

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:

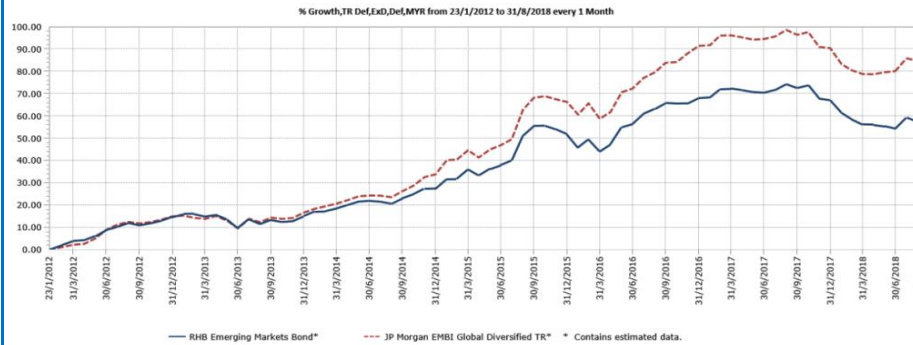
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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	-1.19	1.29	-0.74	-5.78
Benchmark	-0.65	2.82	2.28	-3.01

	1 Year	3 Years	5 Years	Since Launch
Fund	-9.68	4.10	41.10	57.36
Benchmark	-7.01	13.44	64.33	84.63

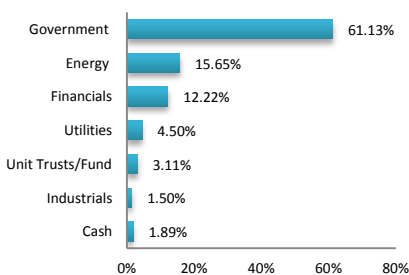
Calendar Year Performance (%)*

	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

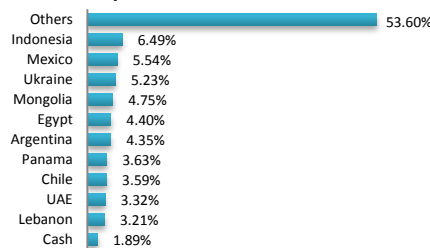
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

UNITED EMERGING MARKETS LOCAL CURRENCY BOND FUND - CLASS SGD ACC	3.11
ICD FUNDING LTD COMPANY GUAR REGS 05/24 4.625	3.03
OJSC RUSS AGRIC BK(RSHB) SUBORDINATED REGS 10/23 8.5	2.87
MONGOLIA INTL BOND SR UNSECURED REGS 03/24 8.75	2.42
REPUBLIC OF PERU SR UNSECURED 11/33 8.75	2.28

*As percentage of NAV

*Source: UOBAM, 31 August 2018. Exposure in United Emerging Markets Bond Fund - 96.98%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5554	0.6419	0.6681
Low	0.5403	0.5296	0.4959

Source: Lipper IM

Historical Distributions (Last 4 Quarters) (Net)

	Distribution (sen)	Yield (%)
28 Aug 2018	0.8500	1.56
24 May 2018	1.0000	1.80
21 Feb 2018	1.0000	1.68
21 Nov 2017	1.0000	1.61

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

The conditions for July's relief rally began to unravel in August driven by Turkey and Argentina, with emerging market (EM) growth fundamentals proving weaker than expected which in turn prompted consensus growth forecast revisions lower. EM growth downgrades had steadied in June and July, and the gap between the US and rest-of-world was forecast to narrow from 2Q to 3Q. However, deteriorating market conditions in August cut this window short, with EM local currency markets particularly impacted.

While the dip has been concentrated in a handful of countries which appear to have entered recession (such as Turkey, Argentina), China too has lost momentum. The slowdown in the rest of EM has been more modest, and the Target Fund Manager expects some rebound in 4Q18. However, risks are balanced to the downside. As the severity of Turkey and Argentina's macroeconomic imbalances and political challenges still appear exceptional within EM, other current account deficit countries have also come under increased pressure recently. This is in part, the Target Fund Manager believes, because the nature of EM stress changed in August. Whereas the EM drawdown between April to July appeared to be largely a reaction to global financial conditions tightening more than expected, building stress since August has been more about a reassessment of EM fundamental risks. Amid a solid growth outlook in the developed markets, greater differentiation among EM countries and wider dispersion in EM growth rates appears likely, which calls for a selective approach towards EM FI investing.

Amidst a challenging backdrop and illiquid markets, the extra yield investors demand to own EM sovereign bonds over US Treasuries ended the month 39 bps higher at 366 bps. EM fixed income year-to-date cumulative flows ended the month lower at US\$7.1 billion (vs July: US\$7.8 billion).

STRATEGY

A re-escalation in trade jitters of late combined with pressure points such as Turkey and Argentina are likely to keep risk appetite at bay despite firm underlying sovereign fundamentals. The Target Fund Manager believes strong EM fundamentals will re-assert themselves with modest spread tightening once the Target Fund Manager gets confirmation of firmer data and subsided rates and FX volatility. The Target Fund Manager maintains a preference for defensives selection including Gulf Cooperation Council investment grade, Asia high yield, and selected Africa high yield. In the near-term The Target Fund Manager remains respectful of technical factors that may eclipse a stable EM backdrop.

Low interest rates in developed markets – negative in the case of Europe and Japan would be expected to offer support for EM fixed income. However, markets have only recently started to price in a series of risks emanating either directly or indirectly from the US – such as protectionism, stronger dollar and potentially higher inflation. The Target Fund Manager remains mindful of the impact a strong dollar could have on EM. The Target Fund Manager believes that once the initial adjustment to potentially higher short-term core yields and a stronger USD is complete, a more structural view on market beta will be supported by continued strong bid for EM. Overall, the Target Fund Manager continues to like EM bonds, primarily for their carry and for favorable risk-adjusted returns over the long-term.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 August 2018, the Volatility Factor (VF) for this fund is 8.4 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 6.6 but not more than 8.7 (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 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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