

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:

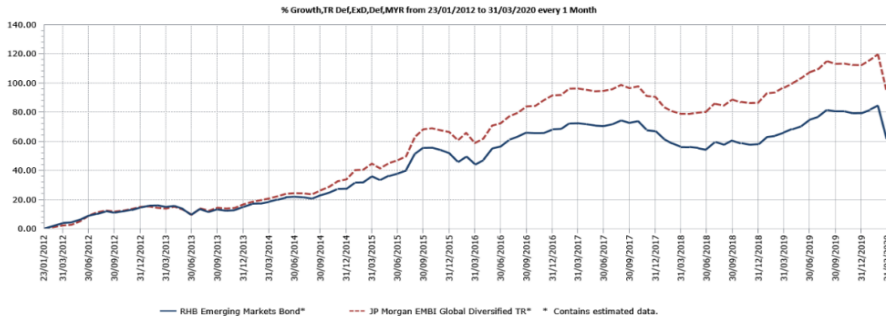
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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

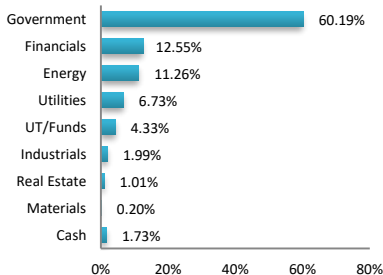
Calendar Year Performance (%)*

	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

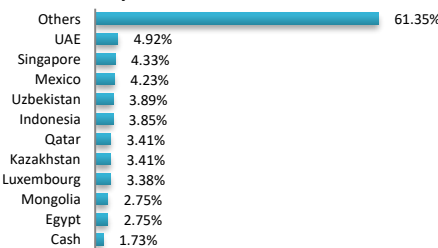
Source: Lipper IM

FUND 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.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 March 2020, the Volatility Factor (VF) for this fund is 5.5 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 Master Prospectus dated 6 October 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus 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 Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus 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 and country risk and specific risks of the Target Fund are market risk, debt securities risk, emerging markets risk, political and economic risks, repatriation of capital, dividends, interest and other income risks, regulatory risk, nature of investments and market risks, lack of market economy, derivatives risk, synthetic product risk, illiquidity of investments, broker risk, settlement risk, custody risk, counterparty risk, possible business failures, accounting practice, quality of information, legal risk, taxation, foreign exchange and currency risks, banking systems, risk of mismanagement by debt issuers, actions of institutional investors, risk of use of rating agencies and other third parties, exceptional market conditions risk, exceptional market conditions risk, liquidity risk of investments, investment management risk. These risks and other general risks are elaborated in the Master Prospectus.

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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