RHB Asset Management

RHB CHINA-ASEAN FUND

FUND FACTSHEET – MARCH 2020
All data expressed as at 29 February 2020 unless otherwise stated

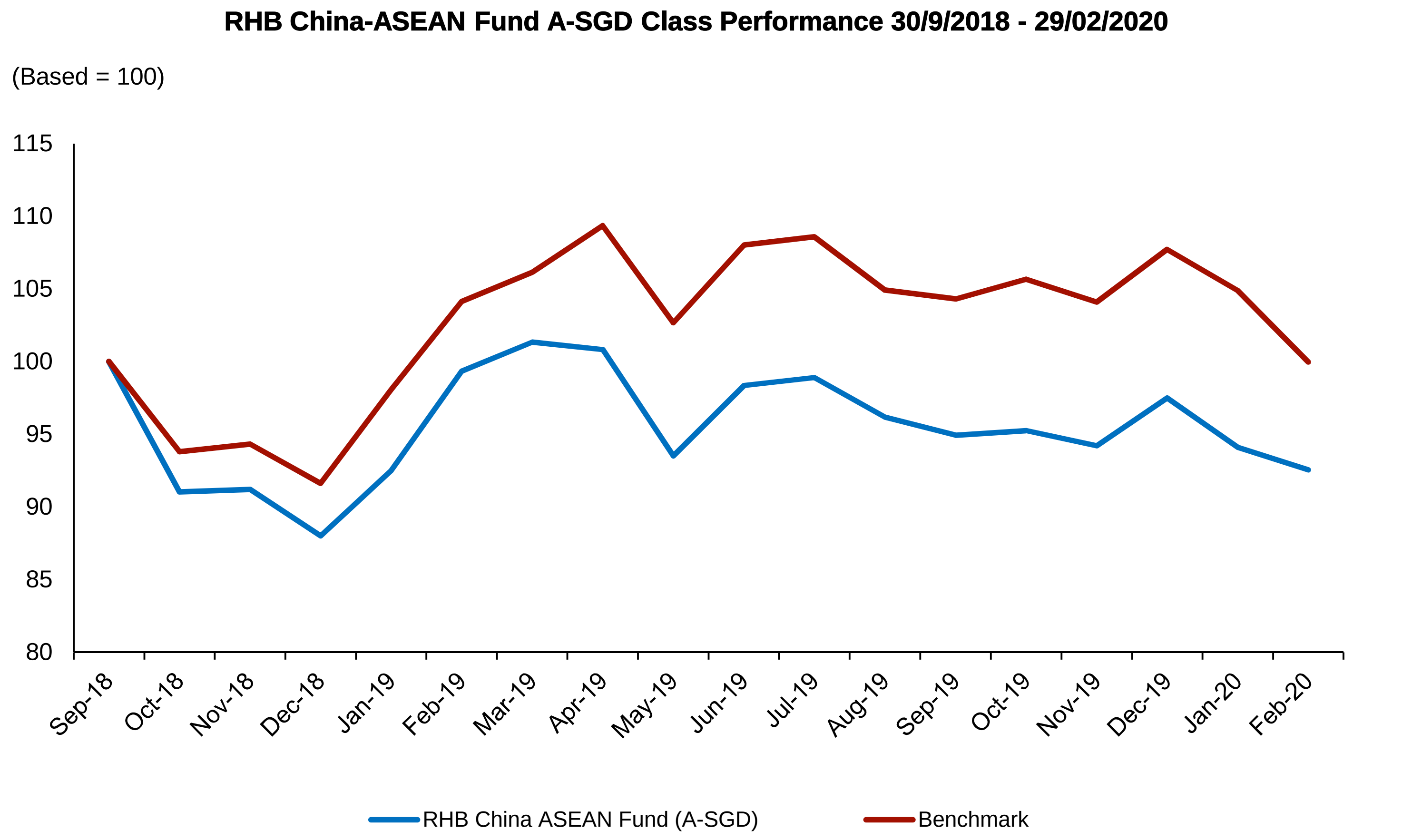
INVESTMENT OBJECTIVE, FOCUS AND APPROACH

The investment objective of the Fund is to achieve medium to long-term capital appreciation by investing primarily in the equities of corporations listed on any Recognised Stock Exchange in any part of the world and which carry on significant business in, or whose operations are in, or which derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from, China, Hong Kong and Southeast Asian countries including members of ASEAN (Association of Southeast Asian Nations).

