RHB Asset Management

FUND FACTSHEET – JUNE 2020

All data expressed as at 31 May 2020 unless otherwise stated

3-year Fund Volatility 8.7 low Lipper Analytics 10 MAY 2020

RHB GOLDEN DRAGON FUND

This Fund aims to maximise total returns through a combination of long term growth of capital and current income.

INVESTOR PROFILE

This Fund is suitable for investors who:

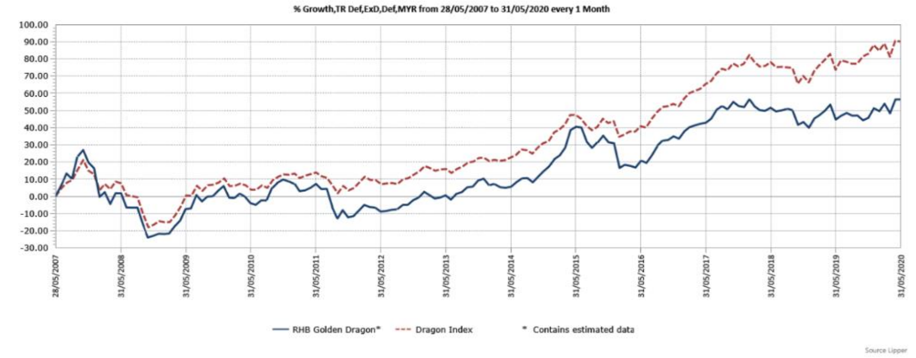
- are conservative and yet wish to participate opportunistically in the potential of the fast growing Greater China markets;
- seek a flexible investment mandate capable of capitalising and adapting to prevailing market conditions;
- are willing to accept moderate risk in their investments in order to achieve long term capital growth and income.

INVESTMENT STRATEGY

- 30% - 70% of NAV: Investments in securities of & securities relating to companies whose businesses are in the Greater China (i.e. the People's Republic of China, Hong Kong SAR and Taiwan) & are listed on the Greater China markets and/or other markets.
- 30% - 70% of NAV: Investments in Malaysian fixed income securities, money market instruments, cash and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**0.00**	**1.61**	**7.35**	**3.37**
Benchmark	-0.28	0.58	3.87	1.08

	1 Year	3 Years	5 Years	Since Launch
Fund	**8.07**	**9.55**	**11.35**	**56.54**
Benchmark	9.41	14.87	28.87	90.00

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**8.09**	**-7.74**	**13.68**	**2.02**	**11.36**
Benchmark	13.01	-6.09	16.20	6.02	8.85

Source: Lipper IM

FUND DETAILS

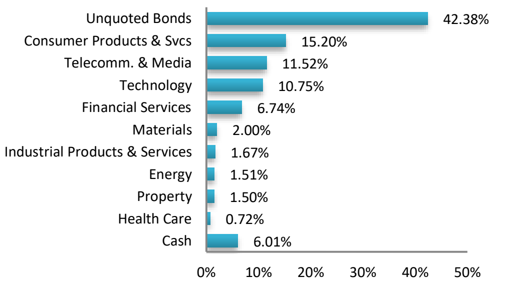
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity / Bond Fund
Fund Type	Growth and Income Fund
Launch Date	08 May 2007
Unit NAV	RM0.5610
Fund Size (million)	RM23.55
Units In Circulation (million)	41.98
Financial Year End	31 December
MER (as at 31 Dec 2019)	2.06%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% MSCI Golden Dragon Index (RM) + 50% RAM qs MGS 3-7 (medium)
Sales Charge	Up to 5.26% 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	Annually, if any

**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.*

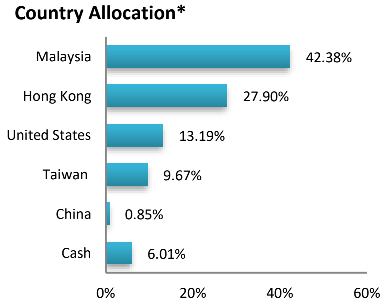
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

MEX II SDN BHD 6.2% (29/04/2032)	17.46
ALPHA CIRCLE 5.6% (18/11/2022)	11.01
TENCENT HOLDINGS LTD	7.81
ALIBABA GROUP HOLDING LTD	5.57
TAIWAN SEMICONDUCTOR MANUFACTURING	5.20

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5721	0.5721	0.6106
Low	0.5515	0.5045	0.3026

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
Dec 2019	-	-
Dec 2018	-	-
Dec 2017	-	-
28 Dec 2016	3.6000	7.51
16 Dec 2015	4.5750	8.24

Source: RHB Asset Management Sdn. Bhd.

