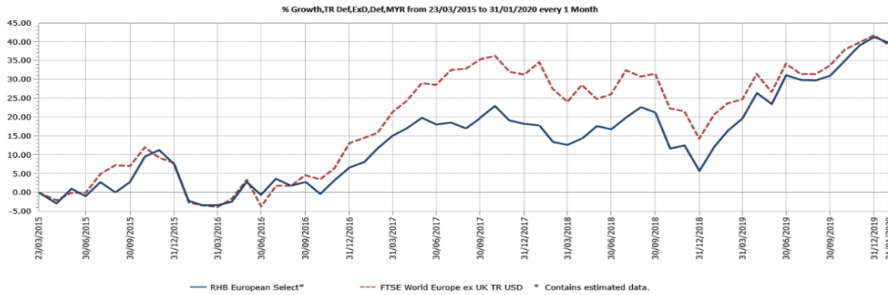
- are 'qualified investors' as defined in the Information Memorandum.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in units of Threadneedle European Select Fund.
- 2% to 5% of NAV: Investments in liquid assets including money market instruments and placements of cash.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-1.13	3.42	7.55	-1.13
Benchmark	-1.87	0.83	5.84	-1.87

	1 Year	3 Years	Since Launch
Fund	24.62	29.21	39.62
Benchmark	15.26	21.48	39.04

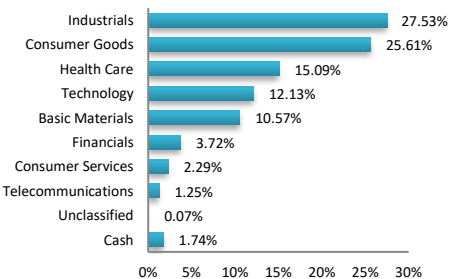
Calendar Year Performance (%)*

	2019	2018	2017	2016
Fund	33.66	-10.56	10.85	-0.97
Benchmark	24.01	-12.95	16.07	4.85

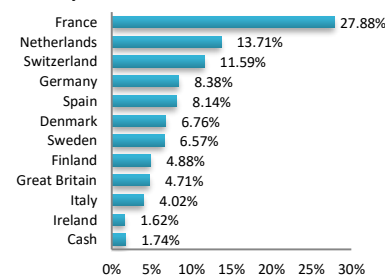
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

RELX PLC	4.71
PERNOD RICARD SA	4.54
NOVO NORDISK A/S CLASS B	4.33
DASSAULT SYSTEMES SA	4.03
NESTLE S.A.	3.97

*As percentage of NAV

*Source: Threadneedle, 31 January 2020. Exposure in Threadneedle European Select Fund - 97.13%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7253	0.7253	0.7253
Low	0.6981	0.5597	0.4517

Source: Lipper IM

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MANAGER'S COMMENTS

SUMMARY

- European equities dipped in January.
- The Target Fund outperformed its benchmark index on a gross basis.
- Key relative contributors included RELX, Dassault Systèmes and Novo Nordisk.
- Atlas Copco was among the detractors.
- The Target Fund Manager established new holdings in Edenred and Bureau Veritas.

MARKET BACKGROUND

European markets dipped in January, following a strong run; the portfolio's benchmark index fell by 0.8% in euro terms. This was mainly due to concerns about the possible economic repercussions of a virulent virus, which originated in China. Several Chinese cities are now in quarantine and the virus has spread internationally. The search for an effective vaccination is now in progress.

Markets were also rattled early in the month by escalating tensions between the US and Iran, though these later eased. More positively, sentiment was boosted as the People's Bank of China pumped liquidity into the country's banking system, and phase one of a US-China trade deal was signed.

Data showed that eurozone GDP growth slowed to near zero in the fourth quarter of 2019 as the French and Italian economies contracted, although Spain's economy was more resilient. German GDP grew just 0.6% last year.

The UK finally exited the EU on 31 January, beginning a transition phase that runs until the end of 2020. There are concerns, however, that the two sides might fail to reach a post-Brexit trade agreement by the end of that period.

Energy and material stocks were impacted as the prices of oil and industrial metals declined amid fears of slowing demand from China, a key consumer of commodities. Relatively defensive sectors such as utilities fared better.

ACTIVITY

The Target Fund Manager opened new positions in Edenred and Bureau Veritas. Edenred is generating strong organic growth and cash flows; the vouchers business is reducing dependence on Latin America owing to strong growth elsewhere. Bureau Veritas (testing and inspection) was trading at an attractive valuation following a period of underperformance relative to its peers. Cyclicalities are limited, as is the impact of the trade war.

MARKET OUTLOOK

Loose monetary policy aims to stimulate economic growth and, if effective, this should revive corporate profitability. Weakness is mainly evident in European manufacturing; the consumer sector remains reasonably buoyant.

Brexit is now underway, but terms have yet to be negotiated and there will be uncertainty while this takes place. In Spain, the new left-wing coalition is tenuous.

Tensions with Iran and over global trade are unhelpful, as is the coronavirus epidemic, but any positive resolution is likely to boost market sentiment. While global growth has been downgraded, fiscal stimulus in China is expected to help, and the US is likely to ensure recession is avoided in the run up to the 2020 elections. The coronavirus has caused a sharp slowdown in economic activity in China, and its future development will impact markets materially, at least in the short term.

The Target Fund Manager's main focus in managing this high-conviction portfolio is on stock selection. The Target Fund Manager seeks to identify high-quality companies with the pricing power to sustain strong returns.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 January 2020, the Volatility Factor (VF) for this fund is 10.6 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 8.8 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 31 December 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2020.

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 Information Memorandum dated 3 March 2015 and its supplementary(ies) (if any) ("the Information Memorandum") before investing. The Information Memorandum 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 Information Memorandum relates will only be made on receipt of a form of application referred to in the Information Memorandum. The Fund are only offered to "qualified investors" as defined in the Information Memorandum. For more details, please call 1-800-88-3175 for a copy of the PHS and the Information Memorandum or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks for the Fund are market risk, currency risk, hedged share classes, effect of portfolio concentration and restrictive geographical market.

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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