RHB Asset Management

FUND FACTSHEET – JANUARY 2020

All data expressed as at 31 December 2019
unless otherwise stated

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.

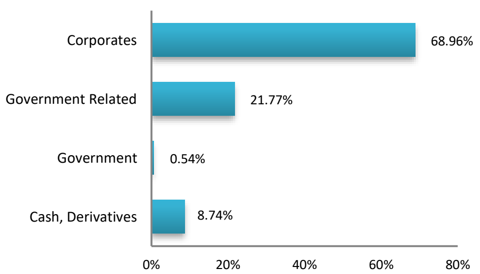
FUND DETAILS

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

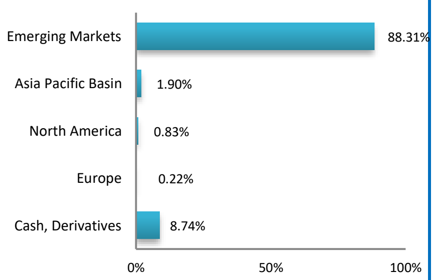
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management 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

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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.

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