

### 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:

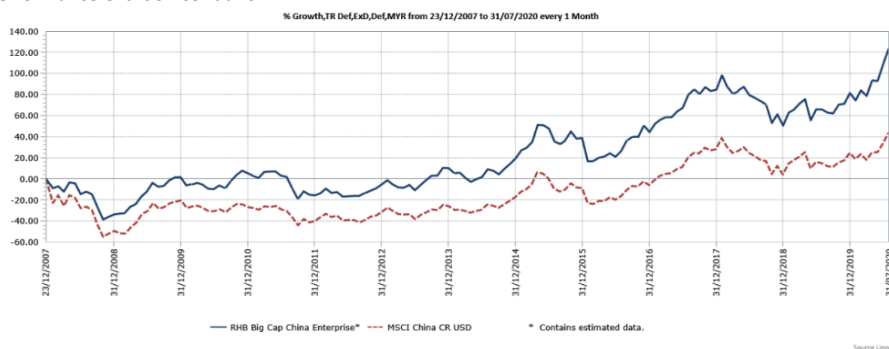
- wish to participate in the potential of the fast growing China economy; and
- are willing to accept higher risk in their investments in order to achieve long term capital growth.

#### 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	7.43	15.56	28.06	23.14
Benchmark	7.76	15.41	21.40	15.75

	1 Year	3 Years	5 Years	Since Launch
Fund	34.68	24.29	65.41	123.54
Benchmark	25.59	20.03	59.12	43.97

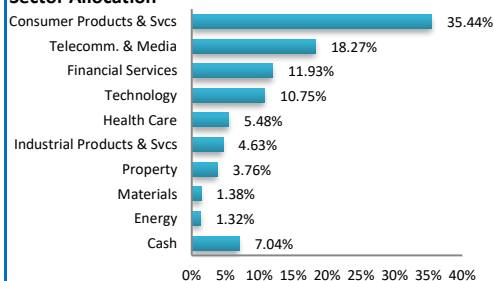
##### Calendar Year Performance (%)\*

	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

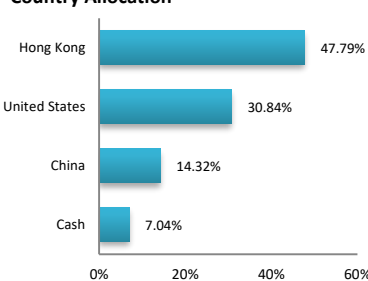
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



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

TENCENT HOLDINGS LTD	12.06
ALIBABA GROUP HOLDING LTD	10.83
NETEASE INC	5.00
JD.COM INC	4.71
MEITUAN DIANPING CLASS B	4.20

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.8555	0.8555	0.8555
Low	0.7523	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.

## 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.

### MANAGER'S COMMENTS

#### MARKET REVIEW

MSCI China advanced 8.9% in July, outperforming EM and World by 0.5% and 4.2%, respectively. In particular, domestic A-shares took the lead, with CSI300 rising 14% and reaching multi-year high before some consolidation from the peak. Key drivers for the outperformance include: (i) Robust capital inflows over the Stock Connect in early July and surging equity/mutual fund issuance driving A-share turnover. (ii) Solid incoming economic data confirmed recovery outlook driving catch-up of cyclical laggards such as financials and materials. (iii) Accelerated capital market reform, such as refinancing rule revision for STAR and increasing equity investment threshold for insurers. Of note, new waves of cases emerged in July, which is now relatively under control in mainland China, but remains challenging in Hong Kong. Sector-wise, materials was the best performing sector, surging 22% in July, mainly fueled by non-ferrous metal sector as pricing momentum improved amidst economy recovery. Besides, construction materials held up well as fixed assets investment (infra and real estate) have largely normalized. Consumer staples came in second place by rising 16% thanks to upbeat earning results and defensiveness amid rising geopolitical risk and virus contagion. Consumer discretionary rose 14%, mainly powered by auto sector on earnings beats. Leisure names also recovered as pandemic control measures were gradually removed. Lastly, IT was up 13% and sentiment remained positive on Apple supply chain and semiconductors that associated with SMIC's STAR board dual-listing.

