RHB Asset Management

FUND FACTSHEET – MARCH 2020

All data expressed as at 29 February 2020 unless otherwise stated

3-year Fund Volatility 5.5 low Lipper Analytics 11 FEB 2020

RHB EMERGING MARKETS BOND FUND

The Fund aims to provide investors with income and potential capital appreciation by investing in one target fund, i.e. the United Emerging Markets Bond Fund.

INVESTOR PROFILE

This Fund is suitable for investors who:

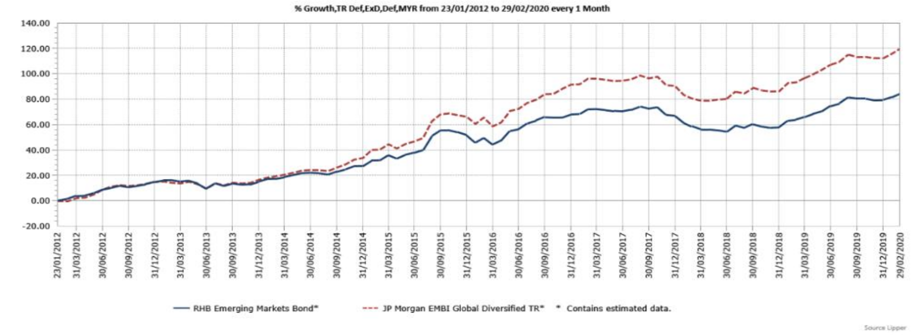
• seek income and potential capital appreciation over the longer term;
• have medium to high risk appetite; and
• seek returns in emerging markets debt investments and products.

INVESTMENT STRATEGY

• At least 95% of NAV: Investments in the units of United Emerging Markets Bond Fund.
• 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**1.57**	**2.92**	**1.68**	**2.85**
Benchmark	1.86	3.51	2.13	3.60

	1 Year	3 Years	5 Years	Since Launch
Fund	**12.60**	**7.17**	**39.92**	**84.34**
Benchmark	13.68	12.01	56.34	119.55

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**13.54**	**-5.48**	**-0.60**	**10.71**	**19.20**
Benchmark	13.87	-2.24	-0.53	15.09	24.25

Source: Lipper IM

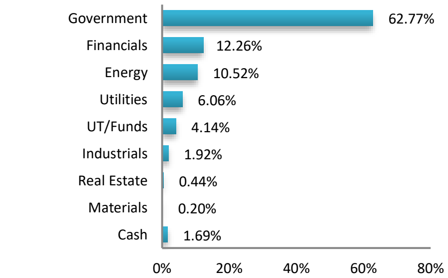
FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder Fund
Fund Type	Income Fund
Launch Date	03 January 2012
Unit NAV	RM0.5948
Fund Size (million)	RM44.40
Units In Circulation (million)	74.65
Financial Year End	28 / 29 February
MER (as at 28 Feb 2019)	1.63%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	JP Morgan Emerging Market Bond Index Global Diversified Index (RM)
Sales Charge	Up to 2.50% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Quarterly, if any

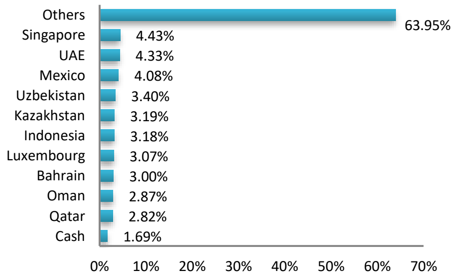
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

UNITED EMERGING MARKETS LOCAL CURRENCY BOND FUND CLASS SGD	4.14
OJSC RUSS AGRIC BK(RSHB) SUBORDINATED REGS 10/23 8.5	3.07
STATE OF QATAR SR UNSECURED REGS 03/49 4.817	1.94
GOVT OF BERMUDA SR UNSECURED REGS 02/29 4.75	1.91
RUSSIAN FEDERATION SR UNSECURED REGS 03/35 5.1	1.83

**As percentage of NAV*
**Source: UOBAM, 29 February 2020. Exposure in United Emerging Markets Bond Fund - 95.27%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6165	0.6165	0.6681
Low	0.5933	0.5532	0.4959

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
25 Feb 2020	0.8000	1.35
27 Nov 2019	0.9000	1.51
28 Aug 2019	0.6500	1.10
28 May 2019	0.6000	1.06

Source: RHB Asset Management Sdn. Bhd.

