

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:

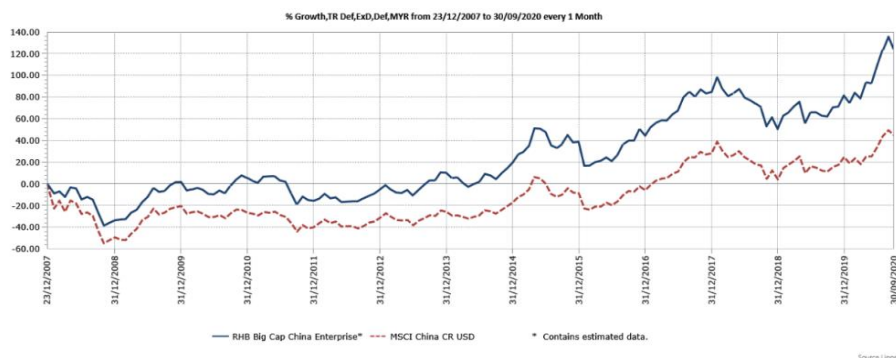
- wish to participate in the potential of the fast growing China economy; and
- are willing to accept higher risk in their investments in order to achieve long term capital growth.

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	-5.21	7.56	25.15	23.30
Benchmark	-3.09	8.33	22.76	16.37

	1 Year	3 Years	5 Years	Since Launch
Fund	38.02	24.22	63.84	123.81
Benchmark	30.33	16.70	61.37	44.73

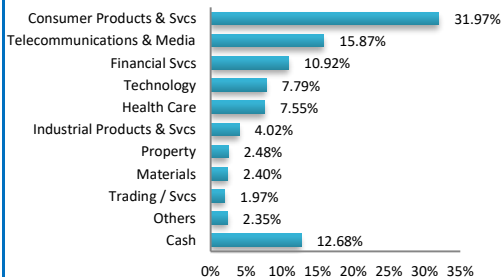
Calendar Year Performance (%)*

	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

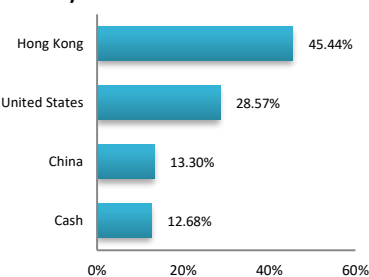
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

ALIBABA GROUP HOLDING LTD	9.51
TENCENT HOLDINGS LTD	8.60
JD.COM INC	4.44
NETEASE INC	4.26
MEITUAN DIANPING CLASS B	3.71

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.8559	0.8559	0.8559
Low	0.7936	0.5856	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 declined 5.0% in September, underperforming EM and World by 2.0% and 1.1%. Onshore equities also weakened with small-mid caps leading the correction. SHCOMP and SZCOMP dropped 4.6% and 5.7%, respectively. Key drivers for the lagging performance of China equities include: (i) Elevated US/China tensions, especially on the technology front. Following China's attempt to include broad policy support for third-generation semiconductor in the 14th Five Year Plan, the US has announced to impose export control over SMIC, which triggered waves of sell-offs, with the semiconductor index down by ~10% this month. Moreover, Trump's attempt to ban WeChat could raise concerns over broadening sanctions as the US election nears. Escalating geopolitical tensions could overshadow the domestic recovery theme in coming months. (ii) Stretched valuations required risk rebalancing. Despite the external factor of US Tech correction, the MSCI China P/E has already reached a multi-year high in August at ~15x and surpassed the 2015 peak level. Sector-wise, YTD winners led the corrections, with IT, staples and healthcare falling 6-8% this month. Energy lost 10% given the slowing demand prospects and weakening oil price (link). Nevertheless, ongoing positive developments, such as a domestic demand recovery, CNY strength and the upcoming 14th Five Year Plan, should provide some support for China equities

The Hang Seng Index fell 6.8% m/m in September, highly dragged by HSBC (-11.8% m/m) on news that it may be put on China's Unreliable Entity List. MSCI Hong Kong was also down by 5.6% m/m and underperformed MSCI China (-2.9%) and the region (-2.5%). Macau casinos led the decline, plunging 15.4% m/m on the back of the weaker-than-expected GGR recovery, which fell 90% in September (consensus: -86%). The Property sector also retreated, with weakness on the developers amid sluggish property prices (CCL -1.1% m/m). With regards to the COVID-19 situation, the daily number of locally transmitted cases fell to single digits throughout September. The Hong Kong SAR government has further relaxed some of the social distancing measures, which include extending dine-in services to midnight but the limit on public gatherings was kept at four people. Meanwhile, the government announced the roll-out of the third round of anti-epidemic stimulus amounting to HKD24bn.

August activity data confirms that the economy continued to recover through 3Q. The momentum of industrial production appears to have stabilized, while the demand recovery seems to be gradually broadening out to retail sales, manufacturing FAI and exports. More recently, September NBS manufacturing PMI increased 0.5-pt to 51.5, mainly backed by the export order component as global demand rebounded. Service PMI improved further, rising 0.7-pt to 55.9 in September, with the new orders component reaching a YTD high at 54.0.

HK trade activities stayed sluggish as the global economy remained weak. Total exports and imports fell 2.3% oya and 5.7% oya, respectively, in August. Exports to Asia slowed as a whole, with exports to China also turning weak and down by 1.4% oya. CPI remains in deflation territory in August, falling 0.4% oya compared to -2.3% oya in July. Core inflation was 0.1%, slightly lower than 0.2% in July due to the smaller increase in pork prices and private housing rentals. Among components, clothing and footwear, durable goods and utilities recorded decreases in price, while food and housing prices were up 3.5% and 0.6% respectively. Retail sales volume contracted by 13.4% oya in August, improved from the decline of 23.8% in July. Sales of luxury goods, wearing apparel and food items fell by 37.8%, 29.6% and 15.7%, respectively.

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 September 2020, the Volatility Factor (VF) for this fund is 17.6 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 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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