

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:

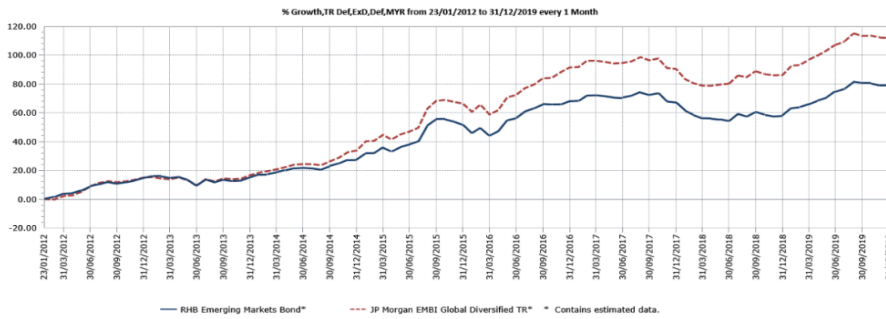
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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	0.07	-0.68	2.62	13.54
Benchmark	-0.09	-0.53	2.30	13.87

	1 Year	3 Years	5 Years	Since Launch
Fund	13.54	6.67	40.77	79.22
Benchmark	13.87	10.72	58.33	111.92

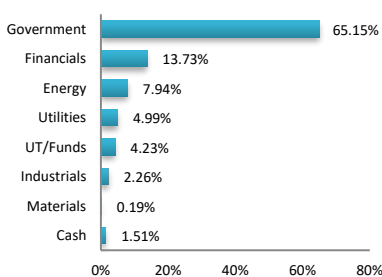
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	13.54	-5.48	-0.60	10.71	19.20
Benchmark	13.87	-2.24	-0.53	15.09	24.25

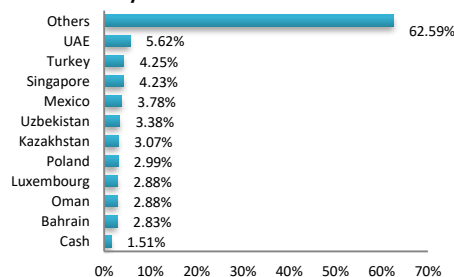
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

UNITED EMERGING MARKETS LOCAL CURRENCY BOND FUND CLASS SGD ACC	4.23
OJSC RUSS AGRIC BK(RSHB) SUBORDINATED REGS 10/23 8.5	2.88
REPUBLIC OF TURKEY SR UNSECURED 08/24 6.35	2.74
GOVT OF BERMUDA SR UNSECURED REGS 02/29 4.75	1.84
STATE OF QATAR SR UNSECURED REGS 03/49 4.817	1.82

*As percentage of NAV

*Source: UOBAM, 31 December 2019. Exposure in United Emerging Markets Bond Fund - 96.23%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5909	0.6058	0.6681
Low	0.5837	0.5420	0.4959

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
27 Nov 2019	0.9000	1.51
28 Aug 2019	0.6500	1.10
28 May 2019	0.6000	1.06
27 Feb 2019	0.7000	1.28

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

EM markets ended the year with gains following progress in US-China trade talks with agreement of a phase one trade deal that will mark a formal truce in the long-running trade war between both countries. The deal would see China greatly increase its purchases of US goods including farm products in exchange for the cancellation of new US tariffs that were initially slated to take effect on 15 December.

Positive political developments in other Latin American markets such as Ecuador and Argentina also boosted short-term risk taking even as seasonality factors came into play. Overall, the EMBIG index posted gains for the month of 2.0% as spreads narrowed (by 33 bps to 291 bps vs. 324 bps in the previous month) to offset higher US treasury rates (10-year US Treasury yields picked up by 14.2 bps to 1.92% from the prior month's 1.78%). For December, in SGD terms, the GEMs fund returned 0.88% vs 0.91% for benchmark.

POSITIONING IN KEY MARKETS

The global macro backdrop currently remains favourable entering 2020 as the demand for yield is likely to keep risk appetite relatively intact especially if developments in US-China trade talks maintain their positive momentum. Continued flexibility in monetary policy from global central banks will also lend some support in this regard at least in the near term.

The Target Fund Manager maintains their overall underweight in Latin America due in part to the prolonged nature of its socio-economic protests, and uncertainty over the policies of recently elected governments. For instance, the Target Fund Manager retains their underweight in Argentina even though there was a momentary reprieve in the form of an upgrade in its credit ratings from 'Selective Default' to 'CC' by S&P following the unilateral extension of US dollar denominated short-term papers, and plan by the government to service coupons on bonds due in the first week of January. The Target Fund Manager deems that it is still too early to take a strong market position in the country given the still-high likelihood that Argentina will have to restructure its bonds and lack of clear visibility over its fiscal policies.

In Asia, the Target Fund Manager remains overweight Mongolia, as its stable fundamentals are anchored by an IMF program and technicals remain favorable due to limited bond supply. The Target Fund Manager is neutral in Indonesia from a valuations perspective following a strong performance in 2019. In terms of fundamentals, Indonesia's metrics remain favourable with high real rates, supportive policy dynamics, which should support its performance in 2020. Lastly, should positive developments between the US-China turn more sustainable, the Target Fund Manager will look to revise their underweight positioning slightly where appropriate on valuations though the Target Fund Manager remains mindful on credit concerns following the series of corporate defaults in 2019.

Lastly for CEEMEA, Lebanon and South Africa are still key underweights. The former's situation remains fluid even as a new PM-designate was appointed in December with the country's central bank undertaking extraordinary measures to contain the economic fallout. As for the latter, the Target Fund Manager remains concerned over the potential for further deteriorations in its fundamentals, and its weakening fiscal position, which will inhibit its ability to support key quasi-sovereigns like Eskom.

STRATEGY

Entering 2020, the Target Fund Manager maintains their view that the US Fed will likely to hold firm on rate cuts over the near-term – barring any unexpected deterioration in US economic conditions – which will result in range-bound movements in US interest rates at current levels. As such, EM bond spreads will be more significant in determining investment performance.

Although the demand for yield will support risk taking and further spread compression, the Target Fund Manager is mindful that the risk-return profile for spreads remain skewed to the downside should global growth weaken more than expected, and from escalation in geo-political tensions and developments. In light of potentially limited upside, the Target Fund Manager views carry as the primary return driver in the near-term. Additionally, from a sell-off perspective, the Target Fund Manager is also cognizant of potential positioning changes in relation to higher beta sovereigns/credits that have turned rich following a stellar performance in 2019.

Lastly, the Target Fund Manager maintains their advocacy for Investment Grade issues over High Yield credits, and the Target Fund Manager will seek out better entry points once spreads have adjusted to latent risks, and supply expectations in 2020. Overall on a relative basis, the Target Fund Manager continues to like emerging market bonds over the medium to long-term, primarily due to their high carry and strong risk adjusted returns over the long term.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 December 2019, the Volatility Factor (VF) for this fund is 5.5 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 1.9 but not more than 6.5 (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 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2019.

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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