

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:

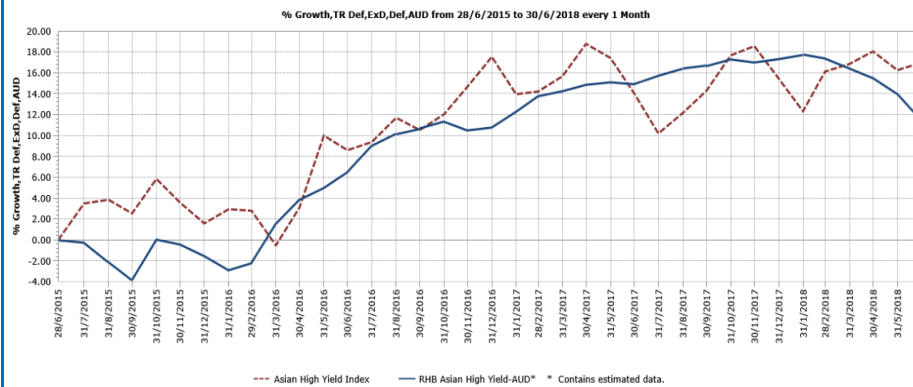
- are 'sophisticated investors' as defined in the Information Memorandum.

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	-2.18	-4.24	-5.01	-5.01
Benchmark	0.60	0.10	1.30	1.30

	1 Year	3 Years	Since Launch
Fund	-2.99	11.46	11.46
Benchmark	2.54	18.03	16.95

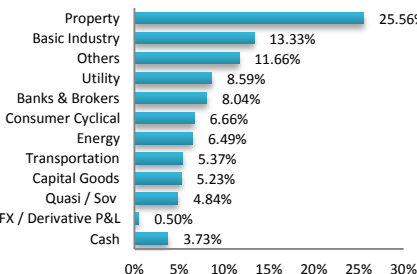
Calendar Year Performance (%)*

	2017	2016
Fund	5.96	12.52
Benchmark	8.88	10.74

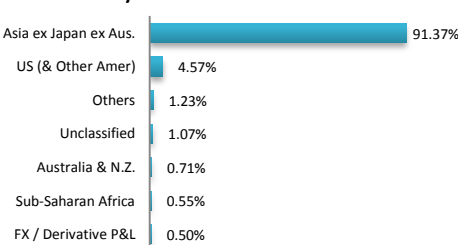
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

INDIKA ENERGY CAP II PTE	2.55
REPUBLIC OF PHILIPPINES	2.52
BAOXIN AUTO FINANCE I LT	2.41
FORTUNE STAR BVI LTD	2.26
ABJA INVESTMENT CO	2.12

*As percentage of NAV

*Source: Fidelity, 30 June 2018. Exposure in Fidelity Asian High Yield Fund A - HMDIST(G)-AUD - 95.33%

FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder (Fixed Income) Fund
Fund Type	Income and Growth Fund
Launch Date	08 June 2015
Base Currency	Australian Dollars (AUD)
Unit NAV	AUD 0.9384
Fund Size (million)	AUD 6.28
Units In Circulation (million)	6.69
Financial Year End	31 May
MER (31 May 2017)	1.21%
Min. Initial Investment	AUD 20,000.00
Min. Additional Investment	AUD 10,000.00
Benchmark	BofA/Merrill Lynch Blended Index: ACCY, 20% Level 4 Cap 3% Constrained
Sales Charge	Up to 5.50% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	0.06% p.a. of NAV*
Switching Fee	Not applicable
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Quarterly, if any

*All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.

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 STATISTICS

Historical NAV (AUD)

	1 Month	12 Months	Since Launch
High	0.9594	1.0606	1.0765
Low	0.9385	0.9385	0.9385

Source: Lipper IM

Historical Distributions (Quarterly) (Net)

	Distribution (sen)	Yield (%)
24 May 2018	2.0000	2.00
21 Feb 2018	2.5000	2.42
21 Nov 2017	2.2000	2.09
22 Aug 2017	1.8000	1.70

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 quarter as credit spreads widened and US Treasury yields rose. The US Federal Reserve (Fed) raised interest rates in June and indicated a tightening bias, which led to a sharp decline in Asian currencies, including the Chinese renminbi. This exacerbated emerging market outflows. A significant correction in Chinese equities also weighed on the China credit complex. Risk sentiment was further dampened amid fears that the US-China trade dispute could escalate into a global trade war. Asian high yield index spreads rose above 500 bps for the first time since the start of 2017, presenting good value for investors with a medium-term investment horizon. At a country level, economic data releases in China broadly disappointed. While exports and imports were higher than anticipated, retail sales, fixed asset investment and bank lending fell below expectations in May. Manufacturing activity was also below estimates in June. In the same month, the People's Bank of China injected funds into the financial system via its medium-term lending facility to offset liquidity pressure. The central bank also announced that it will lower reserve requirement ratios for some banks to support qualified debt-to-equity swap programmes and help to finance small businesses. National Development and Reform Commission and China Construction Bank plan to set up an investment fund worth approximately US\$47 billion to support emerging industries. The Reserve Bank of India increased key benchmark interest rates for the first time in more than four years to control inflation. Notwithstanding a decline in jobs growth, the unemployment rate slid in May due to a fall in labour force participation. Bank of Indonesia raised key interest rates in June, following two interest rate hikes in May, to support the weakening Indonesian rupiah. Meanwhile, supply, especially from Chinese issuers, remained strong, creating an unfavourable technical backdrop in the Asian US dollar credit space.

TARGET FUND POSITIONING

Looking at the second half of 2018, the Target Fund Manager remains cautiously positive on the Asian high yield market. Although risk sentiment has turned weaker compared to the start of the year, the synchronised global growth backdrop remains intact.

Regarding potential headwinds, the current amount of trade tariffs accounts for close to 2.5% of Chinese exports to the US and less than 1% of China's total exports, which means that the direct impact is probably less than the recent market reaction suggests. If trade tensions intensify, it is likely that the rest of the portfolio will be impacted. However, Asian high yield names have been on an uptrend since the last few years. The Target Fund Manager's concerns over strong issuance and higher US interest rates have materialised and pushed credit spreads wider.

Nonetheless, the recent volatility has made valuations more attractive for investors with a medium-term horizon. But with onshore funding costs now back at lower levels, the manager believes the rest of 2018 will witness a more balanced technical dynamic.

Focus on high quality issuers

The Target Fund is slightly overweight in terms of its credit beta (a measure of the Target Fund's sensitivity to credit spreads), 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.

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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