3-year Fund Volatility
12.3
moderate
Lipper Analytics 10 JUN 2020

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

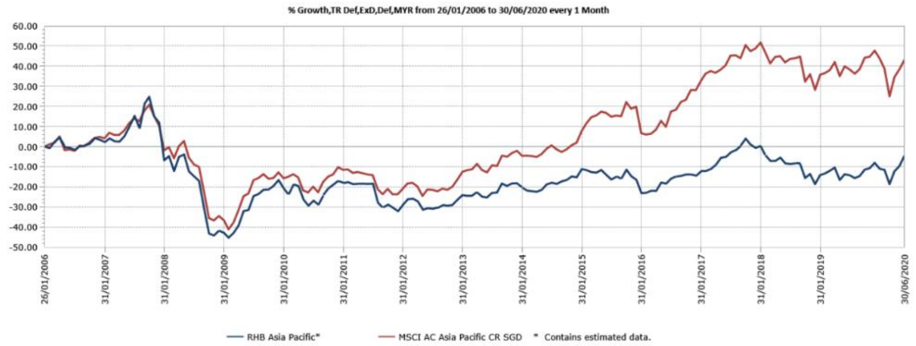
This Fund is suitable for investors who:
- wish to participate in the upside of the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments;
- prefer capital growth rather than income over a long term period.

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	**5.59**	**17.21**	**3.82**	**3.82**
Benchmark	3.32	14.44	-3.10	-3.10

	1 Year	3 Years	5 Years	Since Launch
Fund	**10.60**	**0.83**	**11.07**	**-4.32**
Benchmark	2.28	1.94	22.55	43.11

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 DETAILS

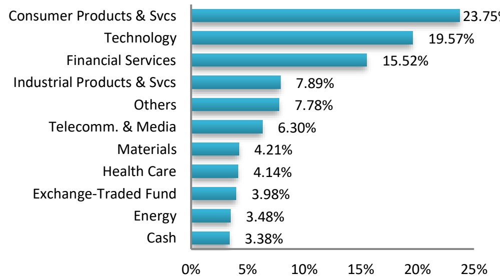
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	06 January 2006
Unit NAV	RM0.3643
Fund Size (million)	RM4.34
Units In Circulation (million)	11.93
Financial Year End	31 December
MER (as at 31 Dec 2019)	3.27%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI AC Asia Pacific Index (RM)
Sales Charge	Up to 5.26% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.07% 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 and will be reinvested

**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.*

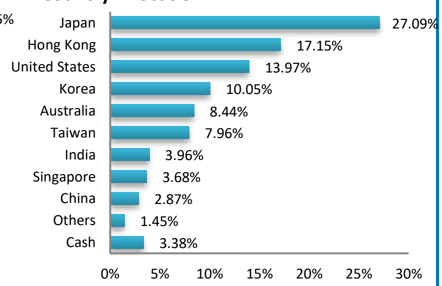
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALIBABA GROUP HOLDING LTD	5.40
TOPIX EXCHANGE TRADED FUND	3.98
TENCENT HOLDINGS LTD	3.80
TOYOTA MOTOR CORP	3.09
WIWYNN CORP	2.67

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3699	0.3699	0.5975
Low	0.3450	0.2869	0.1994

Source: Lipper IM

3-year Fund Volatility 12.3 moderate Lipper Analytics 10 JUN 2020

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MANAGER'S COMMENTS

MARKET REVIEW

Asia Pacific markets as measured by the MSCI Asia Pacific Index gained 4.8% in May, bringing the year to date loss to 7.5% on re-opening from lock-down, recovery of economic data and quite trade tensions. The positives more than offsets lingering concerns of second-wave of Covid-19 infections. Within the region, Hong Kong (+10.3%), Taiwan (+8.6%) and China (+8.4%) outperformed Asian peers while ASEAN countries Singapore (+3.5%), Malaysia (+2.5%) and Thailand (+2.1%) underperformed in USD terms. Sectors that outperformed are Healthcare (+13.8%) and communication services (+13.4%). On the other side, utilities (-1.3%) was the only sector that registered negative returns in June. Brent and WTI were up by 11.6% and 10.7% respectively on expected recovery as economic activity normalizes. On supply side, OPEC+ reached a tentative agreement to prolong its record production cuts until end July.

The United State hits new record for daily coronavirus infections. US' top health official, Dr. Anthony Fauci, sounded cautious as numbers worsened across several states – specifically Arizona, Texas, California, and Florida. Closer to us, many countries in the Asia region seemed to have successfully contained the spread of Covid-19 for now. While a few local outbreaks – e.g. at a food market in Beijing, Itaewon district in Seoul, or in Australia's Victoria state – have prompted a re-tightening or delayed easing of restrictions in specific cities or provinces, national-level measures are generally steady or easing. However, the situation is starkly different in India, where new cases have accelerated since the country began reopening.

The IMF projected deeper global recession on growing virus threat. The agency now sees a global contraction of -4.9% in 2020, 1.9 percentage points below April's forecast. The pandemic has had a more negative impact on activity over the first half of 2020 than anticipated and the recovery is projected to be more gradual than previously forecasted. Global growth for 2021 is also revised down by 0.4 percentage points to 5.4%. This is closer to the OECD, which sees -6.0% global contraction this year and 5.2% growth next year. IMF Chief Economist Gopinath stressed there is a high degree of uncertainty in both directions and one of fund's key message was that "in the absence of a medical solution, the strength of the recovery is highly uncertain and the impact on sectors and countries uneven." Growth in emerging and developing Asia is forecast to fare better both in 2020 with a smaller contraction of 0.8% and in 2021 with a higher expansion of 7.4%.

