

RHB ASIAN HIGH YIELD FUND – AUD

The Fund aims to provide income and long-term capital growth by investing in one target fund.

INVESTOR PROFILE

This Fund is suitable for Investors who:

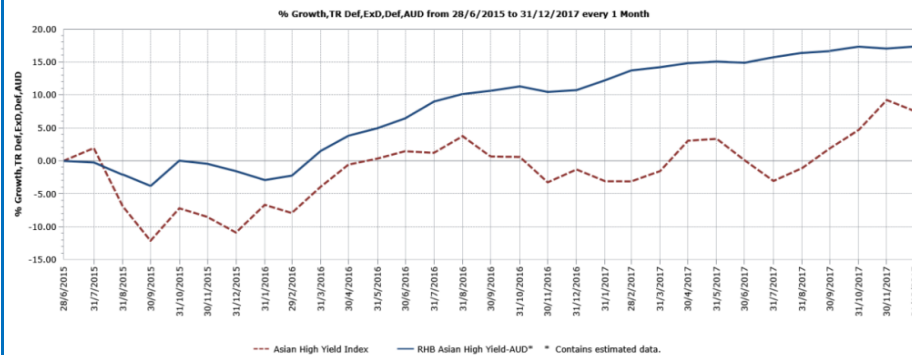
- are 'sophisticated investors' as defined in the Information Memorandum.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the AUD denominated class A (hedged) shares of the Target Fund.
- 2% to 5% of NAV: Investments in liquid assets including money market instruments and Placements of Cash.

FUND PERFORMANCE ANALYSIS

Performance Chart



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.27	0.58	2.13	5.96
Benchmark	-1.59	5.43	7.37	8.88

	1 Year	Since Launch
Fund	5.96	17.34
Benchmark	8.88	7.48

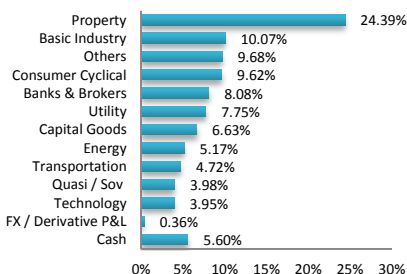
Calendar Year Performance (%)*

	2017	2016
Fund	5.96	12.52
Benchmark	8.88	10.74

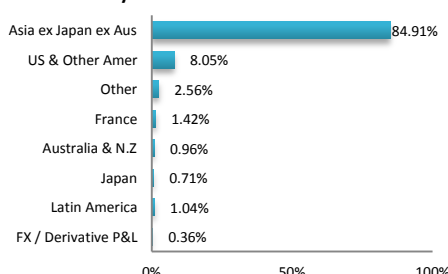
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

INDO ENERGY FINANCE II	2.74
CHINA EVERGRANDE GROUP	2.31
REPUBLIC OF PHILIPPINES	2.09
MOON WISE GLOBAL	1.98
FORTUNE STAR BVI LTD	1.86

*As percentage of NAV

*Source: Fidelity, 31 December 2017. Exposure in Fidelity Asian High Yield Fund A - HMDIST(G)-AUD - 96.14%

FUND STATISTICS

Historical NAV (AUD)

	1 Month	12 Months	Since Launch
High	1.0335	1.0735	1.0765
Low	1.0305	1.0305	0.9600

Source: Lipper IM

Historical Distributions (Quarterly) (Net)

	Distribution (sen)	Yield (%)
21 Nov 2017	2.2000	2.09
22 Aug 2017	1.8000	1.70
23 May 2017	1.8000	1.69
20 Feb 2017	1.8500	1.75

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management Sdn Bhd (174588-x)

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MANAGER'S COMMENTS
MARKET ENVIRONMENT

US dollar denominated Asian high yield bonds posted positive returns over the quarter, primarily driven by coupon income. High yield credit spreads tightened at the start of the period, due to stronger earnings, low inflation and supportive fund flows, before widening in the later part of the quarter due to concerns over monetary/regulatory tightening in China and strong supply of new issues. Market subsequently stabilised as economic data remained solid. The US Treasury yield curve flattened and US government bonds posted overall gains as long-term yields declined, reflecting subdued inflation. This helped to offset losses on the short and medium end of the yield curve as the US Federal Reserve raised interest rates for the third time in 2017 and the Senate approved the biggest overhaul of the US tax code. At a country level, Chinese leaders reiterated their agenda of focussing on curbing financial risk, eradicating poverty, fighting pollution and supply side reforms, while maintaining steady growth. Meanwhile, rating agency Moody's upgraded India's sovereign rating to Baa2. Furthermore, the government announced a bank recapitalisation plan for state-owned banks worth \$32 billion over two years to address bad loans, stimulate credit growth and support private sector investments. Fitch upgraded its sovereign rating for Indonesia citing resilience to external shocks and economic policies designed to maintain stability.

FUND POSITIONING

The Target Fund manager remains positive on the macroeconomic environment in Asia. Recent regulatory tightening in onshore China, despite causing some volatility, was demonstrative of the government's will to tackle negative events in the system proactively. In India, recent economic numbers have decreased, which could be a function of both transitional and structural forces. However, the economy is expected to be supported by further fiscal stimulus in the form of infrastructure spending and bank recapitalisations until the 2019 elections.

Macroeconomic improvements in Indonesia were affirmed by Fitch's rating upgrade during the quarter. Consumption data in the country is expected to improve further in the second half of 2018, due to higher wages and government subsidies to the lower income population. Regarding potential headwinds, geopolitical uncertainty such as tension in North Korea or surprise moves by central banks could lead to some market volatility. Another development that the Target Fund manager is closely monitoring is the supply of new issuance. Onshore maturities in 2018 and tighter restrictions on onshore issuance may further support offshore high yield bonds supply and weigh on the strong technical in the asset class.

Focus on high quality issuers

The Target Fund is defensively positioned, with a bias towards higher quality and strong conviction issuers. In addition to its cash holding, the Target Fund has 10–15% market weight in short dated (<1year)/near-term callable bonds to ensure a robust liquidity profile and maintain high natural income. This also keeps the Target Fund's overall volatility relatively low.

DISCLAIMER:

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 PHS and the contents of the Information Memorandum dated 8 June 2015 and its supplementary(ies) (if any) ("the Information Memorandum") before investing. The Information Memorandum has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. 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 "sophisticated 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.

The Manager wishes to highlight the specific risks of the Fund are management risk, currency risk, country risk and pricing and valuation risk. These risks and other general risks are elaborated in the Information Memorandum.

This 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.

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