

RHB ASIA HIGH INCOME BOND FUND - GBP HEDGED CLASS

The Fund aims to provide capital appreciation over the medium to long-term[^] by investing in one (1) target fund.

Note: [^]“medium to long-term” in this context refers to a period of between 3 – 7 years.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the USD denominated class AM2 units of the Target Fund;
- The balance of the NAV: Investments in liquid assets including money market instruments, deposits that are not embedded with or linked to financial derivative instruments (Deposits) and collective investment schemes investing in money market instruments and Deposits.

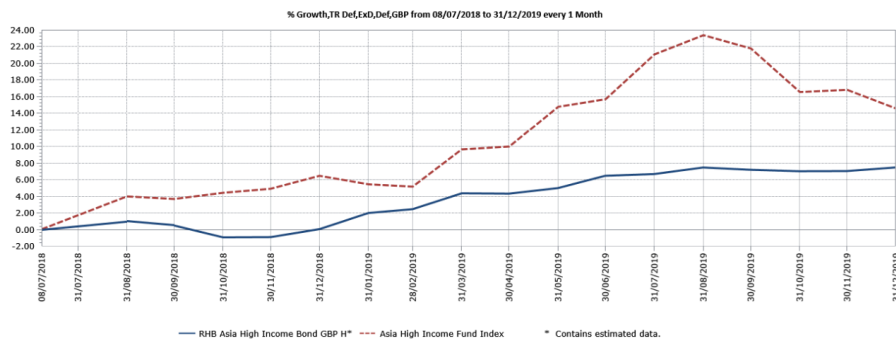
INVESTOR PROFILE

This Fund is suitable for:

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

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.41	0.26	0.94	7.40
Benchmark	-1.92	-5.93	-0.97	7.62

	1 Year	Since Launch
Fund	7.40	7.48
Benchmark	7.62	14.54

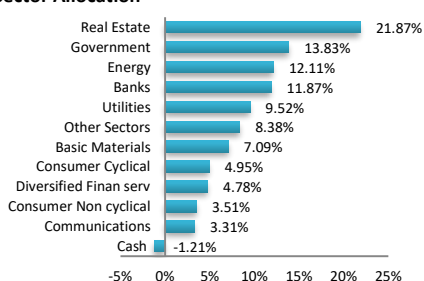
Calendar Year Performance (%)*

	2019
Fund	7.40
Benchmark	7.62

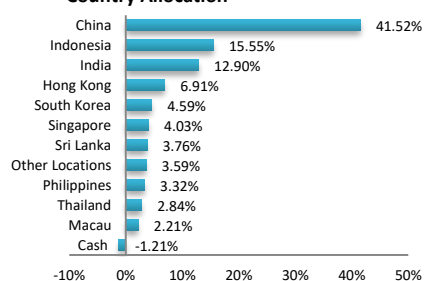
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Characteristics	Fund
Number of Holdings ex Cash	302
Yield to Worst (Gross)	4.51
Yield to Maturity (Gross)	4.68
Rating Average	BBB-/BB+

*As percentage of NAV

*Source: HSBC Global Asset Management, 31 December 2019. Exposure in HSBC Collective Investment Trust - HSBC Asia High Income Bond Fund - 96.87%

FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (M) Trustee Berhad
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	18 June 2018
Base Currency	USD
Unit NAV	GBP 1.0587
Fund Size (million)	GBP 8.69
Units In Circulation (million)	8.21
Financial Year End	30 April
MER (as at 30 April 2019)	0.16%
Min. Initial Investment	GBP 1,000.00
Min. Additional Investment	GBP 500.00
Benchmark	65% J.P. Morgan Asia Credit Diversified Investment Grade Index + 35% J.P. Morgan Asia Credit Diversified Non-Investment Grade Index
Sales Charge	Up to 3.00% of investment amount*
Redemption Charge	None
Annual Management Fee	Up to 1.20% p.a. of NAV*
Annual Trustee Fee	0.06% p.a. of NAV*
Switching Fee	GBP10.00 per switch*
Distribution Policy	Incidental, if any

*All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.

For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0593	1.0775	1.0775
Low	1.0531	1.0007	0.9879

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
29 Oct 2019	1.6000	1.50

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management Sdn Bhd (174588-X)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000

RHB ASIA HIGH INCOME BOND FUND - GBP HEDGED CLASS

The Fund aims to provide capital appreciation over the medium to long-term[^] by investing in one (1) target fund.

Note: [^]“medium to long-term” in this context refers to a period of between 3 – 7 years.

