**RHB Asset Management**

# FUND FACTSHEET – MAY 2020

All data expressed as at 30 April 2020 unless otherwise stated

3-year Fund Volatility **16.3** very high
Lipper Analytics 10 APR 2020

## 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

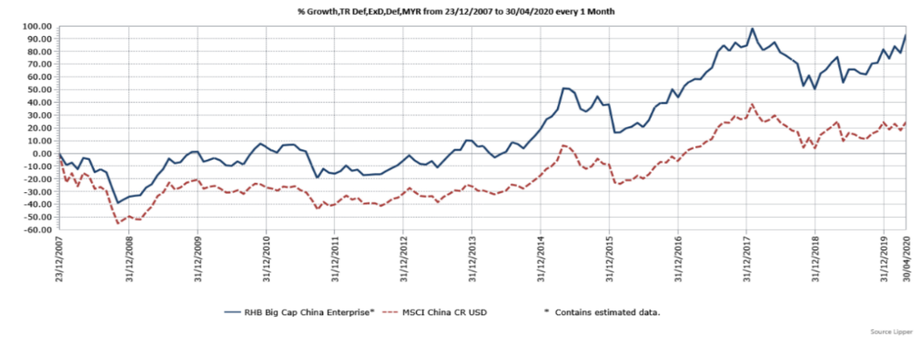
This Fund is suitable for investors who:
- wish to participate in the potential of the fast growing China economy; and
- are willing to accept higher risk in their investments in order to achieve long term capital growth.

### 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** | **8.17** | **10.82** | **13.41** | **6.57** |
| Benchmark | 5.81 | 5.19 | 8.21 | 0.30 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|---|---|---|---|---|
| **Fund** | **10.12** | **22.11** | **28.10** | **93.44** |
| Benchmark | -0.21 | 18.55 | 17.75 | 24.75 |

**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 DETAILS

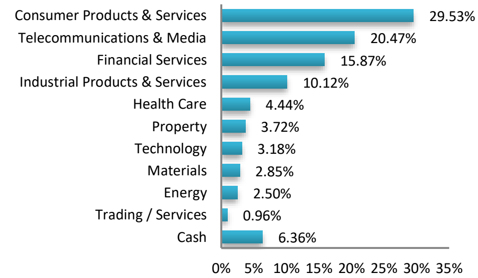
| | |
|---|---|
| **Manager** | RHB Asset Management Sdn. Bhd. |
| **Trustee** | HSBC (Malaysia) Trustee Bhd |
| **Fund Category** | Equity Fund |
| **Fund Type** | Growth Fund |
| **Launch Date** | 03 December 2007 |
| **Unit NAV** | RM0.6994 |
| **Fund Size (million)** | RM308.59 |
| **Units In Circulation (million)** | 446.70 |
| **Financial Year End** | 31 December |
| **MER (as at 31 Dec 2019)** | 1.90% |
| **Min. Initial Investment** | RM1,000.00 |
| **Min. Additional Investment** | RM100.00 |
| **Benchmark** | MSCI China 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** | Up to 0.08% p.a. of NAV* |
| **Switching Fee** | RM25.00 per switch* |
| **Redemption Period** | Within 10 days after receipt the request to repurchase |
| **Distribution Policy** | Incidental |

**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.*

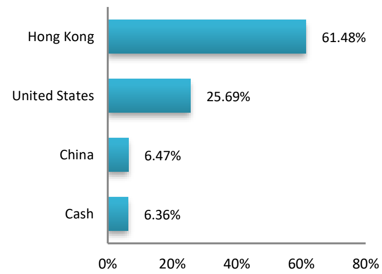
*For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

### FUND PORTFOLIO ANALYSIS

**Sector Allocation***




**Country Allocation***




**Top Holdings (%)***

| | |
|---|---|
| TENCENT HOLDINGS LTD | 9.98 |
| ALIBABA GROUP HOLDING LTD | 9.22 |
| CHINA CONSTRUCTION BANK CORP | 6.09 |
| JD.COM INC | 5.11 |
| PING AN INSURANCE GROUP CO OF CHINA | 4.85 |

**As percentage of NAV*

### FUND STATISTICS

**Historical NAV (RM)**

| | 1 Month | 12 Months | Since Launch |
|---|---|---|---|
| High | 0.6994 | 0.6994 | 0.7715 |
| Low | 0.6454 | 0.5631 | 0.2720 |

*Source: Lipper IM*

**Historical Distributions (Net)**

| | Distribution (sen) | Yield (%) |
|---|---|---|
| Dec 2019 | - | - |
| Dec 2018 | - | - |
| 20 Dec 2017 | 7.0000 | 10.28 |
| 28 Dec 2016 | 5.0000 | 8.90 |
| 16 Dec 2015 | 5.2600 | 7.81 |

