

### RHB USD HIGH YIELD BOND FUND - USD CLASS

The Fund aims to maximise total return by investing in one target fund, i.e. the BlackRock Global Funds – US Dollar High Yield Bond Fund.

#### INVESTOR PROFILE

This Fund is suitable for:

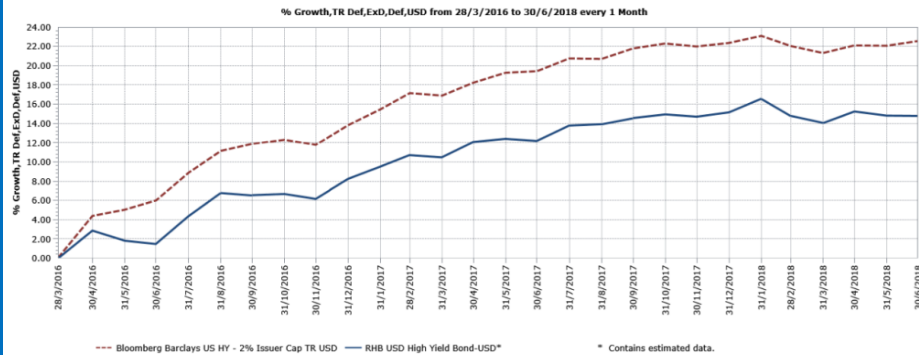
- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

#### INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the USD denominated class X6 shares of the Target Fund.
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and Placements of Cash.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	-0.03	0.65	-0.30	-0.30
Benchmark	0.40	1.03	0.16	0.16

	1 Year	Since Launch
Fund	2.34	14.77
Benchmark	2.62	22.55

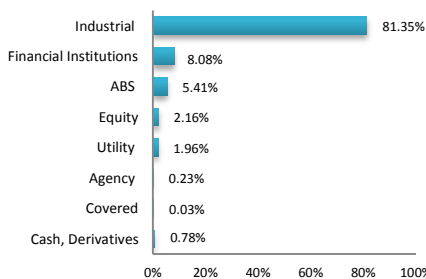
##### Calendar Year Performance (%)\*

	2017
Fund	6.38
Benchmark	7.50

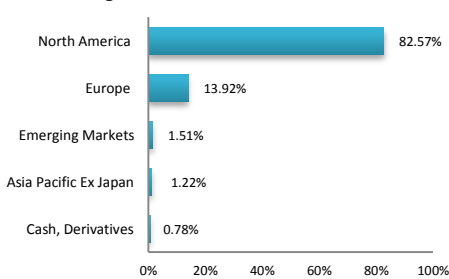
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Region Allocation\*



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

CLEAR CHANNEL WORLDWIDE HOLDINGS I 6.5	11/15/2022	1.30
BLACKSTONE CQP HOLDCO LP 144A 6.5	03/20/2021	1.23
THE STARS GROUP INC 0	12/31/2049	1.20
HD SUPPLY INC 144A 5.75	04/15/2024	0.93
GMAC CAPITAL TRUST I 8.1275	02/15/2040	0.79

\*As percentage of NAV

\*Source: Black Rock, 30 June 2018. Exposure in BlackRock US Dollar High Yield Bond Fund - 97.57%

#### FUND STATISTICS

##### Historical NAV (USD)

	1 Month	12 Months	Since Launch
High	1.0765	1.1576	1.1576
Low	1.0613	1.0613	1.0000

Source: Lipper IM

##### Historical Distributions (Last 4 Quarters) (Net)

	Distribution (sen)	Yield (%)
20 Apr 2018	2.2000	2.02
20 Dec 2017	6.5000	5.71

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**MANAGER'S COMMENTS**
**PORTFOLIO ACTIVITY**

The Target Fund reduced its risk profile slightly in the second quarter, bringing its beta to slightly below 1.0. Similarly, the Target Fund held its underweights to BB rated credits and overweight to select CCCs. Importantly, the Target Fund maintained underweights to the market's tails – both the higher-yielding 8%-plus segment of the market that contains a larger concentration of stressed assets, as well as the lower-yielding portion of the market. From a sector perspective, the Target Fund reduced its allocation to healthcare and technology names over the quarter. Similarly, the Target Fund remained underweight the retailers and automotive sectors, as fundamental weaknesses associated with these issuers continue. The Target Fund also maintained positions in liquid products (a combination of total return Swaps and HY index CDX). Tactical positions include CLOs and preferred and common equity.

The Target Fund's core issuer/credit biases remained centred on cashflow views, determination of a specific catalyst and/or idiosyncratic characteristics. The Target Fund has generally underweighted businesses with more cyclical income profiles and/or issuers with obsolete operating models facing secular decline. From a credit standpoint, the Target Fund Manager remains underweight BB rated credits and overweight single-B and select CCC issuers. The Target Fund Manager's conviction for the Target Fund's CCC rated credits is based on at least one of the following: a potential for a near-term upgrade to single-B, a near-term catalyst for price appreciation and/or it is short duration paper with substantial yield. As noted, retailers and automotive are underweights. The top overweight issuers include: Clear Channel Outdoor (media & entertainment), Stars Group (gaming) and Cheniere (natural gas). At period-end, the Target Fund had an average credit rating of B1/B+ and a yield-to-worst of 6.3% for the high-yield bonds.

**MARKET OUTLOOK AND POSITIONING**

The Target Fund Manager continues to see steady growth and modestly rising inflation, along with the FOMC following its path of rate hikes. These macro tailwinds suggest this prolonged credit cycle still has legs. However, markets lack consensus on the length and durability of the economic expansion, pace of inflation and the impact of monetary tightening and US fiscal stimulus on the path of interest rates. As a result, the Target Fund Manager has seen a shift to higher volatility across risk assets and believes this will persist. Specific to high-yield issuers, limited near-term maturities and healthy fundamentals should keep defaults muted this year. Fewer CCC/lower-quality new deals, coupled with little LBO activity, are also positive signs for the market, though growing concern regarding investment-grade leverage levels and the possibility of a surge in 'fallen angel' activity is a phenomenon to monitor. Elevated return dispersion should benefit us as active managers – the Target Fund Manager seeks to derive two-thirds of their alpha generation from idiosyncratic/issuer selection. Overall, the Target Fund Manager expects high yield to post a positive return with modest spread tightening in 2018.

**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 March 2016 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, liquidity risk, country risk and currency risk (of RM class only) and the specific risks of the target fund are fixed income transferable securities, distressed securities, delayed delivery transactions, sovereign debt, bond downgrade, derivatives risk and currency 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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