

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:

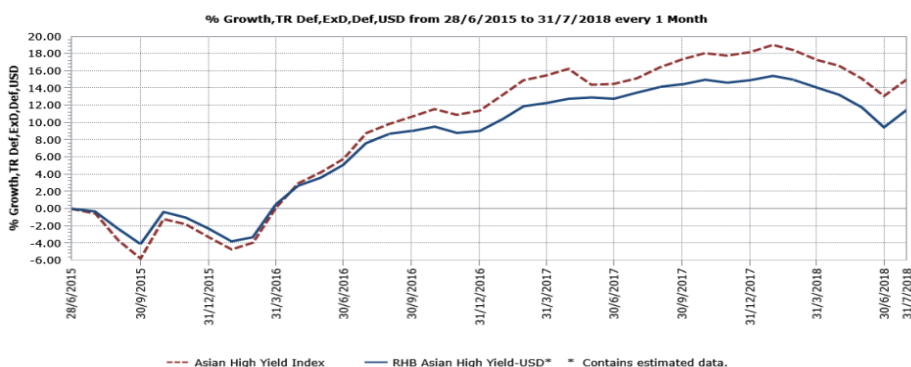
- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

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	1.87	-1.55	-3.40	-2.97
Benchmark	1.72	-1.35	-3.35	-2.66

	1 Year	3 Years	Since Launch
Fund	-1.74	11.84	11.47
Benchmark	-0.09	15.65	15.01

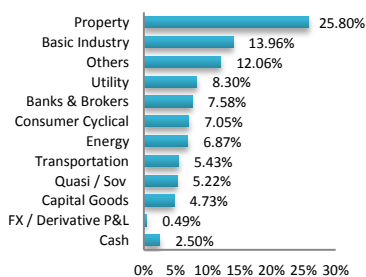
Calendar Year Performance (%)*

	2017	2016
Fund	5.40	11.58
Benchmark	17.61	10.21

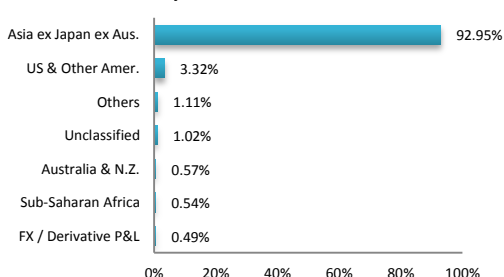
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

INDO ENERGY FINANCE II	2.57
REPUBLIC OF PHILIPPINES	2.46
ABJA INVESTMENT CO	2.34
BAOXIN AUTO FINANCE I LT	2.31
PUMA INTERNATIONAL FINAN	2.12

*As percentage of NAV

*Source: Fidelity, 31 July 2018. Exposure in Fidelity Asian High Yield A - MDIST-USD - 96.83%

FUND STATISTICS

Historical NAV (USD)

	1 Month	12 Months	Since Launch
High	0.9910	1.0750	1.0796
Low	0.9558	0.9558	0.9512

Source: Lipper IM

Historical Distributions (Quarterly) (Net)

	Distribution (sen)	Yield (%)
24 May 2018	2.0000	1.94
21 Feb 2018	2.2000	2.07
21 Nov 2017	1.0000	0.93
22 Aug 2017	0.8000	0.75

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET ENVIRONMENT

US dollar denominated Asian high yield bonds posted positive returns in July, primarily due to tightening credit spreads. Asian credit spreads widened at the start of the month, as concerns around tighter liquidity in the onshore Chinese financial system raised fears around the possibility of increased defaults owing to heavy refinancing needs. Sentiment was further impacted by the unexpected weakness of the renminbi. In addition, expectations that the US Federal Reserve (Fed) would retain its monetary policy normalisation kept investors jittery. However, towards the second half of July, Asian markets witnessed a sharp and rapid turnaround and credit spreads tightened due to several new considerations. Most importantly, investors responded favourably to various monetary policy measures taken by Chinese authorities to ease financial conditions. Technical factors, such as low new supply during the last weeks of July, also supported the market. On the macroeconomic front, China's second quarter GDP growth slowed compared to the previous quarter, due to the impact of a crackdown on debt risks and a sharp fall in factory output growth in June. Exports, retail sales and new bank lending surpassed expectations, while imports and total social financing fell below estimates in June. In India, the central bank raised interest rates for the second time in two months in August to control inflation. Meanwhile, Indonesia's trade balance returned to a higher-than-anticipated surplus in June after a two-month deficit, due to slower growth in imports.

TARGET FUND POSITIONING

Looking at the second half of 2018, the Target Fund Manager remains cautiously positive on the Asian high yield market. Sentiment has improved since mid-July amid the policy response by Chinese authorities, which aims to strike a finer balance between deleveraging and maintaining growth. Over the year to date period, there were indications of higher US inflation and interest rates, which led to outflows in Asian US dollar denominated bonds. However, given the endogenous nature of global markets, with Asia accounting for 60% of the world's GDP growth, the US Fed is unlikely to ignore its policy impact on the region. Hence, the current unfavourable fund flows could moderate or even reverse. Fundamentally, there has been a strong improvement in Asian issuers, especially in the more cyclical sectors, as most results in the past two quarters were solid. Regarding potential headwinds, fears over a global trade war are likely to lead to continued volatility. The Target Fund Manager's base case remains that the US and China will eventually resolve their differences, although the process may take longer than expected. Supply from China should be more contained given the recent foreign exchange volatility and current funding cost differential (onshore cheaper than offshore). The year-to-date default rate has been within the Target Fund Manager's estimates and the Target Fund Manager expects it to remain low, at 2–3%, given improving earnings and stronger balance sheets. The Target Fund is slightly overweight in terms of its credit beta, with a bias towards 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:

Based on the fund's portfolio returns as at 15 July 2018, the Volatility Factor (VF) for this fund is 4.8 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 1.9 but not more than 6.6 (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 30 June 2018 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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 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.