China (+8.4%) continue to report improvements in economic activity, driving investor sentiments. Northbound inflows over the Stock Connect gained pace, partly driven by further A-share inclusion by FTSE Russell. In terms of sector performance, leaders were dominated by new economy stocks such as Technology related stocks such as Semi-conductor, Consumer Electronics, and Internet and Healthcare. Hong Kong outperformed as Diversified financials (HKEx) and IT (ASM Pacific) outperformed the most, whereas defensive sectors, including utilities, consumer staples and telecom, lagged. Property sector surged as property prices edged higher and primary residential sales recorded buoyant sales. This was despite Hong Kong national security law came into effect on June 30, which aims to help restore stability to society, according to the authorities.

Mirroring China, Taiwan's strong performance of the broad index was driven by Technology sector. The Tech sector was majorly driven by strength in Apple Supply due to positive outlook in 2H following strong iPhone SE sales. Strong May sales and bullish 2H commentary by semi-conductor and data-centers related stocks also supported Tech performance. Consumer Discretionary on the other hand outperformed on improving order momentum from developed markets as economies restart. Korea (+7.8%) as Healthcare and Communication Services outperformed along with concerns of rising second wave of Covid-19 infections. Economic indicators were mixed with industrial production falling sharper than expected. However, retail sales and consumer sentiments recovered.

India (+6.7%) market recovered despite continued increase in Covid-19 cases and geopolitical tensions with China. Moody's downgraded India's rating to Baa3 (the lowest investment grade rating) with a "negative" outlook. Energy outperformed with rising oil prices. Financials outperformed despite rating agency S&P putting India Banks on 'Credit Watch' for asset quality concerns. On the other hand, Communication Services, Healthcare and Materials were laggards. Australia (+6.8%) in USD terms as the Australian dollar appreciated 3.8% with risk-on sentiments and high iron ore prices. Unemployment continued to climb higher to 7.1% in May from 6.4% in April. However, consumer sentiment improved. The Australian market saw one of the highest positive earnings revision., implying economic recovery. Gains were led by Consumer sectors (Discretionary +11.3% and Staples +10.9%). On the other hand, cyclicals such as Industrials, Real Estate and Financials lagged.

ASEAN countries underperformed their north Asian peers, with Philippines leading the charge at 6.2%, followed by Indonesia and Singapore, both at 3.2% in local currency returns. Philippines Peso was the only ASEAN currency that appreciated against the greenback at 1.5%.

Singapore Q1 2020 GDP contracted 0.7% YoY. On the property front, 486 new private homes were sold in May, marking a rebound of 75.5% sequentially from the 277 sold in April, as virtual viewings replaced show galleries shut down due to Covid-19 measures. Separately, the government has kept the 2H20 GLS supply at the lowest level since the GFC. Singapore will be heading to the polls on 10 July. In terms of sector performance, Cyclical sectors such as Information Technology and Financials outperformed.

The Philippines market rallied on the lifting of the lockdown in Metro Manila and the transition into the more relaxed General Community Quarantine (GCQ) as of June 1. On the national front, President Duterte has opted to extend the general community quarantine (GCQ) over Metro Manila and several areas in Luzon, Visayas and Mindanao until July 15. Meanwhile, Cebu City will still be under the most stringent enhanced community quarantine (ECQ) until July 15. This month saw the BSP cut its overnight rates by 50bps to 2.25%, with the objective of boosting the economy and improving market confidence. So far, the BSP has already cut 175 bps for the year.

The Bank of Thailand (BoT) cut its 2020 GDP forecasts significantly to -8.1% (down from -5.3%) as the impact from Covid-19 was more severe than its last assessment in March. BoT's latest GDP forecast implies that the current recession will be as deep as the Asian Financial Crisis (-7.6% in 1998) and much worse than the Global Financial Crisis (-0.7% in 2009). Energy and Materials recorded the highest gains as economies reopen and higher oil prices.

Malaysia lagged despite retail participation continued to climb to 35.9% in June, while foreigners' participation dwindled to just 15.5% of market activity. Malaysia's manufacturing PMI shot up sharply to 51 in June, up from 45.6 in May. In capital market activities, retail participation continued to climb to 35.9% in June, while foreigners' participation dwindled to just 15.5% of market activity. Indonesia's headline inflation fell to 2.0% YoY in June, down from 2.2% YoY in May as food prices continued to decline.

MARKET OUTLOOK AND STRATEGY

We are cautiously optimistic markets. Implemented stimulus measures across countries and easing of lockdown measures will lead to economic recovery. Overall, we like Asia ex-Japan on prospects of growth uptick and within which, we favour China. Amid "First in First out", China is at the forefront of restarting the economy and more policy space to revive activity.

China is forecasted to grow at 1.0% this year and 8.2% next year. Economic performance within Asia has not been uniform and the variations in country performance are due to a few key factors. The first relates to success in reducing the COVID-19 outbreak and the effectiveness of limiting its reemergence through "contact, trace, and quarantine" policies. The second relates to the large sectoral demand shifts that have resulted from the crisis. Broadly speaking, e-commerce and technology businesses should do better. Thirdly, countries that depend heavily on cross-border services trade—such as tourism and remittances in particular—likely will underperform. Finally, it is the variation in policy impulses by sizes, approaches and timeliness. Indeed, Korea and Taiwan have benefited significantly from their tech sectors and ample policy supports, India faces challenges with virus containment and limited fiscal space. The key role of tourism and remittances will also hold back performance in South East Asia.

In conclusion, we will prefer North Asia markets of China, Korea and Taiwan due to ample policy support and exposure to new economy and technology sectors. On the other hand, we are cautious on emerging countries in South East Asia and India due to limited policy space and weaker economic performance.