

RHB MARKET OPPORTUNITY FUND

The Fund aims to achieve medium to long term[^] capital appreciation through investments in equities, equity related securities, fixed income instruments and/or Deposits / money market instruments.

Note: [^]“medium to long term” in this context refers to a period of between 3 – 6 years.

INVESTMENT STRATEGY

- Up to 100% of NAV - Investments in equities, equity related securities and fixed income instruments.
- The balance of the NAV will be invested in liquid assets including money market instruments, Deposits and collective investment schemes investing in money market instruments and Deposits.

INVESTOR PROFILE

This Fund is suitable for:

- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

FUND PERFORMANCE ANALYSIS

There is no performance record as the Fund launched less than 1 year.

FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
External Investment Manager	RHB Asset Management Pte Ltd, Singapore
Trustee	CIMB Commerce Trustee Bhd
Fund Category	Mixed asset (close-ended)
Fund Type	Growth Fund
Launch Date	23 August 2019
Base Currency	RM
Unit NAV	RM1.0079
Fund Size (million)	RM27.66
Units In Circulation (million)	27.23
Financial Year End	31 October
MER	Not available
Min. Initial Investment (OP)	RM50,000.00
Min. Addt'l Investment (OP)	RM10,000.00
Benchmark	MSCI All Country Asia ex Japan Index.
Sales Charge	Up to 4.00% of investment amount*
Redemption Charge	< 3 years 2.5%* ≥ 3 years Nil Maturity Nil
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	0.03% p.a. of NAV*
Switching Fee	Not applicable
Distribution Policy	Incidental

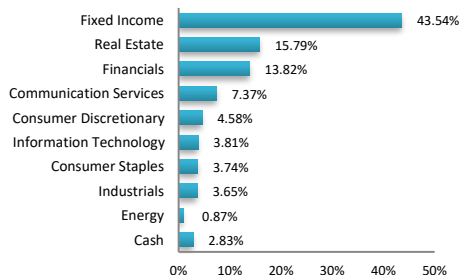
*All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.

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.

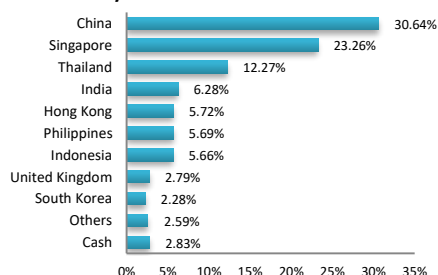
OP refers to Offer Period.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

NTPC LTD 4.25 (26/02/2026)	3.34
PERUSAHAAN LISTRIK NEGARA 4.125 (15/05/2027)	3.25
CHINA RESOURCES LAND LTD 3.75 PERPETUAL	3.23
VANKE REAL ESTATE HK 3.15 (12/05/2025)	3.20
UNITED OVERSEAS BANK LTD 3.875 PERPETUAL	3.17

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0115	N/A	1.0165
Low	0.9868	N/A	0.9498

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The financial market welcomed the implemented stimulus measures as well as the easing of lockdown restrictions. The global market rose 4.1% in May, bringing the year to date loss to 9.9%. All sectors registered a gain in May, with sectors such as information technology (+6.6%), Industrial (+5.8%), consumer discretionary (5.7%) and materials (+5.6%) outperforming. On the other side, real estates (+0.3%), financials (+1.1%) and energy (+1.1%) underperformed. Within regions, Japan (+5.9%), United States (+5.0%) and Europe (+4.3%) outperformed global peers. Asia ex-Japan (-1.4%) and UK (+0.7%) 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 for sanctions 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.

In the month of May, the market also welcomed more support both from fiscal as well as monetary. The Federal Reserve has taken another historic step on May 12; now adding corporate debt to its balance sheets through ETFs buying. They have bought their first USD305 million and more is to come. European Commission will propose a fiscal rescue package worth €750bn. It would be built on the Franco-German €500bn grant proposal, adding an envelope of €250bn for cheap loans after taking on board some of the concerns from the 'Frugal Four' (Austria, the Netherlands, Sweden, Denmark). 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 ¥31.9trn in fiscal spending in the general account and ¥39.4trn in the Fiscal Investment Loan Program). Funds will be targeted to help struggling companies, rent subsidies, and healthcare assistance.

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.

May continued to be another positive month for the Asian USD bond market. Asian investment grade bonds generated a return of 1.79% during the month. This was largely due to credit spread tightening of about 23 basis points. 10-year US Treasury yield traded in a tight range of about 10 basis points between 0.62%-0.71% with some slight steepening in the longer end tenors due to the introduction of new 20-year benchmark.

MARKET OUTLOOK & STRATEGY

During the month, we did not do any bond trades as we are comfortable with the credit qualities of our bond holdings. The bond holdings and the 30% unhedged exposure to the USD contributed positively to the performance of the Fund. We will continue to look for opportunities to re-allocate some of the bond holdings into equities.

In the equities space, we held our positions for the month and opportunistically added to selected stock only. During the month, we saw positive value-add from our overweight exposure in the Singapore Reits sector, mainly Retail, industrials, and data centres Reits. Chinese consumer names contributed positively as well, specifically in the food delivery space, where food delivery was a key beneficiary through the outbreak, quick shift of consumers from offline to online, and staging a faster than expected in the food delivery logistics network in China. Strong Chinese domestic consumption supported consumer names as well. Separately, our exposure in Thailand contributed positively from real estate sector, airports and consumer staples. Conversely, we saw value detractions from our exposure in the Hong Kong space as uncertainties clouded the economy, national security law issues, and protests re-emerging in the country.

Global markets continue to witness volatility with heightened geopolitical tensions while monitoring how re-opening unfolds. Point to note that countries that have the most stringent policies also experienced the largest declines in their PMIs pointing to the need to balance "lives" vs "livelihood" of individuals and businesses. We continue to view China favourably, as we see the country is in the early stage of restarting the economy and more policy space to revive activity, but we will remain cautious due to the recent US-China tensions. Our course of actions for the portfolio will be directed by our in-house RHB indicators, which we monitor very closely. Hence, investment activities would be more strategic and during opportune time.

DISCLAIMER:

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 23 August 2019 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. 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 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 "sophisticated 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 of the Fund are country risk, currency risk, concentration risk, market risk, interest rate risk, credit and default risk, Equity related securities risk, derivatives risk. These risks and other general risks are elaborated in the Information Memorandum.

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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