

RHB ASIA PACIFIC FUND

This Fund aims to achieve long term capital appreciation through investments in securities of companies listed or traded in emerging and developed markets.

INVESTOR PROFILE

This Fund is suitable for investors who:

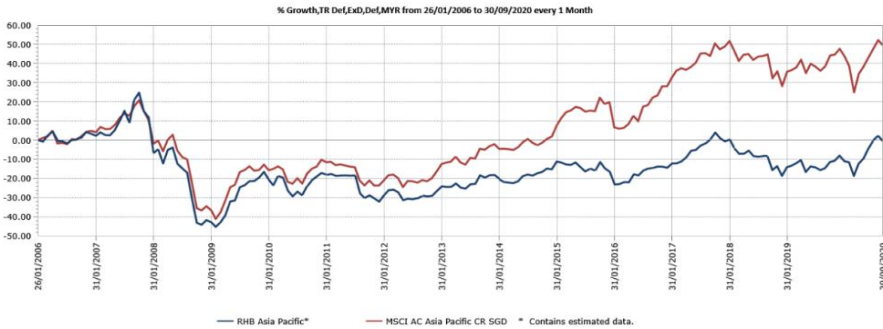
- wish to participate in the upside of the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments;
- prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

- Up to 98% of NAV: Investments in securities of and securities relating to companies that have high growth potential.
- 2% - 10% of NAV: Investments in liquid assets including bonds, 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	-2.72	4.09	22.01	8.06
Benchmark	-1.80	4.46	19.55	1.22

	1 Year	3 Years	5 Years	Since Launch
Fund	16.32	-0.89	18.50	-0.40
Benchmark	7.92	3.84	29.83	49.50

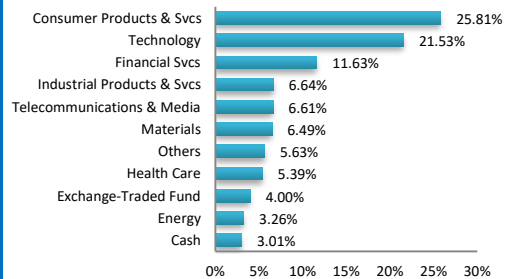
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	12.94	-17.85	16.05	2.61	-1.76
Benchmark	15.15	-13.81	16.11	6.92	17.54

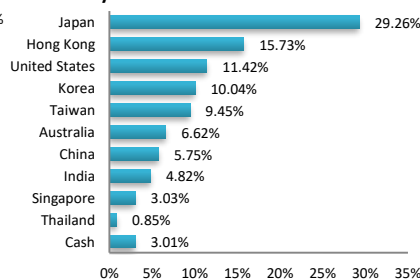
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALIBABA GROUP HOLDING LTD	6.40
TAIWAN SEMICONDUCTOR MANUFACTURING	5.60
TENCENT HOLDINGS LTD	4.33
SAMSUNG ELECTRONICS CO LTD	4.03
NEXT FUNDS TOPIX EXCHANGE TRADED FUND	4.00

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.3898	0.3899	0.5975
Low	0.3748	0.2869	0.1994

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

Asia Pacific markets as measured by the MSCI Asia Pacific Index took a breather in September (-1.6%), weighed down by building risk factors across the globe. These include resurgence of Covid cases in Europe, a spike in hospitalizations in Spain, new lockdown rules in UK and France, weaker PMIs across the globe, as well as US political uncertainty. Korea (+2.9%), Taiwan (+1.8%) and India (+0.6%) reported gains, while all other Asian markets recorded negative returns (Indonesia -13.0%, Thailand (-9.6%), Australia (-7.1%), Hong Kong (-5.6%)). Financials (-6.2%) and Consumer Staples (-5.6%) were the worst performing sector. Oil prices retraced back in September after 4 months of successive gains. Brent and WTI crude fell by 7.7% and 5.6%, respectively on rising concern on fuel demand as countries battle second wave of infections.

The Bank of Japan left its policy settings unchanged but upgraded its economic assessment. The bank said the economy "has started to pick up with economic activity resuming gradually," though adding that conditions remain severe, compared to what it described as "extremely severe" previously. Despite recognizing the recovery, it's pretty clear that the BOJ will keep on the current policy track until the 2% comes into sight. The Liberal Democratic Party of Japan (LDP) held its presidential election on Monday to appoint a successor to current LDP leader (and Prime Minister) Shinzo Abe, who announced on August 28 that he will be stepping down due to deterioration in a pre-existing health condition. Chief Cabinet Secretary Yoshihide Suga won the LDP's leadership election and is appointed as the Prime Minister during a special Diet session on September 16, with Mr. Suga forming his own cabinet. This suggests continuity in Japan's post-Abe politics. Less uncertainty for asset prices given that the stimulative fiscal and monetary policy will remain intact and is expected to shore up his credentials with another round of fiscal stimulus before year-end.