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

RHB EMERGING MARKETS BOND FUND

The Fund aims to provide investors with income and potential capital appreciation by investing in one target fund, i.e. the United Emerging Markets Bond Fund.

MANAGER'S COMMENTS

MARKET REVIEW

Risk aversion stemming from the outbreak of the Novel Coronavirus (COVID-19) induced strong negative market reactions for the month of February. The uptick in the number of global infection cases alongside declarations of new geographical locations raised investor concerns for a prolonged outbreak that would further stifle global demand and growth. This fear then precipitated a sharp dip in US treasury rates with the 10-year rate falling to new lows of 1.15% from 1.51% just the month before. Other risk-off assets like gold also benefited with strong decade-high gains during the month (Gold hit an intra-month high of US$1,659.12/oz).

On the flip side, Brent struck new lows of US$49.67/barrel – levels last seen in 2016. Correspondingly, forward-looking implications of the oil price decline lead to sharp sell-offs in the higher-beta, commodity-heavy emerging markets, overturning year-to-date gains made till then.

Overall, the EMBIG index lost 0.97% for the month as the sharp decline in US treasury rates helped to soften a spread widening of 58bps to 373bos (from 315 bps in the previous month). For February, in SGD terms, the GEMs fund returned 1.01% vs 1.27% for benchmark.

POSITIONING IN KEY MARKETS

For the Target Fund Manager's portfolio, overall month-on-month market specific positioning remains relatively unchanged. The Target Fund Manager maintains their overall underweight in Latin America due in part to political risks and growth challenges as well as countries with upcoming presidential elections over the next 18-24 months. For Argentina, the Target Fund Manager retains their underweight as the government moves closer to restructuring its debt in a manner that maintains its access to global capital markets. Similarly, the Target Fund Manager retains their underweight in Ecuador as lower oil prices will widen its deficit, and affect its oil revenues especially if sustained over a longer-than-expected period. Political posturing by its political parties also present some risks as it seeks to implement IMF required reforms, which will also complicate the receipt of its required IMF disbursements.

In Asia, the Target Fund Manager remains overweight Mongolia, as the Target Fund Manager balances its stable technical (anchored by an IMF programme and limited bond supply) against the corresponding negative effects from COVID-19 and its main trading partner of China. The Target Fund Manager is neutral in Indonesia from a valuations perspective though its fundamental metrics remain favourable with high real rates, supportive policy dynamics, which should support its performance in 2020. Lastly, COVID-19 developments in China will continue to limit the Target Fund Manager's investments to the country (maintain underweight) even as the US-China continue to work out a sustainable resolution to its trade dispute. A likely decline in domestic consumption will impact its 2020 GDP adversely, and the Target Fund Manager remains mindful on credit concerns following the series of corporate defaults in 2019.

Lastly for CEEMEA, Lebanon and South Africa are still key underweights. The former's situation has deteriorated to the point where a debt restructuring is now inevitable while the latter faces challenges in supporting its weakening fiscal position, which will in turn inhibit its ability to support key quasi-sovereigns like Eskom.

STRATEGY

As the Target Fund Manager had anticipated in their prior month commentary, COVID-19 developments and the corresponding depression of oil prices have served as risk-taking deterrents. Although absolute prices of EM bonds have declined to relatively attractive levels, investors remain wary of re-entering at this juncture given concerns over the potential revision to outlooks of the fiscal health and budget discipline of emerging markets such as those in the Middle East, North Africa (Angola, Nigeria and Ghana), and Latin America (Ecuador).

The Target Fund Manager naturally share similar sentiments, and continue to be mindful that the risk-return profile for spreads remain skewed to the downside should global growth weaken more than expected. Abrupt escalation in geo-political tensions will also add to downside risks. During this time, the Target Fund Manager maintain their advocacy for EM Investment Grade issues over High Yield credits, and the Target Fund Manager will seek out better entry points once spreads and volatility have adjusted to latent risks, and supply expectations in 2020. In the interim, the Target Fund Manager views carry as the primary return driver until sustained positive COVID-19 developments.

In terms of US treasury rates, the Target Fund Manager shifts their view to incorporate at least one rate cut from the Federal Reserve given the likely knock-on effect on US growth, which has been factored into the current rates environment. With lower rates sustaining in the foreseeable period ahead, EM bond spreads will be more significant in determining investment performance.

Overall on a relative basis, the Target Fund Manager continues to like emerging market bonds over the medium to long-term, primarily due to their high carry and strong risk adjusted returns over the long term.

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)