RHB Asset Management

FUND FACTSHEET – JANUARY 2018
All data expressed as at 31 December 2017
unless otherwise stated

3-year Fund Volatility 8.1 moderate Lipper Analytics 15 DEC 2017

RHB EMERGING MARKETS BOND FUND

The Fund aims to provide investors with income and potential capital appreciation by investing in one target fund, i.e. the United Emerging Markets Bond Fund.

INVESTOR PROFILE

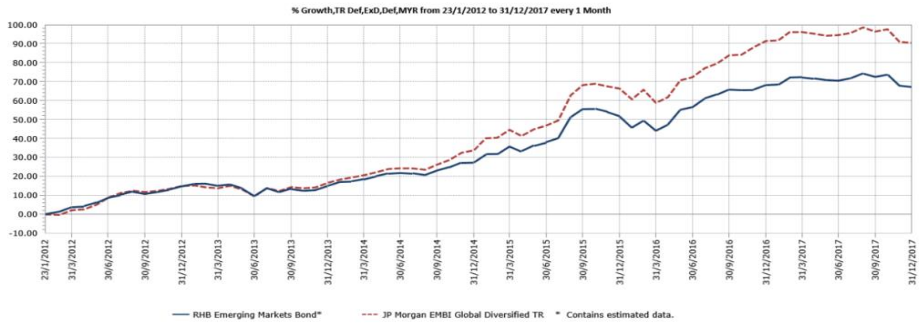
This Fund is suitable for Investors who:
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the units of United Emerging Markets Bond Fund.
- 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	**-0.41**	**-3.17**	**-1.95**	**-0.60**
Benchmark	-0.31	-3.04	-2.12	-0.53

	1 Year	3 Years	5 Years	Since Launch
Fund	**-0.60**	**31.18**	**45.64**	**67.01**
Benchmark	-0.53	42.23	65.54	90.37

Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	**-0.60**	**10.71**	**19.20**	**10.68**	**0.31**
Benchmark	-0.53	15.09	24.25	14.68	1.84

Source: Lipper IM

FUND DETAILS

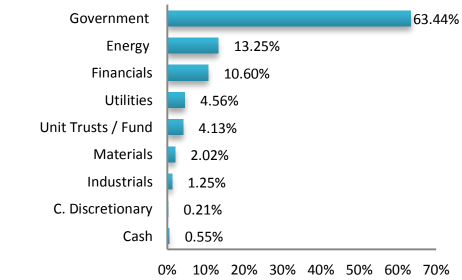
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder Fund
Fund Type	Income Fund
Launch Date	03 January 2012
Unit NAV	RM0.6037
Fund Size (million)	RM49.93
Units In Circulation (million)	82.71
Financial Year End	28 February
MER (as at 28 Feb 2017)	1.69%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	JP Morgan Emerging Market Bond Index Global Diversified Index (RM)
Sales Charge	Up to 2.50% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Quarterly, if any

**The implementation of GST will be effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.*

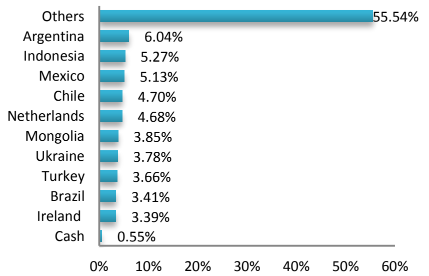
**For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

MONGOLIA INTL BOND SR UNSECURED REGS 03/24 8.75	2.69
REPUBLIC OF ECUADOR SR UNSECURED REGS 06/23 8.75	2.54
UNITED EMERGING MARKETS LOCAL CURRENCY BOND FUND - CLASS SGD ACC	2.36
REPUBLIC OF ARGENTINA SR UNSECURED REGS 06/49 7.125	2.14
OJSC RUSS AGRIC BK(RSHB) SUBORDINATED REGS 10/23 8.5	2.13

**As percentage of NAV*
**Source: UOBAM, 31 December 2017. Exposure in United Emerging Markets Bond Fund - 96.69%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6089	0.6681	0.6681
Low	0.6031	0.6031	0.4959

Source: Lipper IM

Historical Distributions (Last 4 Quarters) (Net)

	Distribution (sen)	Yield (%)
21 Nov 2017	1.0000	1.61
22 Aug 2017	1.0000	1.55
23 May 2017	1.4000	2.15
20 Feb 2017	1.4000	2.10

Source: RHB Asset Management Sdn. Bhd.

