

RHB ASIAN INCOME FUND MULTI CURRENCIES - USD HEDGED CLASS

The Fund aims to provide income and capital growth over the medium to long-term^ by investing in one (1) target fund, i.e. the Schroder Asian Income.

Note: *"medium to long term" in this context refers to a period of between 3 – 10 years.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the class X units of the Target Fund.
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and Placements of Cash.

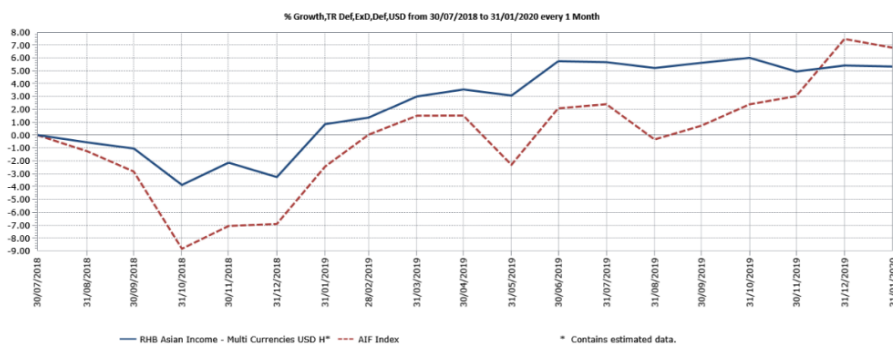
INVESTOR PROFILE

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 | -0.08 | -0.64 | -0.32 | -0.08 |
| Benchmark | -0.63 | 4.30 | 4.29 | -0.63 |

| | 1 Year | Since Launch |
|-----------|--------|--------------|
| Fund | 4.46 | 5.32 |
| Benchmark | 9.46 | 6.79 |

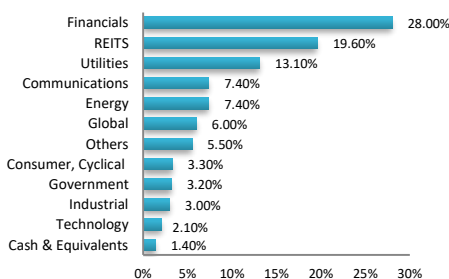
Calendar Year Performance (%)*

| | 2019 |
|-----------|-------|
| Fund | 8.98 |
| Benchmark | 15.44 |

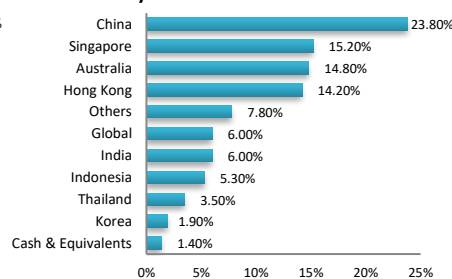
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

| | |
|---------------------------------------|------|
| MAPLE TREE COMMERCIAL TRUST REIT | 2.20 |
| HK ELECTRIC INVESTMENTS | 2.00 |
| ASCENDAS REAL ESTATE INVESTMENT TRUST | 2.00 |
| POWER ASSETS HOLDINGS LIMITED | 1.80 |
| MAPLE TREE INDUSTRIAL TRUST REIT | 1.80 |

*As percentage of NAV

*Source: Schroder, 31 January 2020. Exposure in Schroder Asian Income - 96.25%

FUND STATISTICS

Historical NAV (RM)

| | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 1.0640 | 1.0704 | 1.0704 |
| Low | 1.0349 | 1.0076 | 0.9578 |

Source: Lipper IM

Historical Distributions (Net)

| | Distribution (sen) | Yield (%) |
|-------------|--------------------|-----------|
| 23 Jan 2020 | 0.7500 | 0.72 |
| 29 Oct 2019 | 1.1000 | 1.05 |

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS
MARKET OVERVIEW

Asian equities declined in January amid concerns surrounding the coronavirus outbreak. China was among the underperformers being the epicentre of the outbreak, while export-oriented countries such as Korea and Taiwan also came under pressure. In fixed income, government bond yields fell markedly amid the search for perceived safe-haven assets, with the US 10-year Treasury yield falling 41 bps.