Hong Kong SAR's equity market underperformed in July amid the worsening local spread of COVID-19. The Hang Seng Index rose marginally by 0.7% led by China shares, whereas MSCI HK fell 0.8% and underperformed the region and China by 8.3% and 9.7% respectively. The government has tightened the social distancing measures given the deteriorating pandemic situation, which include limiting group gatherings to two persons, requiring mask-wearing in all public places, banning dine-in services from 6pm to 5am, and closure of entertainment/sports facilities. Meanwhile, the legislative election, which was scheduled for this Sep, will be delayed for a year. On the external front, after the US announced it would revoke the HK special status, Australia, Canada, the UK, and Germany also decided to suspend extradition treaties with HK in response to the National Security Law imposed on June 30. The property sector (-5.2%) was negatively impacted by tightened anti-epidemic measures, with retail landlords suffering the most while developers continued to outperform on resilient sales and ASP (CCL+1.8%). Macau gaming stayed flat. The Macau-Guangdong border was re-opened on July 15 without mandatory quarantine. However, the impact on gaming demand is still minimal (Jul GGR -95% YoY) as tourist visas are still suspended.

Macro data confirmed further economic recovery. China's 2Q GDP beat expectations by growing 3.2%. As for high frequency data, June macro condition was backed by normalizing production activity, while domestic demand was mainly led by infrastructure, real estate and the auto sectors, along with gradual recovery in consumer spending.

The July NBS PMI came in above expectations again, rising 0.2pt to 51.1 in July, following the gain of 0.3pt in June. The stable PMI readings suggest the impact of heavy rains and floods in central and eastern China may be less severe than expected. General demand conditions appear to be improving further, with new orders component rose further by 0.3pt to 51.7, as well as the notable rebound of export order component by 5.8pt to 48.4. On the other hand, service PMI eased 0.2pt to 54.2 in July, yet business activity indices for resident and entertainment services rose above the 50 thresholds. Meantime, Caixin manufacturing PMI improved notably by rising 1.6pt to 52.8, reaching a nine-year high.

The 2H policy guidance highlighted in Politburo meeting remained broadly the same as in the NPC meeting in late May. Note that the next rate cut may take place after the completion of LPR reform by August 31.

#### MARKET OUTLOOK AND STRATEGY

Looking ahead, we expect positive earnings revisions amidst the 1H/2Q earnings season given that 2Q GDP came in firmly stronger than market expectations. The positive earnings revisions will likely provide some relief to the already stretched valuations for MSCI China and could provide some near term support for further market upside, particularly for deep cyclicals and value plays which have lagged the market rally. Meanwhile, concerns on geopolitical will likely become louder as the US elections approach and the sustainability of economic re-openings remains highly questionable, particularly in the US. Post results season, we see the risk-reward for China equities as more balanced with developments on the vaccine front a key focus for addressing one of the major risk overhangs.

We will continue our focus on domestic-oriented sectors as external headwinds and geopolitical tensions rise; consumer staples and healthcare more resilient to second wave risks. Additionally, we are positioned in sectors that could benefit from a more permanent change in consumer behavior due to the outbreak include healthcare/grocery retailers/ online gaming/e-commerce. We are also mindful of policy tailwinds in consumer real estate and infrastructure FAI. 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 14 July 2020, the Volatility Factor (VF) for this fund is 17.4 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 15.4 (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 30 June 2020 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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 contents of the PHS and Master Prospectus dated 3 September 2017 and its supplementary(ies) (if any) ("collectively known as the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Prospectus should not be taken to indicate that the SC has recommended 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. If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

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 Fund 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.

This Fund Factsheet has not been reviewed by the SC.

RHB Asset Management Sdn Bhd (174588-x)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000