

RHB CHINA BOND FUND - AUD HEDGED CLASS

The Fund aims to maximise total return by investing in one (1) target fund.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the RMB denominated class I6 units of the Target Fund.
- The balance of the NAV: Investments in liquid assets including money market 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

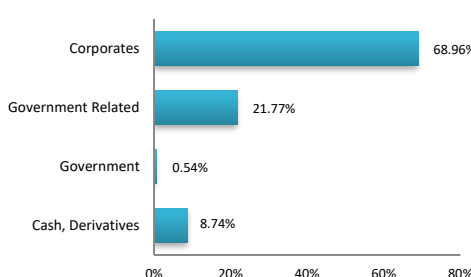
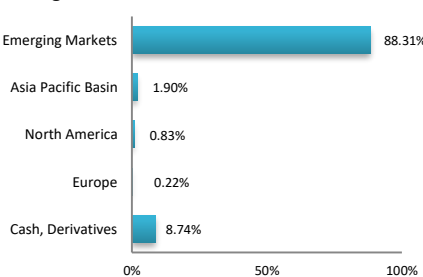
There is no performance record as the Fund launched less than 1 year.

FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	CIMB Commerce Trustee Bhd
Fund Category	Wholesale Feeder
Fund Type	Growth Fund
Launch Date	15 May 2019
Base Currency	RMB
Unit NAV	AUD1.0194
Fund Size (million)	AUD17.09
Units In Circulation (million)	16.77
Financial Year End	31 August
MER	Not available
Min. Initial Investment	AUD1,000.00
Min. Additional Investment	AUD500.00
Benchmark	1-year China Household Savings Deposits Rate 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	Up to 0.04% p.a. of NAV*
Switching Fee	AUD 10.00 per switch*
Distribution Policy	Incidental

**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 PORTFOLIO ANALYSIS
Sector Allocation*

Region Allocation*

Top Holdings (%)*

CHENGDU XINGCHENG INVESTMENT GROUP REGS 2.5 (20/03/2021)	1.39
KUNMING TRAFFIC INVESTMENT CO LTD MTN REGS 6.2 (27/06/2022)	1.35
HUANENG HONG KONG CAPITAL LTD REGS 3.6 (31/12/2049)	1.24
INNER MONGOLIA HIGH-GRADE HIGHWAY REGS 4.375 (04/12/2020)	1.20
CHINA SHANDONG INTERNATIONAL ECONO REGS 4 (21/12/2020)	1.19

*As percentage of NAV

*Source: Black Rock, 31 December 2019. Exposure in BlackRock Global Funds - China Bond Fund - 93.70%

FUND STATISTICS
Historical NAV (USD)

	1 Month	12 Months	Since Launch
High	1.0209	N/A	1.0225
Low	1.0058	N/A	0.9958

Source: Lipper IM

RHB CHINA BOND FUND - AUD HEDGED CLASS

The Fund aims to maximise total return by investing in one (1) target fund.

MANAGER'S COMMENTS**TARGET FUND'S POSITIONING**

The Target Fund Manager sees underlying portfolio resilience and credit quality increasing in importance for investments in the coming months. The Target Fund Manager's underlying portfolio has been remarkably resilient, given diversification via risk management between the onshore and offshore market. The Target Fund Manager continues to maintain their preference for offshore hard currency in Q1 2020 for two reasons. One, spread compression given the improving risk-on sentiment. Two, supportive technicals on back of limited supply from LGFVs and properties due to NDRC quota controls.

The Target Fund Manager also expect limited price gains in the onshore market in Q1 on back of local government bond issuance and high CPI, which limits the feasibility of easing measures. Moving into Q2 2020, the Target Fund Manager is likely to increase their allocation in the onshore bond market in anticipation of further easing measures with CPI likely to be subdued.

In the investment grade space, the Target Fund Manager likes onshore central state-owned enterprises, which adds stability to the underlying portfolio through the sector's strong fundamentals - with potential for further spread compression on back of rate cuts. In addition, the Target Fund Manager likes offshore local SOEs holding strategic importance to the state given favourable technicals (strong demand from asset managers and insurance companies) and limited supply going forward.

In the high yield space, the Target Fund Manager continues to see value in sectors such as China HY property given the stable fundamentals and attractive valuations. China had started to tighten financing for Chinese developers which has created a spread premium between the asset classes. Furthermore, the Target Fund Manager's exposure in China property is focused on top companies which would benefit from the deleveraging process on back of more consolidation and increased market share. The Target Fund Manager also like onshore HY industrials given the opportunity for issuer diversification that is absent in the offshore market. At the same time, the Target Fund Manager expects continued easing to benefit the sector with improving credit transmissions.

MARKET OUTLOOK

The Target Fund Manager believes that China's economy will continue to be stable, holding a base view for GDP growth at 6.0% in 2020. Growth will continue to be primarily fuelled by private and government consumption at around 4.5ppt. Investment will likely be stronger at around 2ppt with net exports likely to print a deficit of -0.5ppt as import absorption improves both due to increased investment demand and a phase 1 deal with the US. The partial US-China trade deal removes some downside risk, allaying market fears in the short term. However, structural issues such as intellectual property rights and technology transfer remain unresolved. There is broad, bipartisan support in the U.S. to take a tough stance on China, and China looks prepared for a long struggle to gain global leadership in key future industries.

Stability will be a key priority for China in 2020. The Target Fund Manager expects that the government will continue to maintain a proactive fiscal stance accompanied by accommodative monetary policy. On the fiscal front, the Target Fund Manager sees the government actively seeking to play a more prominent role, as evidenced by the pre-allocation of RMB 1trillion in local government bond quota for bond issuance before Q1 2020 in order to boost infrastructure investment. In terms of monetary policy, the Target Fund Manager expects a policy stance to be marginally easier compared to 2019, as the latest Central Economics Work Conference (CEWC) suggested that policy should be "flexible and appropriate" VS "not too loose and not too tight" for 2019. The Target Fund Manager believes that the PBoC will continue to keep liquidity "reasonably ample" and the growth of money, credit and TSF suitable for economic growth. With that said, the Target Fund Manager expects policy rates to be lowered in a gradual manner given the recent hike in CPI number which will likely to be normalized in Q2 2020.

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 15 May 2019 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, liquidity risk, country risk and currency risk and the specific risks of the target fund are fixed income transferable securities risk, emerging market risk, restrictions on foreign investments risk, portfolio concentration risk, bond downgrade risk, sovereign debt risk, distressed securities risk, contingent convertible bond risk, credit risk of issuers, liquidity risk, currency risk, derivatives risk and securities lending 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.

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 Group @RHBGroup RHB Group RHBGroup

RHB Asset Management Sdn Bhd (174588-X)

