

RHB EUROPEAN SELECT FUND

The Fund aims to achieve capital growth over the long-term* by investing in one target fund, i.e. the Threadneedle (Lux) - European Select Fund.

*Note: "long term" in this context refers to a period of between 5 - 7 years.

INVESTOR PROFILE

This Fund is suitable for investors who:

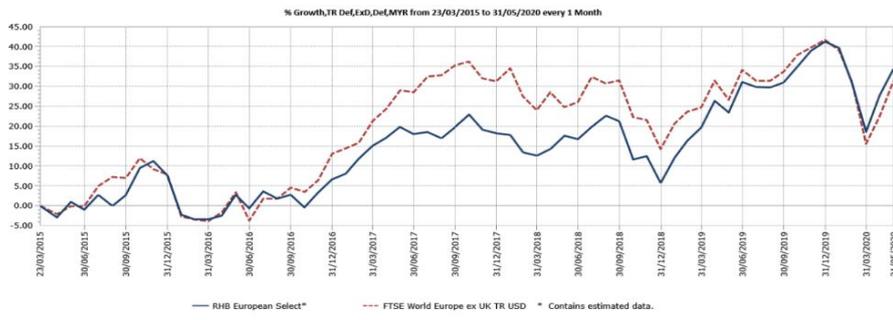
- are 'qualified investors' as defined in the Information Memorandum.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in units of Threadneedle European Select Fund.
- 2% to 5% of NAV: Investments in liquid assets including money market instruments and placements of cash.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	5.25	2.80	-3.28	-4.83
Benchmark	7.30	0.22	-6.01	-7.29

	1 Year	3 Years	5 Years	Since Launch
Fund	8.91	12.21	33.12	34.40
Benchmark	3.74	1.83	31.52	31.35

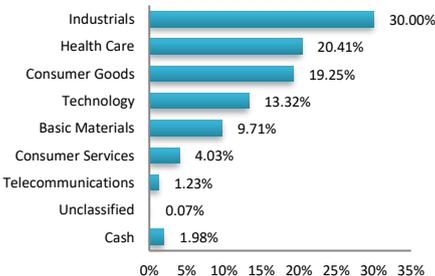
Calendar Year Performance (%)*

	2019	2018	2017	2016
Fund	33.66	-10.56	10.85	-0.97
Benchmark	24.01	-12.95	16.07	4.85

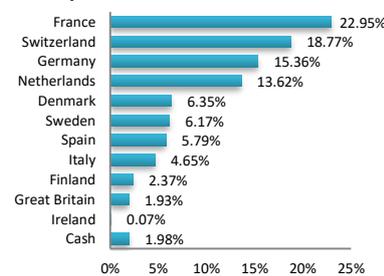
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

NESTLE S.A.	6.04
SAP SE	4.97
WORLDLINE SA	4.54
LONZA GROUP AG	4.36
NOVO NORDISK A/S CLASS B	4.31

*As percentage of NAV

*Source: Threadneedle, 31 May 2020. Exposure in Threadneedle European Select Fund - 97.65%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6720	0.7329	0.7329
Low	0.6179	0.5226	0.4517

Source: Lipper IM

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MANAGER'S COMMENTS

SUMMARY

- European equities rose again in May.
- Key relative contributors included Brenntag and adidas.
- Grifols was among the detractors.
- The Target Fund Manager opened a new position in Siemens Healthineers.

MARKET BACKGROUND

European stocks advanced for a second straight month in May. Several countries, including Germany, France and Spain, relaxed lockdown measures triggered by the COVID-19 pandemic, helping to revive economic activity. Investors also continued to be cheered by previously announced central bank stimulus plans, government support packages, and by optimism that vaccinations and treatments would be found for the virus.

The portfolio's benchmark index returned 4.5% in euro terms over the month. Utilities performed well, as did cyclical sectors such as industrials and technology, which rose in anticipation of an eventual economic recovery.

The European Commission issued a warning that the pandemic is likely to lead to steep GDP falls in the eurozone, especially in Greece, Italy, Spain and France, and data indicated that Germany had slipped into recession in the first quarter of the year. As calls continued for a joint economic response by European countries to the impact of the pandemic, the leaders of France and Germany proposed an EU recovery fund. However, the measure needs approval from all 27 member states, some of which oppose mutualised borrowing.

In the UK, the Chancellor of the Exchequer warned that the country faces a significant recession as a result of the pandemic, and concerns simmered that the UK and the EU might fail to agree on a trade deal before the Brexit transition period expires at the end of this year.

In late May China imposed a security law in Hong Kong, parallel to those in force in mainland China, thereby calling into question Hong Kong's autonomy. Amidst international uproar, the US said it would revoke Hong Kong's special trade status, but stopped short of stronger measures such as scrapping the interim Chinese trade deal that was signed in January.

ACTIVITY

The Target Fund Manager opened a new holding in Siemens Healthineers, a world-leading hospital technology business; barriers to entry are high, which is likely to sustain market share and pricing, and there are encouraging opportunities in diagnostics.

The Target Fund Manager sold Sampo; there is limited upside for interest rates owing to the COVID-19 lockdowns, and this will affect Nordea, the Scandinavian bank in which Sampo has a holding – Sampo is also reliant on Nordea's dividends. Unilever was another sale; the Target Fund Manager prefers Nestlé owing to better margin upside and more potential for beneficial restructuring.

MARKET OUTLOOK

COVID-19 and its effects continue to dominate sentiment. As new infections and fatalities fall in most European countries, lockdowns and travel restrictions are being slowly relaxed with some businesses reopening. Progress is nervous and slow, and there are risks of a second wave of infections. The US and Russia are suffering worse and later than some from the virus.

The search for effective tests and a vaccination is in progress. Fiscal and monetary policy aim to stimulate economic growth and, if effective, this should stabilise economies and corporate profitability once the lockdowns end. However, previously fragile business models may now prove unsustainable; this will impact some small businesses and therefore employment in the hospitality and travel sectors particularly.

The Brexit transition period is underway, although negotiations have been delayed owing to the virus and have now become more of a sideshow. The Spanish and Italian coalitions are surviving but Germany's Chancellor Merkel and her succession plan are under some pressure. The US is riven by turmoil following George Floyd's death in Minneapolis, and the authorities remain keen to minimise the recession in the run-up to the 2020 elections. President Trump's rhetoric on China (relating to trade and the origins of COVID-19) reflects electoral considerations.

The Target Fund Manager's main focus in managing this high-conviction portfolio is on stock selection. The Target Fund Manager seeks to identify high-quality companies with the pricing power to sustain strong returns.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 May 2020, the Volatility Factor (VF) for this fund is 13.3 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 12.2 but not more than 14.9 (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 Information Memorandum dated 3 March 2015 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 "qualified 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 for the Fund are market risk, currency risk, hedged share classes, effect of portfolio concentration and restrictive geographical market.

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

www.rhbgroup.com

 RHB Group
  @RHBGroup
  RHB Group
  RHBGroup

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