

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:

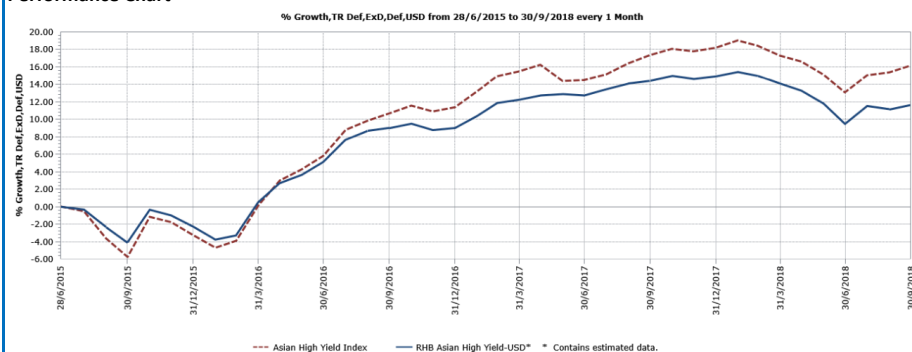
- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

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	0.46	2.01	-2.12	-2.84
Benchmark	0.67	2.70	-0.97	-1.72

	1 Year	3 Years	Since Launch
Fund	-2.42	16.40	11.63
Benchmark	-1.01	23.24	16.12

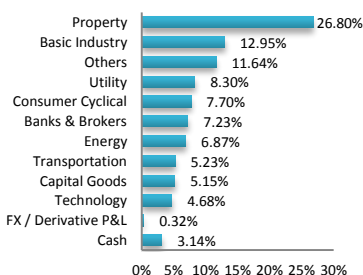
Calendar Year Performance (%)*

	2017	2016
Fund	5.40	11.58
Benchmark	17.61	10.21

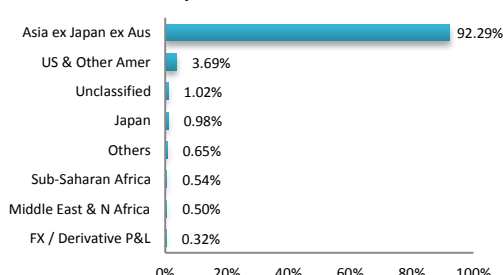
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

BAOXIN AUTO FINANCE I LT	2.41
ABJA INVESTMENT CO	2.31
INDIKA ENERGY CAP II PTE	2.29
VEDANTA RESOURCES PLC	2.05
PUMA INTERNATIONAL FINAN	2.02

*As percentage of NAV

*Source: Fidelity, 30 September 2018. Exposure in Fidelity Asian High Yield A - MDIST-USD - 97.05%

FUND STATISTICS

Historical NAV (USD)

	1 Month	12 Months	Since Launch
High	0.9738	1.0750	1.0796
Low	0.9609	0.9558	0.9512

Source: Lipper IM

Historical Distributions (Quarterly) (Net)

	Distribution (sen)	Yield (%)
28 Aug 2018	1.8000	1.84
24 May 2018	2.0000	1.94
21 Feb 2018	2.2000	2.07
21 Nov 2017	1.0000	0.93

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 over the quarter, driven by tighter credit spreads and higher coupon income. Asian credit spreads widened at the start of July, as concerns around tight liquidity in the onshore Chinese financial system raised fears around the possibility of increased defaults. Sentiment was further impacted by the unexpected weakness of the renminbi. 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 implemented by Chinese authorities to ease financial conditions.

Technical factors, such as low new supply during the last weeks of July, also supported the market. Returns in August was largely flat, as negative headlines in emerging markets offset looser monetary conditions in onshore China as well as solid first half results from Chinese property issuers. 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. The Indian government raised import tariffs on certain goods to support the Indian rupee, and announced measures to ease borrowing norms for the manufacturing sector. It reiterated its commitment to fiscal discipline by sticking to its fiscal deficit target of 3.3% of GDP. The Indonesian central bank raised interest rates for the fifth time since May to protect the rupiah from a sell-off in emerging markets.

TARGET FUND POSITIONING

Looking at the second half of 2018, the manager remains cautiously positive on the Asian high yield market. Sentiment has improved since mid-July, in light of 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. A strong US dollar also put pressure on certain emerging market countries such as Turkey and Argentina. However, Asia is generally in a better position compared to the rest of the emerging market, given strong foreign exchange reserves and proactive policies to counter the strong US dollar. Relative valuations on Asian high yield bonds compared to developed market bonds are also much more attractive than they were at the start of the year. Fundamentals of Asian issuers have remained stable on the back of robust first half results. Valuations, even after the rebound in July, are still attractive compared to developed markets.

Focus on high quality issuers

The manager will continue to actively and passively add risk while managing overall liquidity. In addition to its cash position, the Target Fund has 10–15% market weight in short dated (<1year)/near-term callable bonds to ensure a robust liquidity profile and high natural income, which also keeps overall volatility lower for the period ahead. In terms of duration (a measure of its sensitivity to changes in interest rates), the Target Fund now has a neutral duration position compared to the index.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 September 2018, the Volatility Factor (VF) for this fund is 4.7 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.