RHB GOLDEN DRAGON FUND

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MANAGER'S COMMENTS

MARKET REVIEW

MSCI China declined 0.84% in May, lagging EM and World by 1.4% and 5.46%, respectively. While the high frequency and monthly data show the domestic recovery is on track (link), escalating US-China tensions triggered a fresh sell-off in late May. In particular, the confrontation has spilled over into technology, financial and geopolitical issues. Over the past month, the US has: i) prevented the Federal pension fund from investing in China equities and the Senate passed legislation to increase scrutiny of Chinese ADRs, ii) tightened restrictions on the sale of US technology and software to Huawei, and iii) announced to begin the process of stripping Hong Kong SAR's special status due to the introduction of the National Security Law. Nonetheless, on the HKSAR geopolitical issue, Trump's latest announcement lacked details of implementation and left out mentions of the Phase One trade deal, which was a relief for markets. On the domestic policy front, the annual NPC meeting delivered moderately higher-than-expected fiscal support while abandoning economic growth targets for the year. The headline fiscal package announced was 8.51 trillion yuan (8.4% of GDP) with higher fiscal deficit and local govt special bond quotas. Sector-wise, consumer discretionary outperformed over the past month driven by continued signs of consumption demand recovery as well as strong earnings results and positive guidance by e-commerce names. Meanwhile, defensive sectors such as consumer staples and healthcare (which have outperformed throughout the COVID-19 outbreak) also picked up some momentum towards the end of May, given rising external headwinds.

The Hang Seng Index fell 6.8%m/m or 1,682 points. MSCI HK plunged 9%, due to the intensifying US-China confrontation, which expanded from trade to tech, financial and geopolitical tension, weighed on Hong Kong market sentiment in May. Meanwhile, China's move to impose the Hong Kong national security law triggered a fresh round of local social protests and negative responses from foreign governments. In particular, President Trump announced the US would revoke Hong Kong's special status as a separate customs territory, although details are yet to be released. On the positive side, the virus outbreak situation was largely contained, and the government has loosened some of the related restriction measures, which include gradual resumption of the airport transit from June 1

Both epidemiological and economic aspects of the COVID-19 global pandemic evolved materially over the past months. Although numerical growth target for 2020 was abandoned, NPC meeting introduced 8.51 trillion yuan (8.4% of GDP) headline fiscal package, confirming upside risk to our baseline forecast (7.7% GDP). Specifically, the 2020 fiscal budget deficit target is set at 3.76 trillion yuan (3.6% of GDP), along with 3.75 trillion yuan (3.6% GDP) special local government bonds and 1 trillion yuan special COVID-19 government bonds. On the monetary side, the government stressed "prudent" monetary policy should be more flexible and appropriate, with M2 and TSF growth to be meaningfully higher than last year

The May PMIs pointed to stable recovery. The NBS manufacturing PMI eased modestly by 0.2pt to 50.6, in part dragged by export orders while domestic demand held up well, especially the new order component. Meanwhile, service PMI rose 0.4pt to53.6, reflecting domestic consumption recovery. On the other hand, the Caixin manufacturing PMI rose 1.3pt to 50.7. Given that Caixin tends to tilt towards the private and export sector, the uptick suggest the normalization of manufacturing activity is broadening out.

China legislature passed the Hong Kong national security law on May 28, which as per the authorities aims to establish and improve the legal system and enforcement mechanisms for HKSAR to safeguard national security. This has triggered an escalation in US-China tension, with President Trump announcing the US would revoke Hong Kong's special status as a separate customs territory, although details are yet to be released. While the direct trade impact would tend to be limited, as HK's direct exports to the US only accounted for 1.2% of total exports in 2019, indirect impact on the capital market and financial system is more difficult to gauge. The re-emergence of geopolitical risk and local social unrest add downward pressure on the domestic economic outlook. On the macro activities side, retail sales volume contracted 43.8%oya in March, following the notable decline of 46.7% in February, which largely reflects the hit to tourism and consumption-related activities amid COVID-19. Sales of luxury goods and clothing/footwear dropped sharply by 77% and 64.9% respectively, while grocery sales (+7.3%) held up well. The government has loosened some of the social-distancing measures as the outbreak situation was largely contained, which include relaxation of border restrictions to some mainlanders and gradual resumption of the airport transit from June 1. Nonetheless, removing the COVID-19 related restrictions is a double-edged sword for retailers given the re-emergence of the social protest recently.

MARKET OUTLOOK AND STRATEGY

The re-emergence of a more antagonistic US/China relationship has further raised market worries about the geopolitical risk. The COVID-19 outbreak should intensify the confrontation over 5G, robotics and AI, as the stakes have increased given that the lockdown is revealing that we are more dependent than ever on these sectors. Going forward, we look to rotate into cyclical sectors over defensives as the economic recovery takes hold, led by domestic consumption, real estate and infra-FAI; ii) focus on domestic-oriented sectors as external headwinds and geopolitical tensions rise; concerns rising for ADRs and tech supply chain; iii) sectors that could benefit from the change in consumer behavior due to the outbreak including healthcare/grocery retailers/online gaming/e-commerce.