The Fund may also, at times, be substantially invested in money market instruments and cash when necessary to preserve capital.

FUND PERFORMANCE ANALYSIS

Performance Chart - A-SGD*



Fund Performance - Class A (SGD %)**

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
Fund	(1.64)	(1.75)	(3.78)	(6.84)	-	-	(5.08)	(4.09)
Benchmark	(4.69)	(3.97)	(4.71)	(4.01)	-	-	(7.20)	2.55

Source: Lipper as at 29 February 2020
*Chart performance is rebased to 100 beginning on the last business day on the month of inception and is updated on a monthly basis with figures of the last business day of the current month. Performance figures for period exceeding 1 year in the table above show the annualized return.
**Fund performance figures in the table above are calculated on a NAV to NAV single pricing basis, after deducting subscription fees and realisation charges (if any).
Only performance figures for Class A (SGD) is shown because, as at 31 December 2019, there are no investments in other share classes.
Past performance is not an indication of future performance. The value of the units in the funds and the income accruing to the units, if any, may fall or rise.

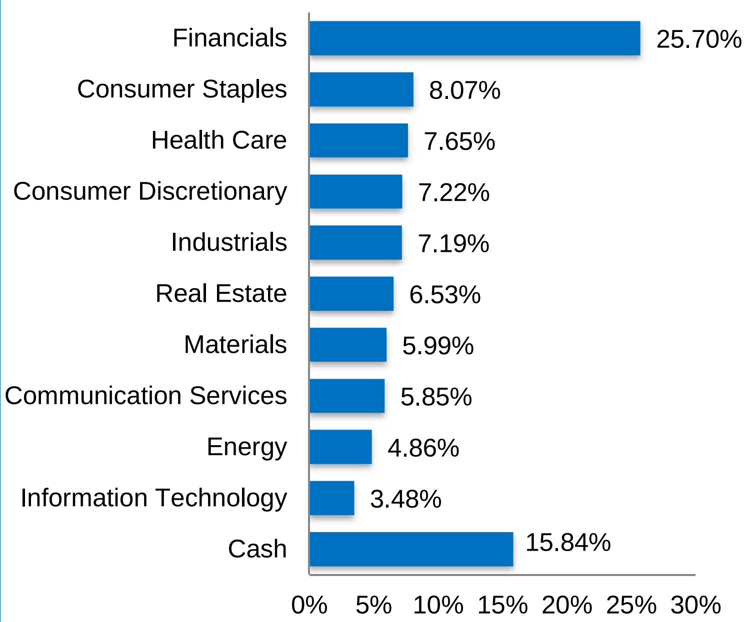
FUND DETAILS

Investment Manager	RHB Asset Management Pte Ltd
Trustee	BNP Paribas Trust Services Singapore Ltd
Fund Category	Equity Fund
Trading Frequency	Daily
Unit NAV	SGD 0.9411
Fund Size[1]	SGD 1,321,442.33
Financial Year End	31 December
Base Currency	US Dollar
Min. Initial Investment	Class A (SGD): SGD 1,000 Class A (USD): USD 1,000 Class A (RMB): RMB 5,000 Class I (SGD): SGD 200,000 Class I (USD): USD 200,000 Class I (RMB): RMB 1,000,000
Min. Additional Investment	Class A (SGD): SGD 1,000 Class A (USD): USD 1,000 Class A (RMB): RMB 5,000 Class I (SGD): SGD 200,000 Class I (USD): USD 200,000 Class I (RMB): RMB 1,000,000
Benchmark	50% MSCI South East Asia Index and 50% Chinese Securities Index 100
Sales Charge	Class A (SGD), Class A (USD) and Class A (RMB): Up to 5.00% Class I (SGD), Class I (USD), Class I (RMB): Up to 2.00%
Annual Management Fee	Class A (SGD), Class A (USD) and Class A (RMB): 1.50% Class I (SGD), Class I (USD), Class I (RMB): 0.75%
Trustee/Admin/ Custodian Fees[1]	Up to 0.10% per annum
Realisation Charge	Current: Nil. Maximum: 5%
Redemption Period	Within 6 days after receipt the request to repurchase
ISIN	Class A (SGD): SG9999018188 Class A (USD): SG9999018196 Class A (RMB): SG9999018204 Class I (SGD): SG9999018212 Class I (USD): SG9999018220 Class I (RMB): SG9999018238
Bloomberg	Class A (SGD): RHBASAS:SP Class A (USD): RHBASAU:SP Class A (RMB): RHBASAC:SP Class I (SGD): RMBASIS:SP Class I (USD): RMBASIU:SP Class I (RMB): RHBASSC:SP
Launch Price	Class A (SGD) and Class I (SGD): SGD 1.0000 per unit Class A (USD) and Class I (USD): USD 1.0000 per unit Class A (RMB) and Class I (RMB): RMB 5.0000 per unit
Inception Date	18 September 2018

