

### RHB DIVIDEND VALUED EQUITY FUND

This Fund aims to provide investors with total returns primarily through investment in equity and equity related securities of companies which offer attractive yields and sustainable dividend payments.

#### INVESTOR PROFILE

This Fund is suitable for investors who:

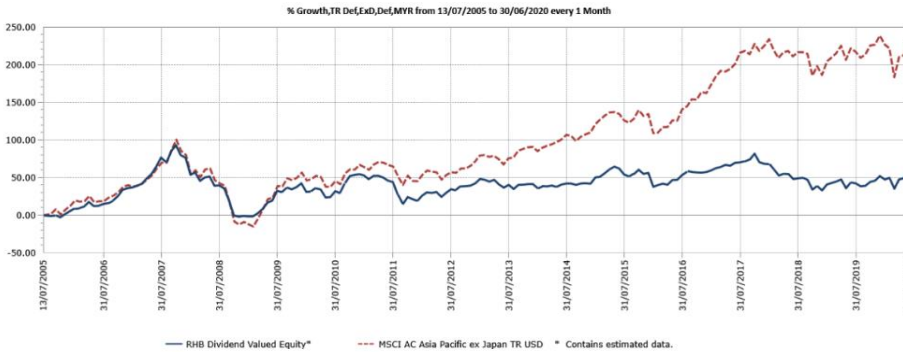
- want capital growth as well as income; and
- willing to accept short term fluctuations in capital values.

#### INVESTMENT STRATEGY

- Minimum of 70% and up to 98% of NAV: Investments in equities.
- Minimum of 2% and up to 30% of NAV: Investments in fixed income securities and/or liquid assets.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	8.79	19.90	6.77	6.77
Benchmark	6.68	17.54	-1.55	-1.55

	1 Year	3 Years	5 Years	Since Launch
Fund	13.08	-4.01	0.35	62.35
Benchmark	3.62	10.78	42.10	233.15

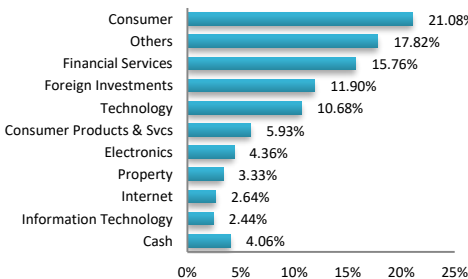
##### Calendar Year Performance (%)\*

	2019	2018	2017	2016	2015
Fund	14.28	-21.10	7.51	0.15	10.57
Benchmark	18.27	-11.86	23.88	11.86	11.60

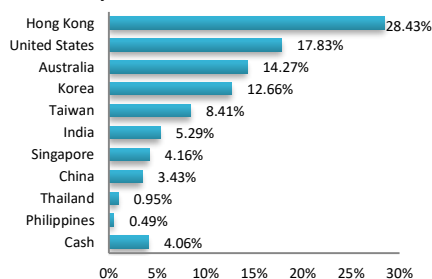
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



##### Top Holdings (%)\*

TENCENT HOLDINGS LTD	7.96
ALIBABA GROUP HOLDING LTD	7.63
SAMSUNG ELECTRONICS CO LTD	4.22
CSL LTD	2.77
AIA GROUP LTD	2.62

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3716	0.3716	0.6866
Low	0.3378	0.2840	0.2762

Source: Lipper IM

##### Historical Distributions (Net)

	Distribution (sen)	Yield (%)
May 2020	-	-
May 2019	-	-
24 May 2018	2.0500	5.11
23 May 2017	4.2000	10.04
26 May 2016	2.6000	6.06

Source: RHB Asset Management Sdn. Bhd.

## RHB DIVIDEND VALUED EQUITY FUND

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### MANAGER'S COMMENTS

#### MARKET REVIEW

Asia Pacific markets as measured by the MSCI Asia Pacific ex Japan Index gained 7.8% in May, bringing the year to date loss to 7.2% 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.

#### 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.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 June 2020, the Volatility Factor (VF) for this fund is 14.5 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 12.8 but not 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 15 July 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 stock market risk, currency risk, liquidity risk, country risk, sector risk, interest rate risk, credit/default risk, issuer risk, inflation/purchasing power risk and regulatory 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.

**RHB Asset Management Sdn Bhd (174588-x)**
**Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur**
**General Line: 603-9205 8000**