

RHB ASIAN REAL ESTATE FUND

This Fund aims to achieve a long term capital appreciation through investments in the real estate market.

INVESTOR PROFILE

This Fund is suitable for investors who:

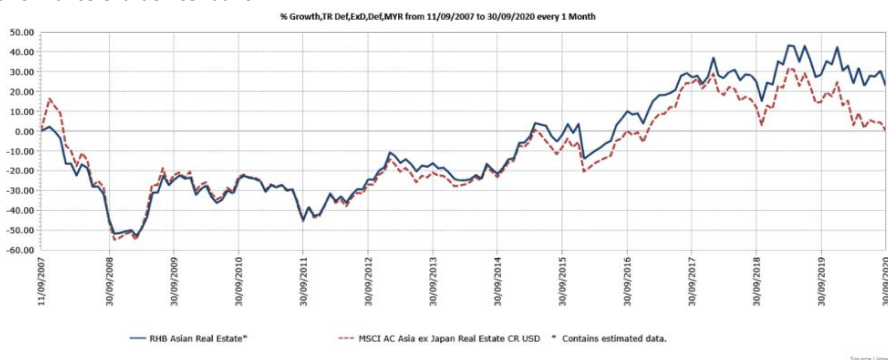
- wish to participate in the opportunities offered by the Asian real estate markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

- Up to 98% of NAV (with at least 70% of NAV in equity): Investments in primarily Asian real estate securities and listed Real Estate Investment Trusts (REITs).
- 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 | -5.92 | -4.12 | -1.02 | -13.77 |
| Benchmark | -3.92 | -5.06 | -2.69 | -19.55 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|-----------|--------|---------|---------|--------------|
| Fund | -4.45 | -3.48 | 24.76 | 22.74 |
| Benchmark | -12.53 | -19.17 | 9.23 | 0.33 |

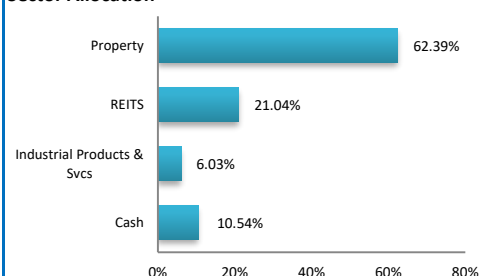
Calendar Year Performance (%)*

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------|-------|--------|-------|-------|-------|
| Fund | 15.24 | -3.23 | 22.97 | 0.04 | 20.18 |
| Benchmark | 11.96 | -10.39 | 31.42 | -0.05 | 11.03 |

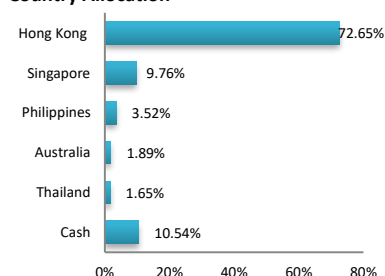
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

| | |
|------------------------------|------|
| LINK REIT | 9.40 |
| NEW WORLD DEVELOPMENT CO LTD | 8.82 |
| SUN HUNG KAI PROPERTIES LTD | 6.81 |
| CHINA RESOURCES LAND LTD | 6.32 |
| LONGFOR GROUP HOLDINGS LTD | 5.12 |

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

| | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 0.6523 | 0.7212 | 0.7377 |
| Low | 0.6052 | 0.5733 | 0.2187 |

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The preliminary data of developers' September contracted sales was released by CRIC on 30 September. Top-100 developers' September sales moderated to 25%/21% YoY in gross/attributable terms from the 29%/26% growth in August. On a MoM basis, sales growth was 19%/19% in gross/attributable terms (vs +3%/flat in August) due to seasonality. YTD sales growth stood at 7%/6% in gross / attributable terms for 09M20 (vs 5%/3% in gross / attributable terms for 8M20).

September sales of the developers we tracked were up 13% MoM after the 7% increase in August; YoY growth was 13% (vs 26% in August) thanks to more project launches. Most developers we tracked showed decent YoY momentum in September. The average completion rate stood at 72%.

2020 is the prelude of the 14th Five Year Plan and most developers have started formulating their strategies in the next five years. It is consensus among developers that the market will remain a gigantic sector with Rmb15 trillion sales annually, driven by urbanization and domestic consumption upgrades, hence developers will remain developers. Yet with credit remaining stable and the mitigation of land cycles, competition is now more on efficiency and cost control which is a slow process involving micro-study rather than top-down analysis. The market will need time to price in such efficiency, and is unlikely to give developers a premium on this soon.

Speculation regarding Evergrande's latest restructuring status and potential funding risk triggered market concerns on China developers' high financial leverage. We believe quality names with sound balance sheets and financial discipline should continue to grow their business and gain market share. Having said that, we expect defaults by any major developers will adversely impact the lending market.

MARKET OUTLOOK AND STRATEGY

The moderation in sales momentum on a YoY basis in September is in line with our expectation. The exceptionally strong growth in July and August was due to developers bringing forward project launches so as to catch up the sales progress. We expect sales momentum to continue for the rest of the year, as developers are speeding up cash collections amid tightening on financing. Having said that, sell-through is challenging amid abundant supply. The China property sector is currently trading at an attractive 37% NAV discount (vs the five-year average of 30%) and a 5.0x forward PER (vs the five-year average of 6.3x). The sector is down 16% YTD, underperforming the MSCI China (+14%). The tightening on property developers' financing ('Three Red Lines') should further speed up consolidation.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 September 2020, the Volatility Factor (VF) for this fund is 17.1 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 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 real estate risk, foreign investment risks such as country risk and currency risk and equities investment risks such as market risk and particular security 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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