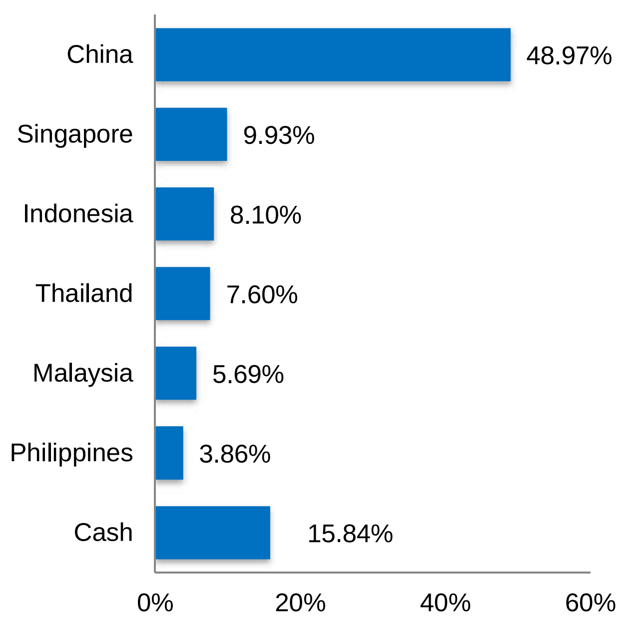
[1] refers to all share classes of the Fund.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

Ping An Insurance Group Co-A	6.11	Singapore Telecommunications	2.52
China Merchants Bank	3.98	Bank of Ningbo Co Ltd	2.49
Shanghai Ganglian E-Commerce	3.11	Jiangsu Hengrui Medicine	2.44
Bank Central Asia Tbk Pt	2.92	China Vanke Co Ltd	2.37
Hundsun Technologies Inc	2.72	Gree Electric Appliances	2.33

**As at 29 February 2020 - As percentage of NAV*

FUND STATISTICS

Historical NAV (A-SGD)[1]

	1 Month	12 Months	Since Launch
High	1.0000	1.0600	1.0600
Low	0.9200	0.9200	0.8800

Source: Bloomberg
[1] Only NAV of Class A (SGD) is shown because, as at 29 February 2020, there are no investments in other share classes.

Historical Distributions (Net)

Ex Date	Distribution*
-	-
-	-
-	-
-	-

Source: RHB Asset Management Pte. Ltd.

**Past distributions are not indicative of future distributions. Any distribution may result in a reduction of NAV per share of the Fund. Any distribution will be subject to the manager's discretion.*

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MANAGER'S COMMENTS

FUND PERFORMANCE

The fund returned -1.64% against the benchmark* which returned -4.69% for February (in SGD term).

Note: *Composite benchmark consisting of 50% MSCI South East Asia Index and 50% Chinese Securities Index 100. Source: Lipper

MARKET REVIEW

China A share market consolidated in February. The SHSZ100 Index was down by 3.28% during the period and closed at 4016.82, while the ChiNext index was up by 7.46%. All sectors saw corrections on the first day after CNY holidays due to the 2019 Novel Coronavirus, but rebounded significantly afterward.

China economy data dropped significantly in February. Official manufacturing PMI in February dropped to historical low of 35.7, compared with 50 last month. New orders index was 29.3, significantly down from 51.4 in January, and new export orders index was 28.7, significantly down from 48.7 in January and well below the 50 threshold, reflecting a significant decrease in overall demand. PMI production index was down from 51.3 to 27.8, while the employment index was down from 47.5 to 31.8 in February. Purchasing Price Index was 51.4 in February, down from 53.8 in January but kept at expansionary territory. Brent crude oil price was down 11.88% and closed at USD49.97/bbl due to concerns of global economy outlook affected by the new coronavirus outbreak.

