

### RHB ASIAN INCOME FUND - SGD

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

#### INVESTOR PROFILE

This Fund is suitable for:

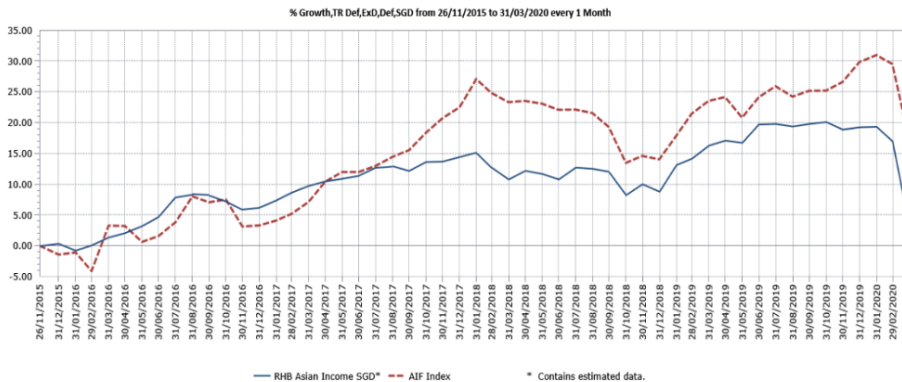
- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

#### 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.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	-11.92	-13.60	-13.98	-13.60
Benchmark	-9.56	-9.78	-6.40	-9.78

	1 Year	3 Years	Since Launch
Fund	-11.39	-6.11	3.02
Benchmark	-5.17	9.35	17.13

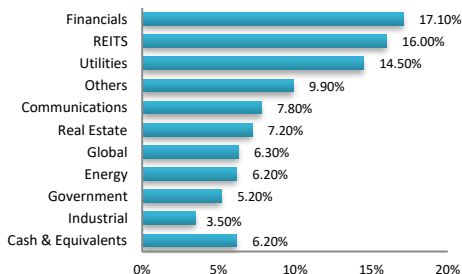
##### Calendar Year Performance (%)\*

	2019	2018	2017	2016
Fund	9.60	-4.88	7.70	5.77
Benchmark	13.88	-6.92	18.59	4.81

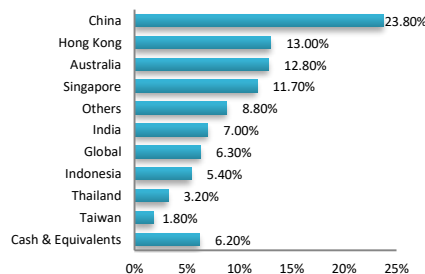
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



##### Top Holdings (%)\*

HK ELECTRIC INVESTMENTS	2.60
POWER ASSETS HOLDINGS LTD	1.90
AUSNET SERVICES LTD	1.90
ASCENDAS REAL ESTATE INVESTMENT TRUST	1.80
POWER GRID CORPORATION OF INDIA LTD	1.80

\*As percentage of NAV

\*Source: Schroder, 31 March 2020. Exposure in Schroder Asian Income - 97.50%

#### FUND STATISTICS

##### Historical NAV (SGD)

	1 Month	12 Months	Since Launch
High	1.0412	1.0902	1.1023
Low	0.8515	0.8515	0.8515

Source: Lipper IM

##### Historical Distributions (Net)

	Distribution (sen)	Yield (%)
25 Feb 2020	1.0000	0.95
27 Nov 2019	1.1000	1.03
27 Aug 2019	1.1000	1.03
28 May 2019	1.0000	0.95

Source: RHB Asset Management Sdn. Bhd.

## RHB ASIAN INCOME FUND - SGD

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### MANAGER'S COMMENTS

#### MARKET OVERVIEW

Asian equities fell sharply in March amid concerns over the spread of coronavirus and its extensive impact on economies and businesses. Breakdown of negotiations between Russia and Saudi Arabia in early parts of the month also caused oil prices to fall dramatically, further exacerbating investor's nervousness. Within Asia, all countries recorded negative returns, with India and Indonesia as the underperformers falling over -25%. By contrast, Chinese equities held up relatively well and fell the least within the index as coronavirus infection rates in the mainland appeared to stabilise. In fixed income, government bond yields continue to decline amid a flight to safety, with the US 10-year bond yield falling 43 bps to 0.70%.