MARKET STRATEGY AND OUTLOOK
Equity

The Target Fund Manager introduced a new position in an India energy name given its attractive valuation and over 6% in payout. The Target Fund Manager continues to diversify the financial exposures by initiating a position in a Korean bank. Falling bond yields have resulted in lower expected net-interest-margin (NIM), but the recent stabilisation of yields means that the NIM compression is likely to be over. The company's non-banking revenue growth is also encouraging and is supportive of earnings and dividends. By the same token, the Target Fund Manager has added to a Singapore bank with steady cash-flows and dividends. The Target Fund Manager also continued adding to a Singapore telecom name. While the development of 5G infrastructure could result in short-term pressure on capex, the network sharing scheme as required by the regulator is likely to help the strong incumbent to regain some pricing power, which could boost earnings in the mid-term after the last few years of margin erosion due to increased competition. On the other hand, the Target Fund Manager trimmed their holdings in a Thai utility provider as the Target Fund Manager believes its potential growth has already been priced in. The Target Fund Manager then exited a Korean insurance name given its lacklustre growth outlook.

Although there is some downside pressure on the Chinese / Asian equity markets in the near term, their base case scenario remains largely unchanged as the Target Fund Manager believes that medium-term the outbreak is unlikely to derail the global economic recovery. From a sector perspective, the Target Fund Manager expects consumptions and services would be hit the hardest in the meantime, along with growth and export oriented sectors. In addition, valuations of these sectors are at a slightly expensive level following the strong rebound in Q4 2019, thus they are more vulnerable to sell-off in a risk-off environment. Within the portfolio, the Target Fund Manager has not made any material adjustments given the continued confidence in the long term attractions of their holdings. The Target Fund's overweight in defensive sectors, such as utilities and telecoms, should remain relatively resilient. The Target Fund Manager will continue to actively manage downside risks through equity hedges if needed.

Fixed Income

Overall, the Target Fund Manager continued to trim their high yield exposures to reduce risk and portfolio vulnerability. Over the month, the Target Fund Manager took part in a new issue by a Japanese brokerage firm and an India bank; which are both investment grade names. Although loan growth is expected to ease, there are signs that asset quality trend is stabilising. The Target Fund Manager also added to a Chinese internet giant, as its mobile-game business is poised for faster growth into 2020, with a sequential jump in 3Q sales. In the longer term, the company should be well placed to further monetize its user base via a range of online products including fintech and business services. Elsewhere, the Target Fund Manager closed some Middle East names given the ongoing geopolitical uncertainties. The overall portfolio duration increased to 1.7 years.

With economic growth moderating, most Asian central banks have eased more than expected in 2019, creating a lower rate environment that is generally supportive for Asian credit. However, looking ahead, the Target Fund Manager believes 2020 will be a more challenging year for credit investors as the tailwind of monetary easing is likely to wane. Within the credit space, while the Target Fund Manager expects default risks to rise in some areas such as China, it is unlikely to be the key source of systematic risk while some stressed credits managed to refinance. That said, the Target Fund Manager believes fiscal and monetary response by the authorities should remain supportive, thus the Target Fund Manager certainly do not see growth collapsing as infrastructure investment should pick up against a backdrop of a still resilient services sector. Within the portfolio, the Target Fund Manager extended duration to build defensiveness against potential spread widening. The Target Fund Manager maintains a relatively cautious stance in managing the portfolio to ensure quality and income stability.

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 10 July 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 market risk in Asia, equity risk, currency risk, credit risk, investment grade, below investment grade and unrated debt securities risk, risks relating to distributions, emerging markets and frontier risk, derivatives risk, risks associated with investing through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively and individually referred to as the “Stock, Connect”), risk associated with investing in the China interbank bond market, risks specific to China and onshore RMB currency 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