

RHB ASIA PACIFIC FUND

This Fund aims to achieve long term capital appreciation through investments in securities of companies listed or traded in emerging and developed markets.

INVESTOR PROFILE

This Fund is suitable for investors who:

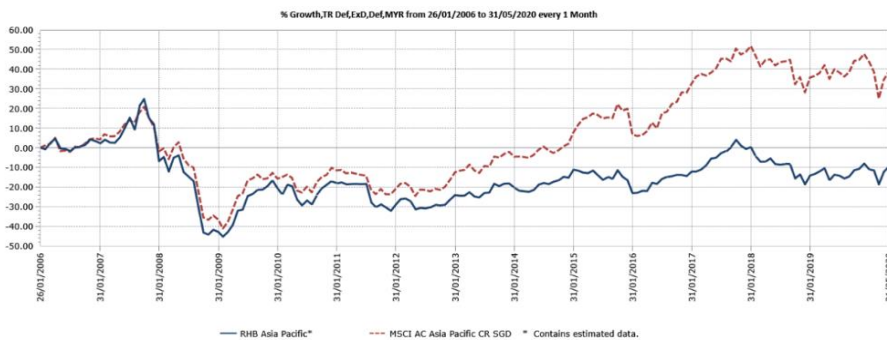
- wish to participate in the upside of the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments;
- prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

- Up to 98% of NAV: Investments in securities of and securities relating to companies that have high growth potential.
- 2% - 10% of NAV: Investments in liquid assets including bonds, 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	3.05	2.16	1.26	-1.68
Benchmark	2.91	-0.17	-4.26	-6.21

	1 Year	3 Years	5 Years	Since Launch
Fund	8.32	-4.06	2.37	-9.38
Benchmark	2.55	0.19	17.95	38.52

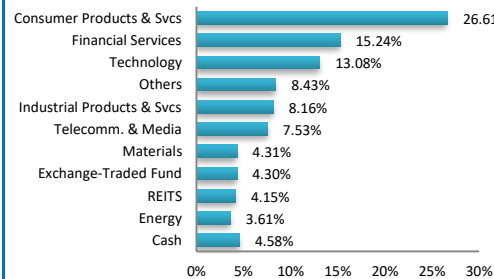
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	12.94	-17.85	16.05	2.61	-1.76
Benchmark	15.15	-13.81	16.11	6.92	17.54

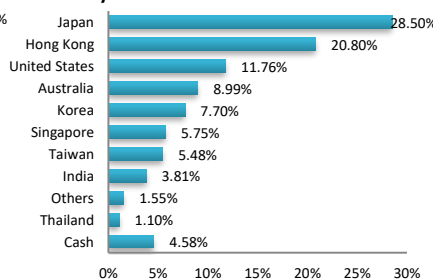
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALIBABA GROUP HOLDING LTD	5.57
TOPIX EXCHANGE TRADED FUND	4.30
TENCENT HOLDINGS LTD	3.36
TOYOTA MOTOR	3.32
WIWYNN	2.82

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3457	0.3593	0.5975
Low	0.3235	0.2869	0.1994

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

Asian markets as measured by the MSCI Asia Pacific ex Japan Index however declined 0.6% in May as renewed US-China tensions capped returns. Cyclical sectors such as Consumer Discretionary (+4.5%), Materials (+2.2%) and Energy (+0.7%) outperformed. WTI and Brent gained 88.4% and 54.6% respectively as easing lockdown restrictions across US and numerous other major countries and as Saudi cuts oil output by another 1mn barrel a day over and above agreed earlier in the OPEC+ accord. Iron Ore prices surged above US\$100/ton on declining port stocks and expected demand increase from Chinese infrastructure projects, helping material sector's performance. On the other side, real estate (-3.9%), utilities (-3.4%) and financials (-3.0%) underperformed. Within regions, Malaysia (+4.7%), Thailand v(+4.3%) and Indonesia (+3.3%) outperformed its region. Korea was the only North Asia country that recorded positive gains +2.2%). Hong Kong (-8.9%) and India (-2.9%) underperformed.

News was primarily centered on the US-China tensions in May. Following the US' Holding Foreign Companies Accountable Act and China's National Security Bill for Hong Kong, the US continues to ratchet up the pressure on China, as US Congress passed the "Uighur Human Rights Policy Act of 2020" on 27 May. If signed into law, the bill would give the Trump Administration 180 days to compile a list of Chinese official and companies to be sanctioned in response to its alleged human rights abuses against Muslim minorities. On that same day, Secretary of State Mike Pompeo officially notified Congress that Hong Kong can no longer be considered politically autonomous from China. The move could trigger visa restrictions and asset freezes on top Chinese officials, and the US could also revoke special trading privileges for Hong Kong. Elsewhere, the US said it would expel any Chinese graduate students with ties to the People's Liberation Army, which could affect over 3000 students, a small slice of the more than 350,000 Chinese students currently studying in the US. Wall Street turned higher on Friday's session after President Trump's "very powerful details" aimed at China did not deliver the harsh sanctions investors had feared.

