

### RHB EUROPEAN SELECT FUND

The Fund aims to achieve capital growth over the long-term\* by investing in one target fund, i.e. the Threadneedle (Lux) - European Select Fund.

\*Note: "long term" in this context refers to a period of between 5 - 7 years.

#### INVESTOR PROFILE

This Fund is suitable for investors who:

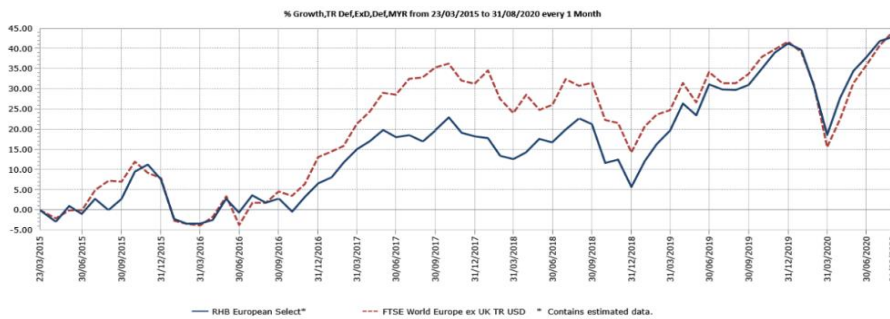
- are 'qualified investors' as defined in the Information Memorandum.

#### INVESTMENT STRATEGY

- At least 95% of NAV: Investments in units of Threadneedle European Select Fund.
- 2% to 5% of NAV: Investments in liquid assets including money market instruments and placements of cash.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	0.72	6.22	9.19	1.09
Benchmark	2.44	9.70	9.94	1.70

	1 Year	3 Years	5 Years	Since Launch
Fund	10.07	22.06	42.79	42.76
Benchmark	9.68	8.50	34.38	44.09

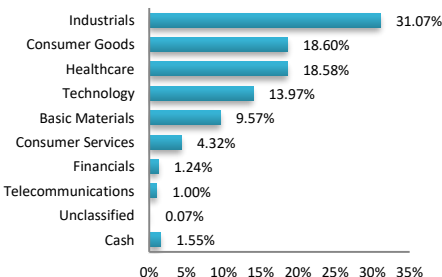
##### Calendar Year Performance (%)\*

	2019	2018	2017	2016
Fund	33.66	-10.56	10.85	-0.97
Benchmark	24.01	-12.95	16.07	4.85

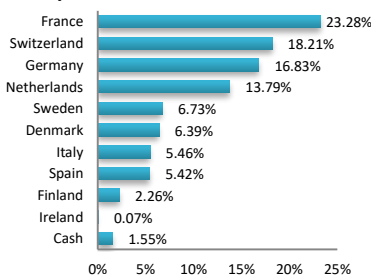
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



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

NESTLE SA-REG	5.91
WORLDLINE SA	5.50
SAP SE	5.39
BRENNTAG AG	4.52
ASML HOLDING NV	4.01

\*As percentage of NAV

\*Source: Threadneedle, 31 August 2020. Exposure in Threadneedle European Select Fund - 97.64%

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7209	0.7329	0.7329
Low	0.7017	0.5226	0.4517

Source: Lipper IM

## RHB EUROPEAN SELECT FUND

The Fund aims to achieve capital growth over the long-term\* by investing in one target fund, i.e. the Threadneedle (Lux) - European Select Fund.

\*Note: "long term" in this context refers to a period of between 5 - 7 years.

### MANAGER'S COMMENTS

#### SUMMARY

- European equity markets were buoyant in August.
- Key relative contributors included DSV Panalpina and Worldline.
- Philips and Siemens Healthineers were among the detractors.
- The Target Fund Manager opened new holdings in STMicroelectronics and Adyen.

#### MARKET BACKGROUND

August was a buoyant month for European equity markets, which were lifted by stronger-than-expected corporate profits, particularly in the US technology sector, and by continued optimism that the worst effects of the COVID-19 pandemic had passed. Data indicated that a composite measure of global manufacturing output returned to growth in July.

US indices led the global equity market upwards and hit fresh record highs along the way. Their European counterparts were also strong in aggregate, with the portfolio's benchmark index returning 3.1% in euro terms. Cyclical sectors enjoyed a good month; consumer discretionary, industrials and materials led the outperformers, while laggards included utilities, healthcare and consumer staples.

In Germany, the widely watched ZEW index of investor sentiment climbed by more than expected in August. However, the flash composite PMI for the eurozone as a whole sounded a note of caution: the services sector showed signs of fatigue, although manufacturing proved more resilient. Spikes of COVID-19 infections in Spain and elsewhere prompted the re-imposition of local lockdowns, and some countries reinstated travel restrictions.

#### ACTIVITY

The Target Fund Manager opened new holdings in STMicroelectronics and Adyen. STMicroelectronics is a specialist in microprocessors and sensors used in auto and consumer electronics. Restructuring in recent years has focused on niches (where it has high market share) and manufacturing, with a likely boost to future margins, growth and returns. Adyen (payments processing) should grow revenue at a high rate – justifying the high short-term valuation. COVID-19 has weakened short-term results owing to the hit to travel and in-store retail, but the long-term outlook is strong.

#### MARKET OUTLOOK

COVID-19 dominates sentiment. Infections and fatalities are ticking up in some European countries, so talk of a second wave limits the relaxation of lockdowns and travel restrictions. But while progress is nervous and slow, the news in the US (and in Hong Kong and India) is much worse and has political implications in an election year.

The search for tests and vaccinations continues to progress. Fiscal and monetary policy aim to stimulate growth and, if effective, should stabilise economies and corporate profitability once lockdowns end. However, previously fragile business models will prove unsustainable, impacting some small businesses and employment in the hospitality and travel sectors.

The Brexit transition period is underway: negotiations have been bad-tempered and there is a real risk of no exit deal being agreed. The Spanish and Italian coalitions are surviving although Germany's Chancellor Merkel and her succession plan are under some pressure. The US is riven by turmoil following George Floyd's death in Minneapolis which, combined with criticism over the handling of the virus, has compromised President Trump's chances of re-election.

The Target Fund Manager's main focus in managing this high-conviction portfolio is on stock selection. The Target Fund Manager seeks to identify high-quality companies with the pricing power to sustain strong returns.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 August 2020, the Volatility Factor (VF) for this fund is 13.6 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 12.8 but not 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 Information Memorandum dated 3 March 2015 and its supplementary(ies) (if any) ("collectively known as the Information Memorandum") before investing. The Information Memorandum 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 Information Memorandum 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 Information Memorandum relates will only be made on receipt of a form of application referred to in the Information Memorandum. The Fund are only offered to "qualified investors" as defined in the Information Memorandum. For more details, please call 1-800-88-3175 for a copy of the PHS and the Information Memorandum 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 for the Fund are market risk, currency risk, hedged share classes, effect of portfolio concentration and restrictive geographical market.

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

[www.rhbgroup.com](http://www.rhbgroup.com)



RHB Asset Management Sdn Bhd (174588-X)

