

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:

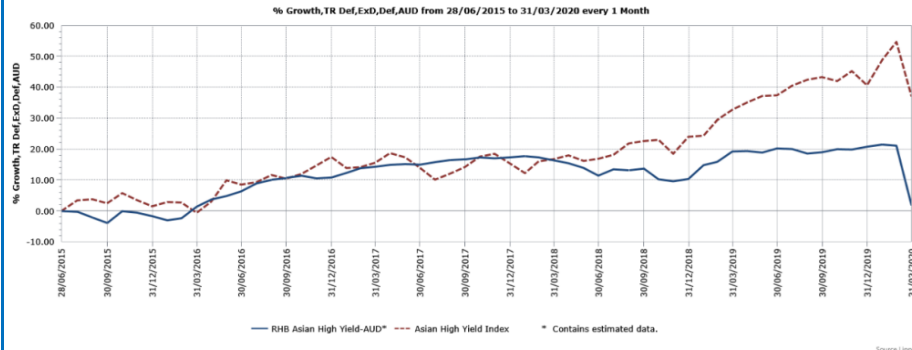
- are 'sophisticated investors' as defined in the Information Memorandum.

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	-15.97	-15.74	-14.47	-15.74
Benchmark	-11.42	-2.59	-4.39	-2.59

	1 Year	3 Years	Since Launch
Fund	-14.65	-10.99	1.67
Benchmark	3.20	18.43	36.98

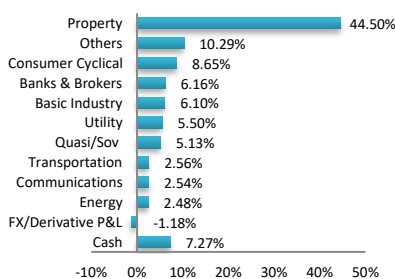
Calendar Year Performance (%)*

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

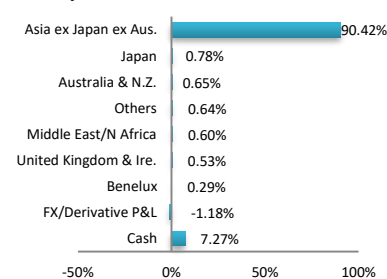
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

CHINA EVERGRANDE GROUP	4.60
KAISA GROUP HOLDINGS LTD	4.37
YUZHOU PROPERTIES CO LTD	4.17
GREENKO SOLAR MAURITIUS	2.89
YANGO JUSTICE INTL	2.80

*As percentage of NAV

*Source: Fidelity, 31 March 2020. Exposure in Fidelity Asian High Yield A - MDIST-USD - 97.05%

FUND STATISTICS

Historical NAV (AUD)

	1 Month	12 Months	Since Launch
High	0.9248	0.9546	1.0765
Low	0.7320	0.7320	0.7320

Source: Lipper IM

Historical Distributions (Quarterly) (Net)

	Distribution (sen)	Yield (%)
25 Feb 2020	1.1000	1.18
27 Nov 2019	0.9000	0.97
27 Aug 2019	1.0000	1.06
28 May 2019	1.4500	1.53

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET ENVIRONMENT

US dollar denominated Asian high yield market posted negative returns during the quarter. Credit spreads widened the most since 2011, weighing heavily on performance. Following the spread of the COVID-19 pandemic, markets went through multiple sell-offs during the second half of the quarter, as investors shunned risky assets amid increasing concerns over economic growth and liquidity. A steep plunge in oil prices followed by deleveraging also exacerbated the sell-off. On the economic front, combined data for January and February showed that exports, industrial production, retail sales and fixed asset investment all weakened far more than expected. Responding to the sagging economic activity, China demonstrated its willingness and ability to provide targeted stimulus measures. The People's Bank of China lowered its reserve requirement ratio, one- and five-year loan prime rate and seven-day reverse repo rate during the period. Additionally, local supply side easing policies of administrative nature were introduced to support liquidity position of property developers. Encouragingly, later in the quarter, several property developers in China have been able to resume sales and construction activities in March. In sync with China, the progressive step up of developed market policy responses pointed towards serious coordinated action to tackle the global slowdown. The US Federal Reserve (Fed) slashed the federal funds rate to near zero percent. Besides, the Fed also announced the restart of quantitative easing. On the fiscal side, the \$2 trillion stimulus bill was passed by the Senate. In the far east, Japan passed two separate packages of small business loans. Elsewhere, Reserve Bank of India slashed repo rate by 75 bps while Indonesian government announced US\$742 million stimulus package to mitigate COVID-19 impact. On the technical front, supply remained adequate in Asia during January-February, however, primary market activity witnessed a halt in March given the increased volatility in secondary market.

TARGET FUND POSITIONING

Looking ahead, the Target Fund Manager remains cautiously constructive on the Asian High Yield market. COVID-19 outbreak is going to have a short-term negative impact on China's and regional economic growth. However, the impact of current epidemic is likely to remain transitory on fundamentals and market taking cue from past epidemic episodes like SARS.

Downside to risk assets is contained since China has the willingness and ability to ramp up stimuli in monetary and fiscal terms. On the trade front, with more sensitive topics still pending to be discussed in phase two negotiations – scope of headline driven volatility still exists. Outside of China, there are potential rooms for rate cut in other South East Asian countries as well. Investors' search for yield is likely to continue in 2020 given the easing bias of central banks. Going forward, the Target Fund Manager expects defaults to remain within 2-3% range in 2020 while being cognizant of increased appetite on the part of government to allow restructuring/defaults in order to establish debt discipline precedence.

Focus on high quality issuers and maintaining a strong liquidity profile

Given the current market conditions the Target Fund has been prioritizing on liquidity management until market stabilizes. 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 has 15-20% market weight in short dated (<1year)/near-term callable bonds and cash to ensure a robust liquidity profile and maintain high natural income.

In terms of duration, the Target Fund is now overweight.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 March 2020, the Volatility Factor (VF) for this fund is 4.3 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. This update does not amount to indicate that the SC has recommended or endorsed the Fund. 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 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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