All these intensify the conflict and invites retaliation. While China has remained silent, Premier Li Keqiang acknowledged the new challenges on the US relations and calls for mutual respect during his NPC closing speech. As expected, China's legislature approved the controversial national security legislation by a 2878-1 vote, even though details of what will happen in practice is not publicly revealed. The Chinese government has sought to reassure observers that Hong Kong's judiciary will remain intact and independent despite the new national security law.

China concluded its annual National People's Congress (NPC) by setting a budget deficit target around 3.6% of GDP. However, if the issuance of special bonds is included, the deficit gap would come in at over 8% of GDP. Fiscal package includes tax exemptions, lower bank interest rates and waived contributions to social welfare funds, as well as reduced costs for utilities.

Japan also announced another round of fiscal stimulus. An economic package totalling JPY117 trillion (USD1.1 trillion) and a second FY2020 supplementary budget to fund it (an additional JPY31.9 trillion in fiscal spending in the general account and JPY39.4 trillion in the Fiscal Investment Loan Program). Funds will be targeted to help struggling companies, rent subsidies, and healthcare assistance.

Bank of Korea cut interest rates by 25 basis points to a record low of 0.50%. Retail investors continued buying into the market for the fifth consecutive as in interest in the share market gained in the near zero interest rate environment. Korea started to show signs of recovery as economic indicators such as consumer sentiment, retail sales rebounded. Internet stocks and Energy led market gains as did consumer discretionary and industrials. Taiwan (-2.5%) as the tech sector declined as fresh restrictions on Huawei by the US Department of Commerce gave rise to concerns of renewed Tech-war.

Australia (+4.4%) rebounded as stimulus and recovery in activity led to gains. Optimism can be evidenced with both consumer and business confidence improving. Gold sector outperformed during the market rally as investors flocked to the sector for portfolio hedge. REITs gained as lockdown measures eased. On the other hand, defensive sector such as Healthcare underperformed.

India (-2.9%), with declines led by banks as the Reserve Bank of India announced an extension to the loan moratorium program by 3 months, which increases liquidity issues for banks, while the special economic package of Rs 21 trillion did not address credit issues. India over-took Spain and Italy to become the 5th worst hit nation by the pandemic. While parts of India prepares to re-open, the government announced further extension of the lockdown in containment zones to 30th June.

ASEAN continued its rally in May with the MSCI ASEAN was up 1.7% in USD terms. Generally countries across the ASEAN region remain optimistic on the economies opening up. Thailand, Malaysia, the Philippines, Singapore and Indonesia all announced phased reopening plans.

Singapore's government has slashed GDP target to -4% to -7% in 2020. In support of the economy, the government has released four stimulus packages within four months and the total package totalled S\$100bn, which is 20% of gross domestic product. Strong support from the government comes in the form of reskilling of workers, job openings, and subsidies to households, rental waivers to commercial SMEs etc. In Thailand, some measures by the government was backtracked due to the lack of funds e.g the THB 5,000 cash support will be reduced to one month instead of the six months.

In the Philippines, the Enhanced Community Quarantine (ECQ) extension until May 15 for Metro Manila, and other major economic hubs in Luzon, Cebu and Davao as the Government pushes harder to contain the spread of Covid-19. On the macro front, March inflation numbers eased slightly to 2.5% YoY in March from 2.6% in February. Overall, core inflation easing to 3% YoY in March from 3.2% in February. In Indonesia, the Ministry of Finance's fiscal deficit target was raised again for the 2nd time to 6.27% of GDP.

In Malaysia, the government announced a RM35 billion, or 2.4% of GDP, which includes RM10bn of direct fiscal injection. CPO prices recovered to RM2,373/mt (12.9% MoM), as leading Indian importers started to purchase Malaysia CPO again after months of a diplomatic spat between the countries in early January. In addition, there is also better support for palm oil used for biodiesel given the recent recovery in crude oil price.

MARKET OUTLOOK AND STRATEGY

We are cautiously optimistic markets. Implemented stimulus measures across countries and easing of lockdown measures will lead to economic recovery. With the lockdown restriction easing, global trade is likely to bottom out, benefiting the more trade-dependent countries such as Korea and Taiwan. We also prefer China as it is in the early stage of restarting the economy and more policy space to revive activity. However, markets could continue to witness volatility with heightened geopolitical tensions while monitoring how re-opening unfolds. Lastly, we have tilted our portfolio towards beneficiaries of the economy opening up.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 May 2020, the Volatility Factor (VF) for this fund is 12.4 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 12.2 but not more than 14.9 (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 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. This update does not amount to indicate that the SC has recommended or endorsed the Fund. 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 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.

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