RHB Asset Management

FUND FACTSHEET – FEBRUARY 2020

All data expressed as at 31 January 2020
unless otherwise stated

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

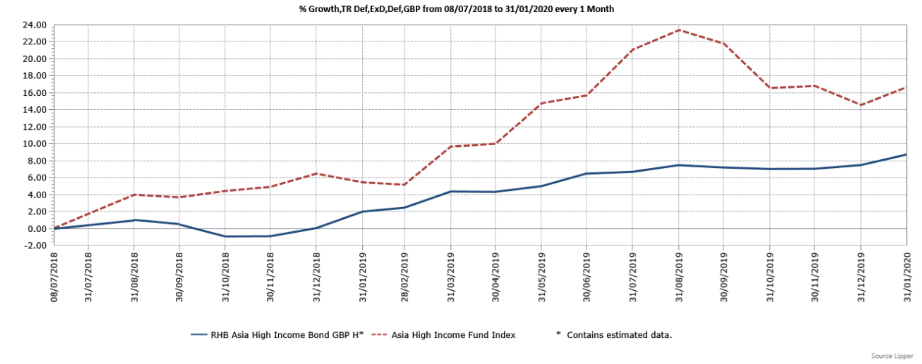
- At least 95% of NAV: Investments in the USD denominated class AM2 units of the Target Fund;
- The balance of the NAV: Investments in liquid assets including money market instruments, deposits that are not embedded with or linked to financial derivative instruments (Deposits) and collective investment 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	**1.16**	**1.59**	**1.91**	**1.16**
Benchmark	1.86	0.12	-3.62	1.86

	1 Year	Since Launch
Fund	**6.59**	**8.73**
Benchmark	10.69	16.67

Calendar Year Performance (%)*

	2019
Fund	**7.40**
Benchmark	7.62

Source: Lipper IM

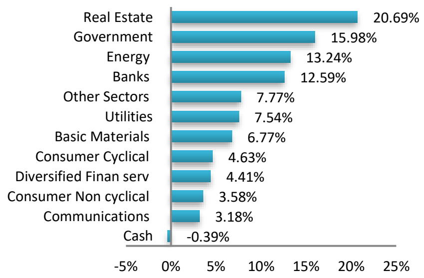
FUND DETAILS

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 1.0710
Fund Size (million)	GBP 8.95
Units In Circulation (million)	8.36
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

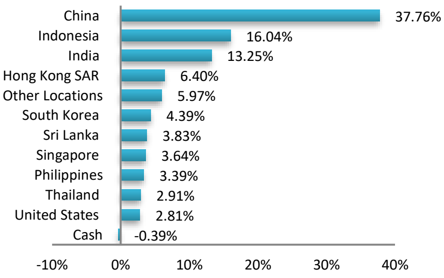
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Characteristics	Fund
Number of Holdings ex Cash	310
Yield to Worst (Gross)	4.19
Yield to Maturity (Gross)	4.38
Rating Average	BBB-/BB+

**As percentage of NAV*
**Source: HSBC Global Asset Management, 31 January 2020. Exposure in HSBC Collective Investment Trust - HSBC Asia High Income Bond Fund - 95.54%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0718	1.0775	1.0775
Low	1.0587	1.0201	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 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 January in positive territories, driven mainly by falling yields. Amid broad-based risk off-sentiment, US treasury curve broadly shifted downward. US treasury yields started the month lower as US-Iran geopolitical risk heightened. They later grinded higher when tensions receded and after China and the US signed the phase one trade deal. However, dominating market headlines later in the month was the coronavirus outbreak in China that sparked heavy selloff in risk assets and commodities. At the end of the month, markets remained worried about the impact from a slowdown in production and trade activity in China would have on the global economy, leading to a sharp fall in bond yields. In the US, the Fed kept interest rate and policy stance unchanged in its first meeting, but indicated its dissatisfaction on persistently low inflation and extended bill purchases into 2Q20, announcements investors considered slightly more dovish than those from past few meetings.Over the month, investment grade bonds outperformed high yield bonds amid wider credit spreads. In the investment grade space, treasury sensitive sovereign bonds from Korea, Malaysia and Philippines rallied. This is also the case for ultra-long dated bonds from Thailand oil & gas and utilities sectors. Elsewhere, the TMT sector also fared well, with spread compression mainly seen in Hong Kong broadband and Taiwan electronics names. On the other hand, Indonesian bonds underperformed with credit spreads widened across sectors, as the coronavirus led emerging market currencies weaker and dampened bond performance from the deficit country. In the high yield space, high beta sovereign bonds from Sri Lanka and Pakistan fared well, with the central bank from Sri Lanka carrying out a rate cut during a month. Elsewhere, Hong Kong transportation and Malaysia quasi-sovereign also rallied due to receding refinancing risk. Conversely, Macau gaming sector saw spreads widened amid a plunge in tourist visits from China. Similarly, China overall underperformed. The spreads widened in the property sector given market expects slower sales due to coronavirus outbreak. At the same time, select oil & gas names with high exposure to Iranian oil field were under selling pressure.

PORTFOLIO STRATEGY

The Target Fund returned positively in January despite the market volatility. On a relative basis, the Target Fund benefitted from its tactical overweight duration exposure as US treasury yields broadly moved down amid risk-off sentiment. The Target Fund's selection in the China property sector as well as an overweight in the China asset management companies also added value. Conversely, the Target Fund's selection in the Indonesia quasi sovereign and India high yield corporate, as well as the India oil & gas sectors detracted amid broad-based selloff of issues from these markets. In terms of overall underlying 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, Hong Kong and Philippines, 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 underlying portfolio duration.

MARKET OUTLOOK

The year 2020 started with strong market sentiment supported by PBOC's RRR cut and the signing of the Sino US trade phase one trade deal. Markets then made a turn amid intensified risk off sentiment due to the outbreak of the coronavirus. Obviously the exact progress of the virus is extremely difficult to predict. But in the near term, the kneejerk spread widening may continue as the market waits for the contagion to peak, and as short term pain from preventive measures dampens market sentiment. This may give us opportunities where the Target Fund Manager believes that the sell-off in certain bonds has been irrational. Given the importance of China to the global economy today, risk-off credit spread widening led by any virus contagion should continue to be offset by falling US treasury yields, leading to resilient Asia credit returns overall. With a growth slowdown already in place, the Target Fund Manager believes the Chinese government can roll out further monetary and fiscal support to counter the headwinds, and this could lead to lower RMB bond yields and tighter China credit spreads.In the longer term, the impact of the outbreak on the economy hinges on how fast the infection can be contained. The good news is the Chinese government has been far more efficient to step in and put out preventive measures today than it did in 2003 (from 5-6 months to merely couple weeks). If the Target Fund Manager takes the SARS incident as a reference, China experienced a meaningful decline in GDP growth in 2Q03, but was able to rebound sharply in 2H03 to yield a solid GDP growth for the whole of 2003. All that being said, the developments on the coronavirus certainly require ongoing monitoring, but the Target Fund Manager remains constructive on the Asia credit market on the back of its sound credit fundamentals and the yield cushion it offers against any downside.

RHB Asset Management Sdn Bhd (174588-x) **Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur** **General Line: 603-9205 8000**