#### MARKET STRATEGY AND OUTLOOK

##### Equity

Over the month, the Target Fund Manager introduced two material names in Australia which specialize in mining and yield an attractive payout. These companies have been much more disciplined in their capex decision than in the past, by shutting projects which are loss making and selling shale investment last year. Therefore, from a cash-flow and governance standpoint, a lot has improved since 2016 when the commodities market was under severe pressure. Now with the expected large scale fiscal stimulus in the form of infrastructure spending etc. the Target Fund Manager does believe that over the medium term, at the current valuation, these companies are looking more attractive from an income perspective. Elsewhere, the Target Fund Manager continued adding to defensive names in the utilities and telecom sector as they believe these names should provide some cushion against volatile markets, including a Hong Kong utility provider which boasts a strong balance sheet and a stable dividend outlook. For telecoms, with the looming launch of 5G in a number of countries, as well as the COVID-19 driven demand for more bandwidth etc., earnings are likely to be stable if not growing further from here. On the other hand, the Target Fund Manager closed a Hong Kong property developer given headwinds to home sales and the economy amid the ongoing virus outbreak. The Target Fund Manager also exited a Singapore bank driven by expectations of lower interbank rates and interest margins which could weigh on earnings. Finally, as mentioned previously, the Target Fund Manager continues to trim REITs which are more exposed to retail headwinds. In particular for Singapore REITs, the expected regulation from the government for tenants to ask their landlords for deferral of rents is likely to have an impact on all the REITs the Target Fund Manager holds, including industrial and offices. So in addition to the destination mall exposures that the Target Fund Manager has been trimming, the Target Fund Manager is also taking down some exposure in the industrial space which current valuation remains slightly rich given the expectation on lower dividends due to potential deferral of rental incomes. Offices should remain more resilient in the Target Fund Manager's view, but ultimately they will also get hit and so the Target Fund Manager is selectively reducing but largely the Target Fund Manager is keeping the exposures.

Looking ahead, given the pressure on margins, the Target Fund Manager anticipates dividend cuts / more conservative payouts from companies, although the impact should vary across sectors. Dividends from telecom and utilities should be more resilient compared to other sectors such as financials which face strong headwinds following the recent announcement by a number of regulators to advise banks to halt dividend payments. Another sector that the Target Fund Manager is paying more attention to is technology. The Target Fund Manager continues to expect the tech cycle to rebound once the virus situation improves from here. On a relative basis, the dividend yield of 3 – 4%, and perhaps some growth in the future, now looks more attractive in the zero-interest-rate environment and against the expectation of falling dividends in the REITs and banking sector. Therefore broadly speaking, the Target Fund Manager will gradually rotate from the reduction in REITs / banks into other sectors in the medium term such as telecom, materials and technology as mentioned above where the Target Fund Manager sees more attractive opportunities to capture income and growth.

##### Fixed Income

Overall, the Target Fund Manager continued to trim their high yield exposures to reduce risk and portfolio vulnerability, such as in China property and energy names with material refinancing/downgrade risk that the Target Fund Manager was not comfortable with. The Target Fund Manager believes the real risk lies in those private smaller players, and in their energy holdings they are focused on those that are either state owned or with strong sovereign support where the default risk is remote. On the other hand, the Target Fund Manager has gradually started to add to quality names with attractive risk/reward and those that can survive the cycle without refinancing issue, but still holding much of the sale proceeds in cash as of month-end as the Target Fund Manager expects more attractive primary market issuances to come in the coming weeks. The overall portfolio duration remains largely at 1.6 years.

Overall, the Target Fund Manager's strategy remains largely defensive. Given the movement in oil prices, the Target Fund Manager has already previously trimmed exposures to names with higher refinancing risks and higher costs of production (which could run into liquidity issue more easily e.g. some commodity players in India). Indian banks are another area that the Target Fund Manager has been avoiding due to expected increase of NPLs and its vulnerability. The key risk to the market is the increase in default risk as a result of the collapse in oil price and the potential contagion effect into other sectors (e.g. banks). Nonetheless given the Target Fund Manager's quality bias and selective approach, the Target Fund Manager remains comfortable with their holdings and do not expect a huge impact from the recent downgrades on their portfolio.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 March 2020, the Volatility Factor (VF) for this fund is 4.7 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 November 2015 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 investor" 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 and foreign investment risks such as currency risk and country risk and the specific risks of the target fund are market risk in Asia, credit risk, investment grade, below investment grade and unrated debt securities risk, risks relating to distributions, emerging markets and frontier risk and derivatives 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.

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