*Source: RHB Asset Management Sdn. Bhd.*

# 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.

## MANAGER'S COMMENTS

**MARKET REVIEW**

MSCI China rose 6.3% in April, lagging EM and World by 2.7% and 4.5%, respectively. However, looking at how much of the COVID19 induced equity losses have been retraced, MSCI China has recovered ~46% of the losses, vs. ~53% for US equities. While the rest of the world continues to move beyond the infection peak, China continues to lead in terms of economic reopening. Indeed, the March economic data and our high-frequency monitor both point to an encouraging recovery, with supply/production taking the lead, and demand/consumption lagging behind. Notably, May Golden Week tourism consumption remained soft with a 47%yoy decline in tourist numbers and 31%yoy decline in daily tourism expenditure, however it improved notably compared to a 61%yoy decline in tourist numbers and an 81%yoy decline in tourist revenue during the Qingming holiday one month ago. As consumption remains a key concern, proactive policy support continued in April, with further interest rate cuts and the politburo meeting highlighting that fiscal policy will become more proactive via three channels: (i) an increase in the budgetary fiscal deficit; (ii) increases in the quota for special local government bonds; (iii) issuance of special COVID-19 government bonds. The size of these channels will be confirmed at the NPC meeting beginning on May 22. Looking ahead, a key downside risk could stem from renewed US-China tensions, a risk that we highlighted even before COVID-19 outbreak as the US Election Day nears. Overall, domestic oriented sectors with favorable policy support will likely continue to benefit from China's ongoing economic recovery. It is worth noting that following the rebound of Materials in early April, cyclical upturn accelerated in late April, leading by semiconductors, auto and real estate.

The Hang Seng Index recovered by 4.4% in April, with market sentiment improving on the back of a stabilizing COVID-19 global infection rate, partial relaxation of lockdown in various countries and stronger-than-expected recovery in China's activity data in March. On the domestic side, no new local cases were recorded for 15 consecutive days and the government has announced that it will resume most public services on May 4th.

Both epidemiological and economic aspects of the COVID-19 global pandemic evolved rapidly over the past month. Our latest China full year growth forecast stands at 1.3%. In response, we expect policy support to further step up. On the fiscal side, the NPC meeting scheduled to begin on May 22 will announce the fiscal budget, including an increase in budgetary fiscal deficit, the increase in special local government bond quota and issuance of special government bonds. In terms of monetary policy, following the 20bps reduction in MLF/LPR rate in April, we expect another 25bp cut along with a 25bp deposit rate cut. We also expect another 50bp RRR cut in mid-2020, and a special RRR cut to finance the issuance of special government bonds

The NBS manufacturing PMI fell 1.2-pt to 50.8 in April (March: 52.0), confirming further normalization in manufacturing activity, which translated to the solid output component at 53.7.However, given the ongoing global lockdowns, new export orders plunged to 33.5 from 46.4, reaffirming our concerns over external demand disruption. On the other hand, the Caixin manufacturing PMI eased 0.7-pt to 49.4, also due to the drag from export orders he Hong Kong government announced additional relief measures of HKD137.5bn (~4.8% of GDP) on April 8 to support the private sector, including providing wage subsidies to eligible employers and enhancing the SME financing guarantee scheme. We expect Hong Kong's economy to remain weak through 1H20, and forecast real GDP to contract by 10.5% and 7%q/q saar in 1Q and 2Q. In particular, sluggish DM demand will continue to weigh on the trade sector outlook; total exports and imports fell 5.8%oya and 11%oya respectively in March, and exports to the US/UK fell c.30%oya. The labour market remains under pressure with the unemployment rate up 0.5%pt to 4.2%. Underlying inflation was 2.6% with prices falling further for clothing/footwear and durable goods. We expect the economy to recover in 2H along with a rebound in the global economy and as relief measures begin to take effect.

**MARKET OUTLOOK AND STRATEGY**

The market has now digested the impact of COVID-19 to the economy. Key annual meetings of the country's top legislature are set to start in mid-May, and policies may emerge to fuel China's economic recovery following pandemic-related lockdowns. As a result, we continue to be constructive on China/HK equities due to robust containment efforts and the continued reopening of the economy. We remain positive on sectors including consumer discretionary, internet, E-commerce, domestic express delivery, as well as healthcare.



**RHB Asset Management Sdn Bhd (174588-x)** **Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur** **General Line: 603-9205 8000**