RHB Asset Management

FUND FACTSHEET – APRIL 2020

All data expressed as at 31 March 2020 unless otherwise stated

3-year Fund Volatility 5.5 low Lipper Analytics 10 MAR 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

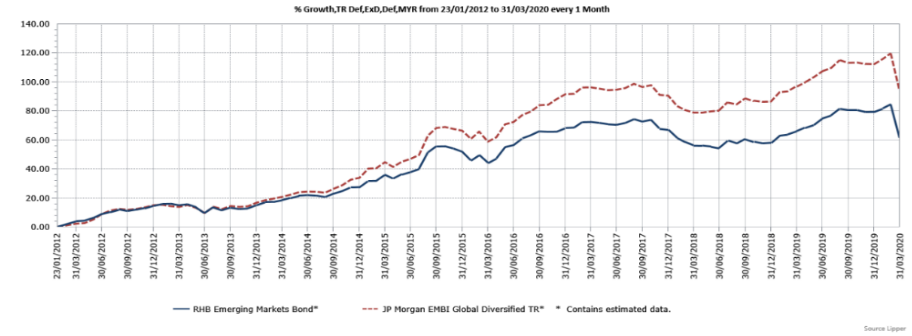
This Fund is suitable for investors who:
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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	**-12.39**	**-9.89**	**-10.51**	**-9.89**
Benchmark	-11.70	-8.52	-9.01	-8.52

	1 Year	3 Years	5 Years	Since Launch
Fund	**-2.58**	**-6.21**	**18.83**	**61.50**
Benchmark	-1.42	-1.15	34.05	93.86

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

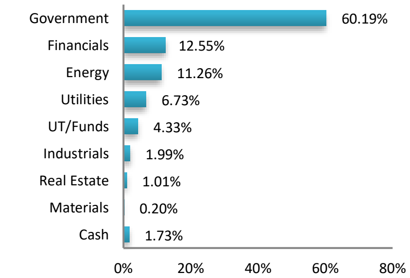
FUND DETAILS

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	RM0.5211
Fund Size (million)	RM35.40
Units In Circulation (million)	67.94
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

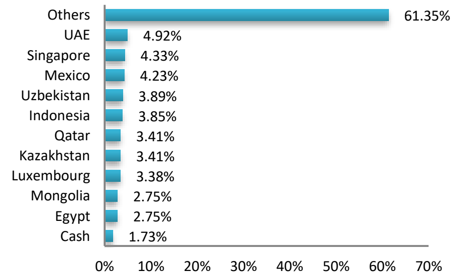
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

UNITED EM LOCAL CURRENCY BOND FUND CLASS SGD ACC	4.33
OJSC RUSS AGRIC BK(RSHB) SUBORDINATED REGS 10/23 8.5	3.38
STATE OF QATAR SR UNSECURED REGS 03/49 4.817	2.20
RUSSIAN FEDERATION SR UNSECURED REGS 03/35 5.1	2.15
GOVT OF BERMUDA SR UNSECURED REGS 02/29 4.75	2.09

**As percentage of NAV*

**Source: UOBAM, 31 March 2020. Exposure in United Emerging Markets Bond Fund - 96.99%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6028	0.6165	0.6681
Low	0.5123	0.5123	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.

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MANAGER'S COMMENTS

MARKET REVIEW

March saw extreme selling pressures in a short span of time as risk-off sentiment and strong fund outflows overwhelmed fundamental outlooks and analysis with asset prices declining precipitously. Even high-quality assets with solid fundamentals were implicated with prices dropping to distressed asset valuations as market participants collectively liquidated investments to raise much needed cash to satisfy their requirements. This market dislocation between liquidity and fundamentals saw the EMBIG index hitting a decade-high of 722bps before settling 253bps wider to 626bps as the volatile month came to a close.

The steep increases in Novel Coronavirus (COVID-19) cases – particularly in Europe and the US – alongside fears of a global oversupply of oil (Brent fell 46.7% MoM to US$26.35/barrel) facilitated the market declines. Investors were also fearful of additional strains on sovereign fiscal balance sheets resulting from lost productivity as a consequence of COVID-19 lockdown measures as well as COVID-19 related health-care costs.

In an effort to calm the markets, many global central banks embarked on sizeable monetary stimulus. This resulted in the 10-year treasury rate declining to 0.67% from the prior month's 1.15%, which helped to cushion some of the negative impact for the month.

POSITIONING IN KEY MARKETS

As with our prior month commentary, we positioned our portfolio with a preference towards EM Investment Grade issues over High Yield credits, and this positioning helped the fund cushion some of the sharp dislocation in the markets. Nonetheless, we opportunistically pared down risk further during the month as we weathered the heightened volatility.

In terms of market specific positioning, we reduced our overall underweight in Latin America further by closing out our small underweight position in Ecuador following an unexpected political move by its National Assembly to propose a suspension of all external debt payments in order to refocus resources to handle the COVID-19 related healthcare and economic costs. Although this proposal lacked enforceability, it marked a significant turnaround in the country's political environment and its willingness to repay obligations. Additionally, marked by liquidity issues and weakening oil prices, Ecuador's default probability spiked even higher after it decided to defer upcoming interest payments. Our positioning in Latin America mainly consists of lower-beta sovereigns such as Uruguay and Peru, as well as stronger rated sovereigns such as Chile.

In Asia, we increase our exposure to China slightly on technical factors as we deem the country to be able to recover from the COVID-19 issues relatively quicker than the rest of the world. Nonetheless, we remain underweight relative to the benchmark as we remain concerned about its overall slowing growth, corporate credit concerns, and outstanding trade issues with the US. We also maintain a neutral stance in Indonesia although valuations have become slightly more attractive in light of the recent market sell-offs. We are comfortable with Indonesia due to its favourable fundamental metrics with high real rates, and supportive policy dynamics, which should support its performance in 2020.

For CEEMEA, South Africa remains key underweight as are other oil-dependent African countries such as Angola, Nigeria, and Ghana. South Africa was unsurprisingly downgraded by Moody's to high yield during the month, and lost its long-standing investment grade status while the oil dependent countries faced strong market sell-offs on expectations for weakening fiscal balance sheets and deteriorating liquidity situations.

Lastly, for the GCC, we are underweight Oman and Bahrain as they are the most susceptible due to high breakeven oil prices and weaker liquidity buffers.

STRATEGY

Although absolute EM asset prices have fallen to relatively attractive levels, we remain wary of adding risk at this juncture given our concerns over the likelihood of further revisions to growth expectations, fiscal health outlooks and potential increase in debt borrowings as sovereigns attempt to negotiate the COVID-19 fallout.

As always, we remain mindful that the risk-return profile for EM spreads is still skewed to the downside should global growth weaken more than expected. Abrupt escalation in geo-political tensions in a heightened environment will also exacerbate downside risks. During this time, we maintain our advocacy for EM Investment Grade issues over High Yield credits, and we will seek out better entry points once spreads and volatility have adjusted to latent risks, and supply expectations in 2020. In the interim, we view carry as the primary return driver until sustained positive COVID-19 developments.

In terms of US treasury rates, the Fed's decisive action to cut rates to near zero caused rates to fall significantly. While we anticipate relatively lower rates for longer in light of the macro developments, the extent and size of the fiscal stimulus packages unveiled will pose its own set of issues in the form of increased government debt. Therefore, we are also cautious over extending duration excessively in this environment.

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