

RHB ASIAN HIGH YIELD FUND – AUD

The Fund aims to provide income and long-term capital growth by investing in one target fund.

INVESTOR PROFILE

This Fund is suitable for Investors who:

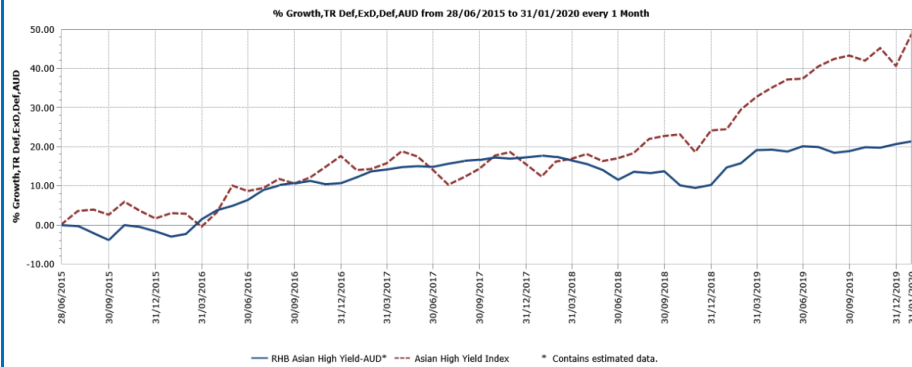
- are 'sophisticated investors' as defined in the Information Memorandum.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the AUD denominated class A (hedged) shares of the Target Fund.
- 2% to 5% of NAV: Investments in liquid assets including money market instruments and Placements of Cash.

FUND PERFORMANCE ANALYSIS

Performance Chart



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.58	1.24	1.20	0.58
Benchmark	5.82	4.81	5.91	5.82

	1 Year	3 Years	Since Launch
Fund	5.81	8.11	21.35
Benchmark	19.59	30.58	48.80

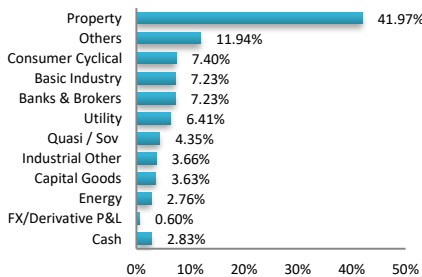
Calendar Year Performance (%)*

	2019	2018	2017	2016
Fund	9.46	-6.06	5.96	12.52
Benchmark	13.35	7.45	8.88	10.74

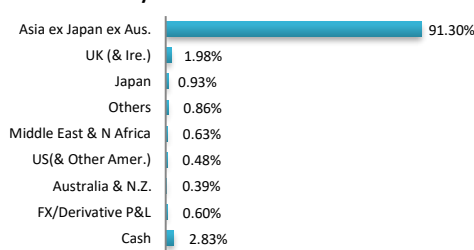
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

CHINA EVERGRANDE GROUP	3.91
YUZHOU PROPERTIES CO LTD	3.74
KAISA GROUP HOLDINGS LTD	3.40
GREENKO SOLAR MAURITIUS	2.98
ZHENRO PROPERTIES GROUP	2.56

*As percentage of NAV

*Source: Fidelity, 31 January 2020. Exposure in Fidelity Asian High Yield A - MDIST-USD - 97.31%

FUND STATISTICS

Historical NAV (AUD)

	1 Month	12 Months	Since Launch
High	0.9434	0.9546	1.0765
Low	0.9306	0.9177	0.8880

Source: Lipper IM

Historical Distributions (Quarterly) (Net)

	Distribution (sen)	Yield (%)
27 Nov 2019	0.9000	0.97
27 Aug 2019	1.0000	1.06
28 May 2019	1.4500	1.53
27 Feb 2019	1.5000	1.65

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET ENVIRONMENT

Asian high yield market delivered positive return in January on the back of stable coupon income. Investor sentiment received support as China and the US officially signed the phase one of trade deal. However, concerns over potential economic impact of coronavirus outbreak in China weighed on risk appetite later during the month. China took substantial measures to curtail the contagion, including extending the Chinese New Year public holidays, and imposing large scale quarantines and travel restrictions. On the technical side, record increase in issuances were registered during January despite the early Chinese New Year holiday. Heavy maturity concentrated over March-May along with Chinese property developers rushing to use previously approved National Development and Reform Commission quotas before expiry contributed to deals. Stronger growth in industrial production and fixed asset investment was noted on the economic front. Fourth quarter GDP grew in line with expectations. China property sales increased modestly in December but ended 2019 at historical high. In key policy developments, the People's Bank of China announced a further cut in the reserve requirement ratio by 50 bps to inject liquidity into banking system and support small and medium enterprises and private sector firms. Elsewhere, the US Federal Reserve kept its key interest rate unchanged and signaled that policy would stay on hold for the time being. India's Economic Survey projected 6% to 6.5% economic growth in the next financial year while indicating that the growth has bottomed out. Meanwhile, Bank of Indonesia left its key policy rate unchanged.

TARGET FUND POSITIONING

A month into 2020, we hold a constructive view on the Asian High Yield market. Trade tensions have de-escalated notably with the formal signing of phase one of trade deal between the US and China. However, with more sensitive topics still pending to be discussed in phase two negotiations – scope of headline driven volatility still exists. Resulting dislocations will present potential buying opportunities subject to careful issuer and security selection. Although there are select “green shoots”, data from China suggests growth remains sluggish. Outbreak of coronavirus has added another headwind to the near-term economic outlook. That said, downside to risk assets is contained since China has ability to ramp up stimuli in monetary and fiscal terms. The Target Fund Managers expect a relatively stable outlook for most of our invested corporates in the region. Technicals are likely to remain supportive as investors explore for yield amid easing bias of central banks. Going forward, the Target Fund Managers expect defaults to remain around 2-3% range in 2020. However, they remain cognizant of increased appetite on the part of government to allow restructuring/defaults, in order to establish debt discipline precedence. Acknowledging potential risks, the Target Fund is overweight credit beta given current valuations offer attractive potential total return driven by income over a 12 to 15-month horizon. The Target Fund Managers will continue to selectively and passively add risk while managing overall liquidity. In addition to its cash, the Target Fund has 10-15% market weight in short dated (<1year)/near-term callable bonds to ensure a robust liquidity profile and maintain high natural income, which also keeps overall volatility lower for the period ahead.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 January 2020, the Volatility Factor (VF) for this fund is 4.4 and is classified as “Low”. (source: Lipper) “Low” includes funds with VF that are above 1.8 but not more than 6.1 (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 31 December 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2020.

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 5 April 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 cumulative 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 for the Fund are management risk, currency risk, country risk and pricing and valuation risk and and the specific risks of the target fund are bonds, debt instruments & fixed income (including high yielding securities), lower rated/ unrated securities, qualified foreign institutional investors (“QFII”) risks, emerging and frontier markets risk, currency risk, distribution out of capital risk, securitised or structured debt instruments, derivatives related risks, risks in relation to specific derivative instruments, . 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.

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