Events-wise, domestic containment measures had shown effects on controlling the spread of the new coronavirus in China, but the increase in overseas cases show that the spread of virus was accelerating, which hurt global markets' confidence. Global central banks' monetary policies continued to ease and markets expect the US Fed to cut rates in March. Domestically, PBoC also cut MLF and LPR rates to ease economy pressure under virus breakout. Government also relaxed property policies in some cities to ease the pressure faced by developers, though it remained prudent to avoid excess liquidity from flowing into the property market. There was more support for economy, such as urging local governments to accelerate issuances of special bonds to boost investment, lowering the financial costs for private enterprises, and extending tax and fee cut policies for companies impacted by the virus breakout. As the strict containment measures had shown effects, domestic economic activities gradually resumed from mid-February, though were still in low level compared with normal years. Government also relaxed capital raising rules for the stock market, which were positive for market sentiment.

ASEAN markets continue its fall in February as the COVID-19 outbreak becomes a global problem. Thailand and Indonesia fell the most, -11.5% and -8.2% respectively, in local currency terms. Philippines, Singapore and Malaysia trailed behind, falling 5.7%, 4.5% and 3.1% in February. ASEAN currencies depreciated against the greenback with Indonesia Rupiah depreciating the most at 4.8%.

Thailand faces multiple headwinds on tourism, which is a large part of their economy and could face further downgrades to GDP as the COVID-19 spreads, with delays in the 2020 budget implementation and drought. The National Economic and Social Development Council (NESDC) slashed its 2020 GPD forecast range to 1.5%-2.5% from (2.7% to 3.7%) on reduced exports of goods and services. Tourist arrivals was revised down to 37 million in 2020 on the premise that COVID-19 outbreak would peak in March and China's ban on outbound tourism will be lifted by early May. Both BOT and Deputy Premier Somkid recently stated that growth could come in below 1% in 1Q20.

Indonesia slightly downgraded its 2020 GDP forecast to 5.0%-5.4%. Bank Indonesia (BI) cut its interest rate by 25bps and left the door open for further rate cuts. Floods in Jakarta and fund redemption led to the weaker sentiment and a decline in the index. The BI mentioned that they would intervened in the FX markets to prevent volatility in their currency.
Philippines is expected to cut rates going forward given the Taal volcanic eruption and downside risks from COVID-19. China government is also cracking down on POGOs with passport cancellation for crimes relating to telecommunication fraud.

Singapore COVID-19 related stocks especially in the tourism sector underperformed. Singapore activated DORSCON Orange signals as new infections of COVID-19 were not traceable. The government announced the 2020 budget which surprised with a 2.2% fiscal deficit / GDP. The government is aiming to stabilise the domestic economy with a SGD4 billion stabilisation and support package for the tourism sector, up to SGD1 million for tourism operators. This package is 10x the size given out in SARS in 2003. GST will also remain at 7% in 2021.

Malaysia faced a political upheaval as the Prime Minister Dr. Mahathir resigned. After a few days of uncertainty, the King has announced that Muhyiddin would be the next Prime Minister and it was believed that he has the majority to form the government. Malaysia also announced a MYR 20billion stimulus package to boost its economy. The 2020 GDP forecast was also lowered to 3.2-3.4% from 4.8%.

OUTLOOK & STRATEGY

Market sentiment will continue to be driven by the development of new coronavirus. The virus will have major impact on 1Q20 economy and governments will need to launch more supporting measures, as well as loosen monetary policies further in near term. We will closely monitor the development of new coronavirus and adjust our portfolios accordingly. While more domestic supporting policies has been released, we will monitor their effects on countering the economy pressure. The progress of the execution of US-China "Phase One" trade deal and more supporting domestic policies will be positive for the A share market.

As for the investment strategy, we stick to bottom up approach and mainly focus on sector leaders. We will 1) stick to low valuation blue chips supported by reform expectations, including supply side reform and several central SOEs; 2) watch health care, F&B and tourism plays with good earnings and reasonable valuations; 3) watch growth plays and look for stocks with corrected valuations, and 4) watch certain thematic plays, such as environmental protection and alternative fuel vehicle industrial chain.

Over the next 5-10 years, Asia, and especially ASEAN, will emerge as the region with relatively stronger growth compared the rest of the world. ASEAN, with its structural advantage in demographics, will emerge as the complimentary piece to China's evolution into a giant consumption economy. Adding on to the commitments by the governments in Asia/ASEAN towards infrastructure development, the region will feature prominently as the place for equity investments. We would look to buy stocks during periods where investors largely ignore these positive developments in the region.

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