

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:

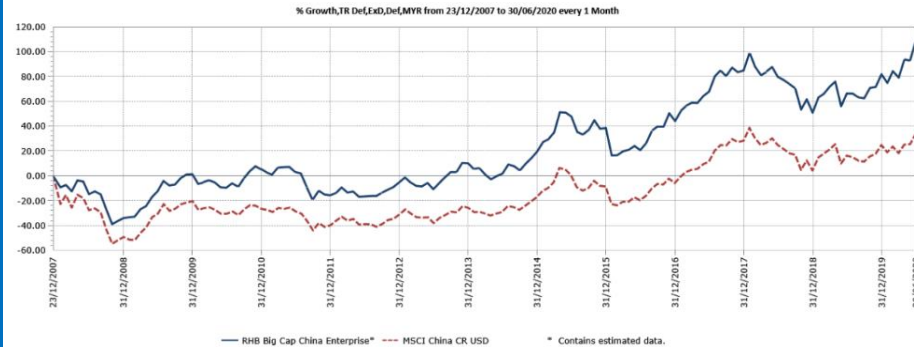
- wish to participate in the potential of the fast growing China economy; and
- are willing to accept higher risk in their investments in order to achieve long term capital growth.

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	8.15	16.35	14.63	14.63
Benchmark	6.80	13.32	7.42	7.42

	1 Year	3 Years	5 Years	Since Launch
Fund	25.32	24.26	41.02	108.08
Benchmark	15.30	20.35	33.32	33.60

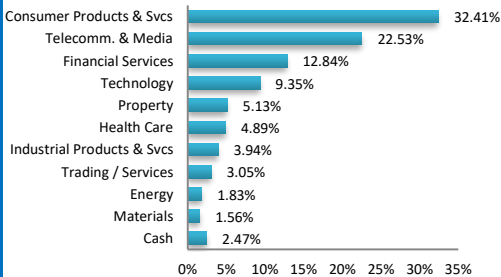
Calendar Year Performance (%)*

	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

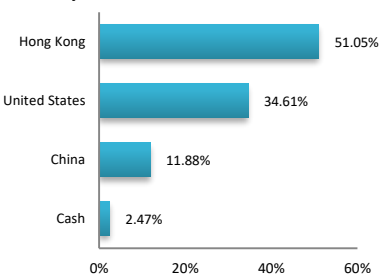
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

TENCENT HOLDINGS LTD	13.17
ALIBABA GROUP HOLDING LTD	10.84
NETEASE INC	5.58
JD.COM INC	5.33
BAIDU INC	3.78

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7616	0.7616	0.7715
Low	0.6956	0.5634	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.

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MANAGER'S COMMENTS

MARKET REVIEW

MSCI China advanced 8.4% in June, outperforming EM and World by 1.4% and 5.8% respectively. Despite rising second-wave COVID-19 infection concerns globally, MSCI China has now erased all COVID-19-related losses and returned to positive gains (+2%) for the year. For China, the rise of newly confirmed cases in Beijing in June was quickly contained and new cases have begun trending down. Thus far, it seems that smaller localized outbreaks have been handled swiftly and have not impacted the overall economic momentum, which has also been backed by policy support such as the announced 25bp rate cuts for re-lending and re-discount facilities. On the external side, geopolitical tensions remain high, but US-China did hold its first in-person high level meeting since January, which was categorized as constructive by both sides. Overall, despite geopolitical and COVID-19 overhangs, investor sentiment seems quite positive following the bottoming-out in March; northbound inflows over the Stock Connect have seen RMB118bn in YTD net inflows and are outpacing all previous years, except 2018. This has been in part driven by further A-share inclusion as FTSE Russell increased the A-share inclusion factor from 17.5% to 25%, with A-shares now representing ~6% of the FTSE Emerging Index. As for sector performance, leaders were dominated by new economy sectors such as technology (semi, consumer electronics), communication service (internet) and healthcare. It is noteworthy that the gap between these top three performing sectors and others has been quite significant, implying investors' preference for those sectors that are more resilient or could benefit from the COVID-19 outbreak.

Hong Kong's equity market recovered in June, despite the lingering concerns over the rising global COVID-19 infection cases and the intensifying geopolitical issues. Key positive factors include a solid set of China macro activity data and further relaxation of the public gathering ban amid the contained local infection rate. Meanwhile, the Hong Kong national security law came into effect on June 30, which aims to help restore stability to society, according to the authorities. Hang Seng Index rose 6.4%/m or 1,466 points, retracing most of the fall in May. Hong Kong local shares led the rebound, with MSCI Hong Kong gaining 10.3%/m and outperforming MSCI China by 2%. Diversified financials and IT outperformed the most, whereas defensive sectors, including utilities, consumer staples and telecom, lagged. Property sector surged 11.3%/m, with broad-based recovery across developers and landlords. Property prices edged higher, while primary residential sales also regained momentum. Macau casinos stayed flat as the extended quarantine requirement announced by the HK government disappointed the market.

Sector-wise, IT was the best performing sector, surging 22% in June. Leading names centered on semiconductors and consumer electronics. Semiconductor names were fueled by the temporary relief on Huawei 5G ban and localization demand prospect led by the US sanctions. Besides, SMIC's A-share dual-listing approval also served as a major catalyst to the stock. Meanwhile, leading companies in consumer electronics saw upside in market-share gains, thanks to favorable positioning in the smart-phone supply chain and upcoming iPhone12 debut. Healthcare came in second place, rising 17%, thanks to its defensiveness amidst second-wave infection risk and strong medical demand worldwide. Communication services rose 16%, mainly powered by ADR Hong Kong SAR dual-listing expectations and Tencent entering into its strongest game launch cycle since 2008.

June PMIs pointed to a stable recovery. NBS manufacturing PMI rose 0.3pt to 50.9, on the back of broad improvements across components such as output (+0.7pt) and export order (+7.3pt), yet employment remained under pressure, declining 0.3pt. Service PMI rose 0.6pt to 54.4, reflecting the domestic consumption recovery. On the other hand, the Caixin manufacturing PMI rose 0.5pt to 51.2. It is noteworthy that the new order component regained the 50-threshold for the first time this year, increasing 2.4pt to 52.1. The export order component rebounded further by 5.3pt to 47.

The recent policy response has been prudent but flexible. On July 1, PBOC announced to cut 25bp for re-lending and re-discount facilities (totaling 2.2 trillion yuan). TSF growth will be 13.5% in 2020 to factor in the continuous monetary easing bias. In addition, we expect two more rate cuts in MLF/LPR in 2H, a 10bp cut in 3Q and a 20bp cut in 4Q, as well as a 20bp cut in the benchmark deposit rate in 4Q.

MARKET OUTLOOK AND STRATEGY

The outperformance of China equities has been driven by its FIFO status in terms of economic recovery and efficient management of second wave risks, which has allowed the ongoing cyclical rotation to continue. Going forward, as markets continue to rise, valuations are becoming more stretched and the focus will likely turn to the earnings growth outlook. We look to rotate into companies with strong earnings visibility. Several themes that will play out include domestic-oriented sectors as external headwinds and geopolitical tensions rise; concerns rising for ADRs and tech supply chain. In addition, we also include sectors that could benefit from the change in consumer behaviour due to the outbreak including healthcare/grocery retailers/online gaming/e-commerce. Key risks for 2H continue to be US-China frictions on multiple fronts, as well as how second wave risks are managed globally.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 June 2020, the Volatility Factor (VF) for this fund is 16.9 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 15.2 (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 restrictive geographical market, equities investment risks such as market risk and particular security risk and foreign investments risks such as 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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