

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:

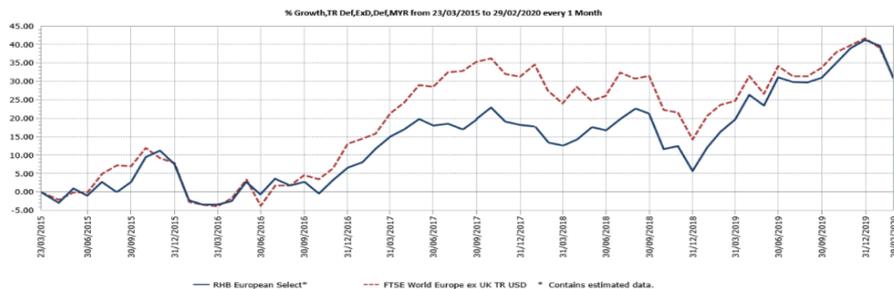
- are 'qualified investors' as defined in the Information Memorandum.

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	-6.36	-5.92	0.80	-7.42
Benchmark	-5.74	-6.21	-0.23	-7.49

	1 Year	3 Years	Since Launch
Fund	12.44	17.02	30.74
Benchmark	6.04	13.16	31.06

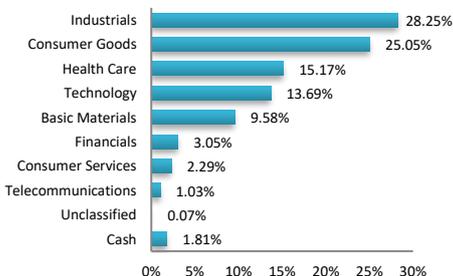
Calendar Year Performance (%)*

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

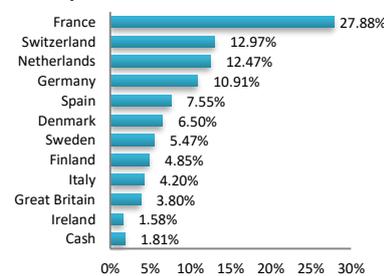
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

NOVO NORDISK A/S CLASS B	4.51
PERNOD RICARD SA	4.21
NESTLE S.A.	4.18
RELX PLC	3.80
AMADEUS IT GROUP SA CLASS A	3.61

*As percentage of NAV

*Source: Threadneedle, 29 February 2020. Exposure in Threadneedle European Select Fund - 96.80%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7329	0.7329	0.7329
Low	0.6537	0.5802	0.4517

Source: Lipper IM

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MANAGER'S COMMENTS

SUMMARY

- European equities fell in February.
- The Target Fund outperformed its benchmark index on a gross basis.
- Key relative contributors included Sika.
- Adidas was among the detractors.
- The Target Fund Manager established new holdings in SAP, Worldline and Nexi.

MARKET BACKGROUND

European markets fell in February; the underlying portfolio's benchmark index dropped by 7.5% in euros. Global indices initially climbed on optimism that Covid-19 would be contained. However, shares later plunged as the virus spread further outside China and data illustrated the impact on economic activity.

Italy was one of the first European countries to suffer an outbreak, and quarantined several areas in an effort to contain its spread. The government warned the EU that budget targets may be missed. The outbreak dampened sentiment among financial professionals in Europe's largest economy; Germany's ZEW index of economic sentiment dropped sharply in February.

At the end of the month, the Federal Reserve said it would act as appropriate to support the US economy, widely viewed as a signal of its willingness to cut interest rates, and expectations mounted that other central banks would launch their own support packages.

In political news, the impeachment proceedings against President Trump of the US ended with his acquittal, while Ireland's election resulted in a three-way split between the leading parties; coalition talks are underway. Germany's political outlook was clouded as the politician expected to succeed Chancellor Merkel stepped down from the leadership of the centre-right CDU party.

Greece and Belgium bore the brunt of the selling, as did energy, industrials and financials. The relatively defensive utilities sector fared better.

ACTIVITY

The Target Fund Manager opened new positions in SAP, Worldline and Nexi.

Business software specialist SAP was trading at an attractive valuation. Worldline's mid-term opportunities are significant, and the payment specialist's risk/reward remains attractive given the opportunities for secular growth, integrating Ingenico ahead of guidance, and continuing to consolidate the market.

Nexi is a payments systems business, uniquely positioned as the industry leader in one of the most under-penetrated, structurally growing markets. Providing both products and services throughout the payments value chain, Nexi generates the entirety of its revenues from the Italian payment market – benefiting from well established relationships with banks, as well as barriers to entry due to the fragmented nature of the Italian payment distribution dynamic. The company is well placed, from both an industry and broader macroeconomic perspective.

The Target Fund Manager sold Assa Abloy; the lock specialist has seen disappointing growth and the virus impact in China will exacerbate this, at least in the short term.

MARKET OUTLOOK

Coronavirus and its effects continue to dominate sentiment, but the disease appears to have peaked in China (factories are reopening) and incidences elsewhere are unevenly spread. Loose monetary policy aims to stimulate economic growth and, if effective, this should stabilise economies and corporate profitability. However, recovery in European manufacturing has clearly been called into question until the disease becomes less of an issue.

Brexit is now underway, but the negotiations have prompted uncertainty and there are risks of a hard outcome. The Spanish and Italian coalitions are surviving but Merkel and her succession plan are under some pressure. The US is keen to avoid recession in the run up to the 2020 elections.

The Target Fund Manager's main focus in managing this high-conviction underlying 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 11 February 2020, the Volatility Factor (VF) for this fund is 10.7 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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