

### RHB ASIAN HIGH YIELD FUND – USD

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

#### INVESTOR PROFILE

This Fund is suitable for:

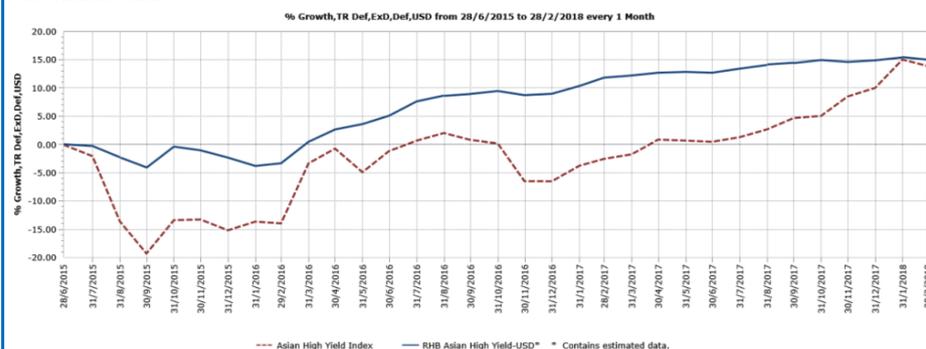
- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

#### INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the USD denominated class A 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	-0.39	0.30	0.75	0.05
Benchmark	-0.99	4.97	10.91	3.53

	1 Year	Since Launch
Fund	2.76	14.94
Benchmark	16.81	13.87

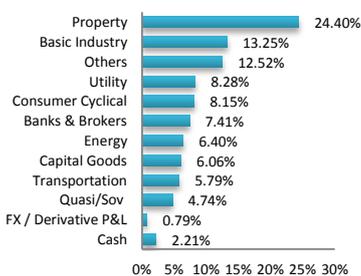
##### Calendar Year Performance (%)\*

	2017	2016
Fund	5.40	11.58
Benchmark	17.61	10.21

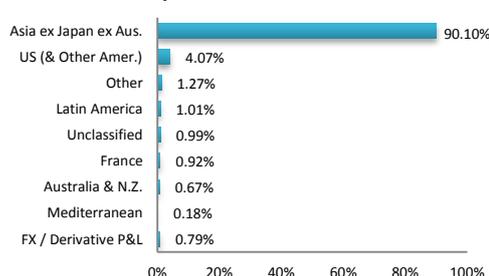
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



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

INDO ENERGY FINANCE II	2.52
REPUBLIC OF PHILIPPINES	2.41
FORTUNE STAR BVI LTD	2.23
SHIMAO PROPERTY HLDGS	2.16
ABJA INVESTMENT CO	2.15

\*As percentage of NAV

\*Source: Fidelity, 28 February 2018. Exposure in Fidelity Asian High Yield A - MDIST-USD - 101.07%

#### FUND STATISTICS

##### Historical NAV (USD)

	1 Month	12 Months	Since Launch
High	1.0680	1.0796	1.0796
Low	1.0395	1.0395	0.9512

Source: Lipper IM

##### Historical Distributions (Quarterly) (Net)

	Distribution (sen)	Yield (%)
21 Feb 2018	2.2000	2.07
21 Nov 2017	1.0000	0.93
22 Aug 2017	0.8000	0.75
23 May 2017	1.5000	1.40

Source: RHB Asset Management Sdn. Bhd.

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**MANAGER'S COMMENTS****MARKET ENVIRONMENT**

US dollar denominated Asian high yield bonds posted negative returns during the month as credit spreads widened and the US Treasury yields rose. US Treasury yields were led by better-than-expected US payroll numbers and wage inflation. The credit spreads widened owing to volatility across markets due to expectations of faster than expected rate hikes by the US Federal Reserve (Fed). However, risk sentiment eventually stabilised with Treasury yields falling in the latter half of the month on the back of Trump's talk on imposing tariff on steel and aluminium. At a country level, China's ruling Communist Party set the stage for President Xi Jinping to stay in office indefinitely, with a proposal to remove a constitutional clause limiting presidential service to just two terms in office. On the macro front, a weaker-than-expected official manufacturing data raised concern about China's economic health. Meanwhile, in India, there was uncertainty over the operation of state-run banks. Following a \$2 billion fraud at Punjab National Bank, the regulator set a 15-day deadline for banks to improve oversight of their operational and technological risks. On a positive note, India's GDP for the October–December quarter surpassed estimates, due to strength in the services sector and a rebound in agriculture and manufacturing. Indonesia's trade deficit widened unexpectedly and was the highest in almost four years in January. Its fourth quarter GDP rose at a higher-than-anticipated pace, due to a pickup in exports. On the monetary policy front, Asian central banks kept interest rate unchanged, while inflation data remained subdued.

**TARGET FUND POSITIONING**

The Target Fund Manager remains cautiously positive on the Asian high yield market. Central banks in Asia should have room to remain neutral-to-accommodative with their monetary policies in order to balance domestic inflation, capital flows and growth rates. Recent US rate movements were reaction to stronger than expected wage growth, which suggests that we are marching further into expansionary phase of the market cycle. Evidently, the impact of rising rates on Asian high yield bonds is limited given their short duration (less sensitive to interest rate moves) as demonstrated by its resilience amid Treasury yield volatility in early February. Fundamentally, there has been strong improvement in Asian issuers, especially in more cyclical sectors. While valuations are at the tighter end, they are reflective of falling default expectations and improving credit profiles, as well as strong technical support from mostly Asia-based investors looking for yield and income opportunities. Regarding potential headwinds, the Target Fund Manager is closely monitoring supply of new issuance; onshore China maturities in 2018. A tighter restriction on onshore issuance may further support offshore high yield supply and weigh on the strong technical. But so far during the year, supply and demand have been largely balanced. In the US, faster than expected monetary tightening could hurt risk sentiment and lead to some volatility in spreads globally. Like in previous years, China's constant juggle between growth, reforms and leverage will be on their radar. Default rate was exceptionally low last year and may slightly pick up going forward. But their base case remains that it should remain at 2-3% given the improving earnings and stronger balance sheets the Target Fund Manager has witnessed in the past two years.

**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 investor" 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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