China (-2.9%) underperformed on escalation of the US-China conflict. The US has announced it will impose export control over SMIC and Trump attempted to ban WeChat raised concerns of escalating geopolitical elections into the US elections in November. China left its Loan Prime Rates (LPR) unchanged, as markets expected. The 1-year rate remains at 3.85% and the 5-year at 4.65%. They are likely to remain for some time with the domestic economy still recovering at a good pace. Separately, FTSE Russell said it would include China in its flagship World Government Bond Index (WGBI) from October 2021, with a 12-month staggered inclusion process. Sector-wise, YTD winners and smaller cap names led the corrections. Consumer Staple (-6.8%) Information Technology (-5.9%) led decline. Energy (-10.7%) with lower oil prices. Hong Kong (-5.6%) underperformed the region. The government announced the third round of stimulus amounting to US\$3 billion of stimulus while further relaxed social distancing measures. Consumer Staples (-14.2%), driven by Macau casinos plunged on the back of expectations that the Chinese authorities will crackdown on overseas gaming activities.

Korea was the best performing market in the region, as retail investors bought into the market while foreigners and local institutions sold. Investors added to Information Technology (+8.9%), Consumer Discretionary (+6.2%) on optimism on growth outlook for Electric Vehicles. Taiwan's IT (+3.1%) sector posted strong performance as Apple launched new Apple Watches and iPad. Foundries in Taiwan led gains as it benefits from US administration possible ban on SMIC.

India export driven sectors such as Information Technology (+10.1%) and Healthcare (+5.9%), helped somewhat by the Indian Rupee depreciation (-0.2%) and by positive trading updates by companies within the sector. Australia underperformed despite reporting better economic numbers. The unemployment rate in August came in at 6.8% compared to 7.5% in July. Consumer sentiment rebounded. However, the Australian dollar (-2.9%), was the worst performing currency in the region.

September was a tough month for ASEAN equities (Indonesia (-13.0%), Thailand (-9.6%), Singapore (-3.1%), Malaysia (-2.1%) and the Philippines (-0.8%)). The Indonesian Rupiah depreciated 2.2% and Thai Baht depreciated 1.8% against the US dollar.

The Indonesia equities market suffered as the government reintroduced its large scale social distancing in Jakarta. The concern is that hospital capacity will max out by September 17 2020 as coronavirus infection surges. Philippine unemployment rate eased to 10% in July, equivalent to around 4.6mn jobless Filipinos while consumer and business confidence continues to decline. Meanwhile, the business survey suggests more layoffs across sectors can be expected both in 4Q and the next 12 months, especially for hotels and restaurants, social services and transportation. POGOs were also in the limelight this month after Finance Secretary Dominguez confirmed that China is clamping down on money transfers while many POGO workers are unable to return to work in the Philippines due to cancelled passports.

Singapore August home sales was 1227 units, 13.6% y/y which seem to benefit from pent up demand. The strong sell through for Singapore property was evident in the HDB upgraders she Singapore government capped the extension of Option to Purchase (OTP) to 12 weeks vs. the previous market practice of reissuing up to 18 months with effect from 28 September 2020.

The Bank of Thailand upgraded its internal forecasts of the economic outlook amid signs of nascent improvements in private consumption and investment. It is projecting a smaller GDP contraction of 7.8% in 2020 (vs. -8.1% previously). Malaysia unveiled additional stimulus package to support the economy recovery and target the low-middle income class and small businesses. This stimulus package is MYR10bn (0.7% of GDP) and seems to add some urgency as the loan moratorium at the end of September.

MARKET OUTLOOK AND STRATEGY

We turned slightly more cautious going into the 4th Quarter of the year as markets has re-rated upwards and US election risks lingers. Longer-term, we remain positive on Asia ex-Japan on prospects of growth uptick and within which, we favour China. China is the only major economy that registered a positive 2Q GDP growth. The speed and effectiveness at which China was able to deal with recent virus relapses while avoiding wide-scale shutdowns mitigate a downside risk that concerned us as recently as a couple of months ago. Amid "First in First out", China is at the forefront of restarting the economy and more policy space to revive activity, but we will remain cautious amid the ongoing US-China tensions.

On a portfolio basis, we will continue to prefer sectoral demand shifts that have resulted from the crisis. Broadly speaking, e-commerce and technology businesses should do better. Such companies are found in North Asian markets of China, Korea and Taiwan and have ample policy supports. We are cautious on India as it 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.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 September 2020, the Volatility Factor (VF) for this fund is 13.0 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 9.6 but not more than 12.8 (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 Master 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 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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