MANAGER'S COMMENTS
MARKET REVIEW

Asian credit market completed December in positive territory, driven mainly by tighter credit spreads. During the month, US treasury curve steepened with short-end edging lower and long-end higher. The US treasury yields were guided higher by heightened optimism over US-China trade negotiations as the two countries came to an agreement for a phase one deal and made concessions by halting and rolling back some tariffs. Meanwhile, economic data release from the US were upbeat, with improvement seen in both manufacturing sector and labour market. Meanwhile, short-end yields were suppressed at lower levels as the Fed continued to conduct repo operations to keep liquidity abundant ahead of year-end. By year-end, most policymakers from the Fed are seeing no interest rate change for 2020, while the futures market is pricing in a slim chance for one rate cut in the next year. Over the month, investment grade bonds underperformed high yield bonds amid tighter credit spreads. In the investment grade space, Indonesian and Philippine bonds saw meaningful spread compression across the board on the back of weaker USD that alleviated pressure on the countries' widened current account deficits. Meanwhile, Indonesian corporate bonds also benefitted from favourable commodity price movements. Elsewhere, India TMT rallied as the firms charge higher fees on to mobile data subscribers and are allowed to defer their payments on spectrum. Such developments are expected to alleviate financial stress after fierce price wars in the industry. Conversely, ultra-long bonds from Thailand and sovereign bonds from Korea and Hong Kong trailed the others. In the high yield space, bonds from Pakistan and Sri Lanka outshined the others in light of hope for monetary easing and strong rebound after a selloff in November, respectively. At the same time, China transportation and India industrial names soared as they were able to avoid near term credit events. On the other hand, China state-owned enterprises from the diversified and TMT sectors were heavily sold off amid fear of defaults, but recouped some losses later as one of the troubled companies was able to seek new stakeholders. Additionally, select names in China consumer and financial sectors also underperformed in light of concerns over repayments.

PORTFOLIO STRATEGY

The Target Fund registered returns in positive territories in December. On a relatively basis, the Target Fund benefited from its credit exposure. Of note, the Target Fund's selection in the China property and utilities as well as Indonesia quasi sovereign sectors proved rewarding. An underweight in the China industrials sector also added value as the sector was weighed on by idiosyncratic news headlines during the month. Conversely, the Target Fund's underweight positions in Sri Lanka and Philippines sovereign bonds weighted on relative returns. The Target Fund's overweight positions in the 7-10 years part of the USD curve also detracted as the longer end broadly moved up. In terms of overall portfolio allocation, the Target Fund Manager continues to overweight the Chinese property sector, although more on an individual bond selection basis. The Target Fund Manager expects to see greater divergence in credit quality within the sector against the backdrop of weaker economic growth and slower property sales growth in the country. The Target Fund Manager is also overweight the China financial sector, favouring mostly investment grade asset management companies. At the same time, the Target Fund Manager has also retained their overweight in the Indonesia corporate sector. Within this market, the Target Fund Manager continues to favour selected names in the utilities and property sectors as their yields are attractive and fundamentals remain sound. On the other hand, the Target Fund Manager remains underweight markets, such as Korea, Philippines and Hong Kong, where the Target Fund Manager finds valuations unattractive. The Target Fund Manager is also underweight sovereign and quasi sovereign bonds. At the same time, the Target Fund Manager maintains their strategic neutral duration stance while tactically managing the portfolio duration.

MARKET OUTLOOK

Global fixed income markets- including those in Asia- generally performed very well in 2019, and this was driven primarily by lower interest rates across sovereign yield curves as Central Banks supported economies with low inflation and lacklustre growth. This was also a benign environment for credit fundamentals, and spreads were generally tighter as a result. This means that the Target Fund Manager enters 2020 with lower sovereign yields and- in most places in the world- tighter credit spreads. So the outlook for 2020 on an absolute basis is probably not quite as good as at the start of 2019. Where Asia continues to look very attractive, though, is on a relative basis, where the higher yields and generally benign economic environment make a stark comparison to the low- and even negative- yields on offer in other markets. The Target Fund Manager would reiterate that diversification is one of the main reasons to consider Asian bonds as part of your overall strategic allocation. Whereas markets are uncertain, taking advantage of alternative return drivers and macro exposures should make for more resilient portfolios. In terms of individual markets within Asia, the Target Fund Manager remains positive on hard currency Asian credit where spreads against the rest of the world have widened in recent months, especially in the High Yield area. Negative headlines on China have inspired caution, but the Target Fund Manager believes are also creating opportunities to take advantage of higher yields in credit worthy bonds. Bottom up bond selection is key in this market at the moment in order to avoid defaults and to identify value. It is perhaps worth noting that despite the negative newsflow, defaults in the hard currency market have been rare and idiosyncratic, while overall returns have been healthily positive, especially in Asian high yield bonds. In conclusion, moving into 2020 Asian bonds continue to enjoy a healthy yield premium over other markets of similar quality, but also have more stable political frameworks than other traditionally emerging market regions and better economic fundamentals than developed regions. The Target Fund Manager believes that these markets remain attractive on a relative and absolute basis, and that global portfolios will benefit from higher allocations.

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 18 June 2018 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 investors” 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, currency risk and country risk and the specific risks of the target fund are geographical concentration risk, emerging and less developed markets securities risk, foreign exchange and currency conversion risk, credit risk and below investment grade or unrated securities risk, downgrading risk, Interest rate risk, volatility and liquidity risk, valuation risk, credit ratings risks and credit rating agency risks, debt securities risk, sovereign debt risk, convertible bonds risk, contingent, convertible securities risks and collateralised and/or securitised products risk, derivatives risk, hedging risk, distribution out of capital risk, investor risk, cross-class liability risks, prohibited securities risks. 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.

RHB Asset Management Sdn Bhd (174588-X)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000

www.rhbgroup.com


RHB Asset Management Sdn Bhd (174588-X)

