

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 | 5.63 | 22.73 | 28.32 | 30.08 |
| Benchmark | 3.74 | 19.38 | 21.26 | 20.08 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|-----------|--------|---------|---------|--------------|
| Fund | 44.92 | 27.79 | 77.72 | 136.12 |
| Benchmark | 33.56 | 20.08 | 70.22 | 49.35 |

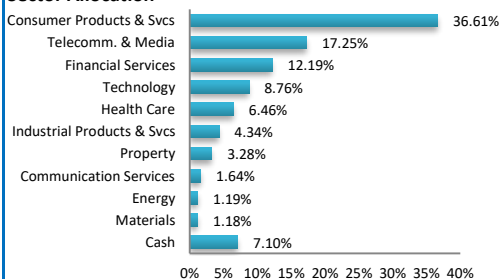
Calendar Year Performance (%)*

| | 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 |

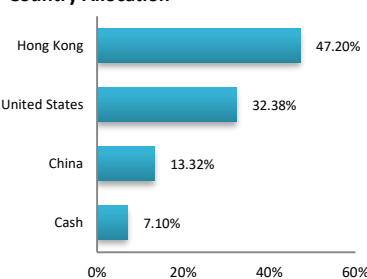
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

| | |
|---------------------------|------|
| ALIBABA GROUP HOLDING LTD | 9.74 |
| TENCENT HOLDINGS LTD | 9.47 |
| JD.COM INC | 6.71 |
| MEITUAN DIANPING CLASS B | 5.03 |
| NETEASE INC | 4.92 |

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

| | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 0.8537 | 0.8555 | 0.8555 |
| Low | 0.7980 | 0.5844 | 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 rose 5.6% in August, outperforming EM by 3.5% but lagging World by 0.9%. Onshore equities were somewhat more range-bound, with SHCOMP and SZCOMP rising 2.6% and 1.7%, respectively. Positive drivers of China equities include: (i) 2Q/1H20 earnings surprise of 3%, mainly driven by the internet sector, lifted MSCI China, while onshore equities were weighed down by banks due to sharp profit contraction. (ii) Accelerated registration-based IPO reform has broadened into ChiNext board, with the first batch of 18 IPOs starting to trade on Aug 24 and daily price range widening to +/- 20% (previously: 10%). On the negative side: (i) The escalating US-China tension has been the key overhang, as the US further added 38 Huawei-affiliated companies to the Entity List and tightened the financial scrutiny over ADRs. (ii) With the economic recovery on track, PBOC calibrated the policy guidance and introduced a less dovish tone compared to 1H. As for pandemic containment, domestic new cases have returned to zero for two weeks and infective regions gradually removed restriction measures, in favor of recovery in service sectors. Sector performance wise, consumer discretionary (mainly e-commerce) took a notable lead, thanks to superior earnings print amidst economic recovery.

Hong Kong equity market recovered in August, with local shares regaining some positive momentum amid the stabilizing pandemic situation. Hang Seng Index rose 2.4%/m, while MSCI HK was up 7.6%/m, outperforming MSCI China and the region by 2% and 4%, respectively. The recovery was broad-based across most sectors, including financials, industrials and properties. The Macau gaming sector rebounded strongly by 16%/m, with the China government announcing a full resumption of IVS and group tour visas starting from September 23. GGR came in weaker than expected and fell 95%oya in August. Hong Kong CPI inflation fell to deflation territory, for the first time since February 2017. The weak CPI inflation reading largely reflects the hit from COVID-19 as HK is undergoing a third wave of infections. Headline CPI registered a 2.3%oya decline in July, compared to +0.7% in June. Netting out the effects of the government's one-off relief measures, CPI rose 0.2%oya, lower than June at 1.2%oya, mainly due to the decrease in costs for meals bought away from home and enlarged decreases in local transport fares..

China's July activity data confirmed that the economy continued to recover going into early 3Q, although the momentum of industrial production appears to have moderated. The demand recovery varies across sectors, with outperformance of exports, infrastructure, real estate and the auto sectors, while consumer demand has yet to catch up further momentum.

August NBS manufacturing PMI eased 0.1-pt to 51.0, with a slight moderation of production offset by improving demand conditions. Output component fell 0.5-pt to 53.5, while demand components, such as new orders and export orders, further improved by 0.3-pt and 0.7-pt, respectively. Moreover, non-manufacturing PMI has improved steadily in recent months, rising 1.0-pt to 55.2 in August. On the other hand, Caixin manufacturing PMI rose 0.3-pt to 53.1, marking the new high since Feb 2011. Similar to NBS PMI, the positives mainly stemmed from new orders and export orders components.

MARKET OUTLOOK AND STRATEGY

Looking into 2H, we expect China EPS growth to accelerate and return to positive growth. Sector-wise, we expect to see positive growth in 2H for most of the sectors, except for energy and banks although the magnitude of decline is likely to narrow compared to 1H. While the major COVID-19 beneficiaries are expected to stay resilient despite some fading effects, some laggards in 1H are likely to undergo a strong recovery on the back of the release of pent-up demand and policy support, which may include real estate, industrials and materials.

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 10 August 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 ("SC") 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.

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