

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:

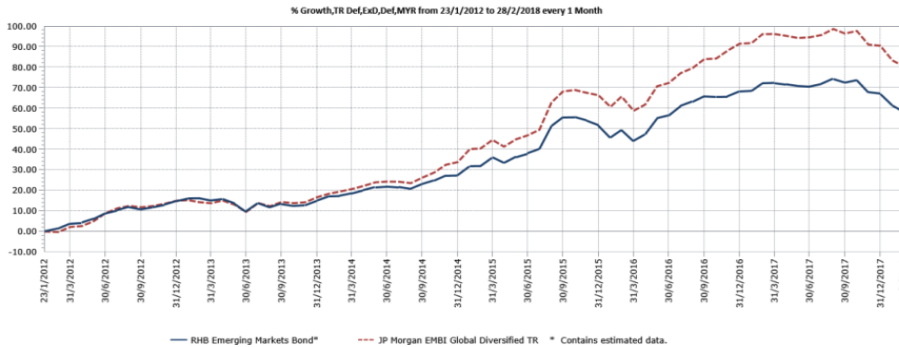
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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	-1.79	-5.47	-9.01	-5.08
Benchmark	-1.51	-5.47	-9.09	-5.18

	1 Year	3 Years	5 Years	Since Launch
Fund	-7.84	20.34	36.59	58.53
Benchmark	-7.91	28.54	57.91	80.51

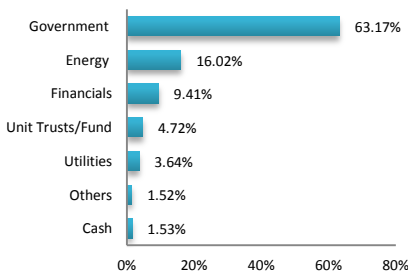
Calendar Year Performance (%)*

	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

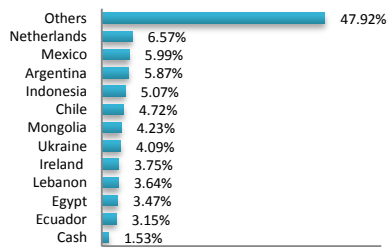
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

MONGOLIA INTL BOND SR UNSECURED REGS 03/24 8.75	2.96
UNITED EMERGING MARKETS LOCAL CURRENCY BOND FUND - CLASS SGD ACC	2.70
OJSC RUSS AGRIC BK(RSHB) SUBORDINATED REGS 10/23 8.5	2.36
REPUBLIC OF ECUADOR SR UNSECURED REGS 06/23 8.75	2.23
ESKOM HOLDINGS SOC LTD SR UNSECURED REGS 01/21 5.75	2.09

*As percentage of NAV

*Source: UOBAM, 28 February 2018. Exposure in United Emerging Markets Bond Fund - 96.80%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5835	0.6612	0.6681
Low	0.5603	0.5603	0.4959

Source: Lipper IM

Historical Distributions (Last 4 Quarters) (Net)

	Distribution (sen)	Yield (%)
21 Feb 2018	1.0000	1.68
21 Nov 2017	1.0000	1.61
22 Aug 2017	1.0000	1.55
23 May 2017	1.4000	2.15

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

Emerging market (EM) returns were softer in February due to higher volatility in US Treasury (UST) yields. There was no specific reason for the early February selloff. 10-year USTs started the month around 2.70% and surged to a high of 2.95% before retreating back to 2.86%. As a result of higher volatility, the extra yield investors demand to own EM sovereign bonds over US Treasuries ended the month 19 bps wider to 311 bps. The Target Fund Manager remains the view that higher treasury rates are not a major concern for EM, as these economies continue to exhibit positive momentum, indicated by leading and current indicators. These are underpinned by firmer commodity prices and stronger domestic consumption. Cumulative inflows in February into EM fixed income ended at US\$ 5.7 billion (vs Jan: US\$ 11.3 billion).

STRATEGY

The Target Fund Manager continues to prefer highly volatile names such as Latin American and Asian high yielding sovereigns, quasi sovereigns as well as selected African sovereigns. The Target Fund Manager expects stable EM fundamentals and attractive spreads vis a vis other asset classes to somewhat mitigate potential geopolitical uncertainties. The Target Fund Manager finds a number of positive stories compelling such as those of Argentina, South Africa, Russia 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. The Target Fund Manager believes 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, the Target Fund Manager continues to like EM bonds, primarily for their carry and for the asset class' favourable risk-adjusted returns over the long run.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 February 2018, the Volatility Factor (VF) for this fund is 8.3 and is classified as "High". (source: Lipper) "High" includes funds with VF that are above 8.0 but not more than 10.6 (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 31 December 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2018.

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 Master Prospectus dated 6 October 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus 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 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.

The Manager wishes to highlight the specific risks of the Fund are management risk and country risk and specific risks of the target fund are market risk, debt securities risk, emerging markets risk, political and economic risks, repatriation of capital, dividends, interest and other income risks, regulatory risk, nature of investments and market risks, lack of market economy, derivatives risk, synthetic product risk, illiquidity of investments, broker risk, settlement risk, custody risk, counterparty risk, possible business failures, accounting practice, quality of information, legal risk, taxation, foreign exchange and currency risks, banking systems, risk of mismanagement by debt issuers, actions of institutional investors, risk of use of rating agencies and other third parties, exceptional market conditions risk, exceptional market conditions risk, liquidity risk of investments, investment management risk. These risks and other general risks are elaborated in the Master Prospectus.

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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