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RHB Asset Management Sdn Bhd (174588-X)

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MANAGER'S COMMENTS

MARKET REVIEW

Risk on sentiment dominated in December with US Congress approving a tax cut expected to benefit primarily corporations. The tax cuts will come into force in 2018, contrary to the Senate's original plan to defer tax relief for businesses until 2019. The tax cut is permanent for companies in contrast to the personal income tax cuts which are slated to expire by 2025 the latest.

The US Federal Reserve (Fed) raised its key interest rate by 25 basis points in December, its third increase in 2017 and in line with market expectations. The Fed is widely expected to raise the rate three times in 2018. Despite increasing concern, the impact of these rate hikes on emerging markets has thus far has been limited, partly because the normalisation of monetary policy in the US was anticipated, and also thanks to sound growth and fundamentals in major emerging markets. 10-year US Treasury (UST) yields ended the month unchanged from prior month at 2.41%, while the U.S. treasury curve ended the month 7 bps flatter as short term rates rose amid strong US economic numbers, increasing the probability of two or more rate hikes for 2018.

The extra yield investors demand to own emerging market (EM) sovereign bonds over US Treasuries ended the month 3 bps tighter to 285 bps. Cumulative inflows into EM fixed income increased by US$6.4 billion to US$72.2 billion ,ending the year at an all-time record for EM inflows.

POSITIONING

In Latin America, we maintained our Mexico benchmark on a neutral exposure after the fifth round of North American Free Trade Agreement (NAFTA) talks ended with no major breakthrough. While our base case is a successful conclusion to NAFTA negotiations early next year, NAFTA headlines may lead to more volatile Mexican spreads in the meantime.

We maintain our overweight position in Brazil as we view Brazil's long-term story as positive, and continue to closely monitor Brazil's ongoing fiscal reforms progress. In Colombia we have an underweight position given the country's external vulnerability. We maintained our overweight position in Argentina amid President Macri's stronger than expected victory in October's mid-term elections. Venezuelan bonds continued their decline with rating agencies declaring several bonds in selected default. We do not hold any bonds in Venezuela.

In Asia, our Mongolia overweight position is conditioned on strong progress under a program from the International Monetary Fund (IMF), and expected negligible net new bond issues in 2018. We maintain our overweight on Indonesia as we like its structural growth and reform story. Our key regional underweights are India, China and Malaysia: In India we view valuations as expensive and we await further demonstrated economic reforms. Chinese valuations are expensive and debt levels are elevated while Malaysia's valuations are expensive. Indonesia saw a second sovereign rating upgrade in 2017, by Fitch Ratings, months after S&P's upgrade rating action. Fitch highlighted Indonesia's strengthened resilience to external shocks and positive structural reforms as drivers of the upgrade. We remain overweight on Indonesia.

In Central Eastern Europe, Middle East and Africa region (CEEMEA), our benchmark weight in Turkey is explained by the country's fiscal and current account deficit. We turned neutral on Russia as an ongoing economic recovery may accelerate. We turned neutral from an underweight position in South Africa after Ramaphosa, a hopeful for the African National Congress presidential election, was elected as the new ruling party's chairman.

STRATEGY

We continue to prefer highly volatile names such as Latin American and Asian high yielding sovereigns, quasi sovereigns as well as selected African sovereigns. We expect stable EM fundamentals and attractive spreads vis a vis other asset classes to somewhat mitigate potential geopolitical uncertainties. We find a number of positive stories compelling such as those of Argentina and Ukraine.

Low interest rates in developed markets – negative in the case of Europe and Japan and near or at historical lows in other countries are likely to offer support for emerging markets fixed income. However, markets appear complacent about a series of risks emanating either directly or indirectly from the US.

Even as geopolitical tensions between US and North Korea remain high, stronger EM fundamentals now compared to three years ago should provide a buffer that prevents a significant sell-off like the taper tantrum in 2013. We believe that once the initial adjustment to higher core yields and a stronger USD is complete, a more structural view on market volatility will be supported by resumption of the bid for EM. Overall, we continue to like EM bonds, primarily for their carry and for the asset class' favourable risk-adjusted returns over the long run.

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