

RHB ASIAN HIGH YIELD FUND – RM

The Fund aims to provide income and long-term capital growth by investing in one target fund.

INVESTOR PROFILE

This Fund is suitable for:

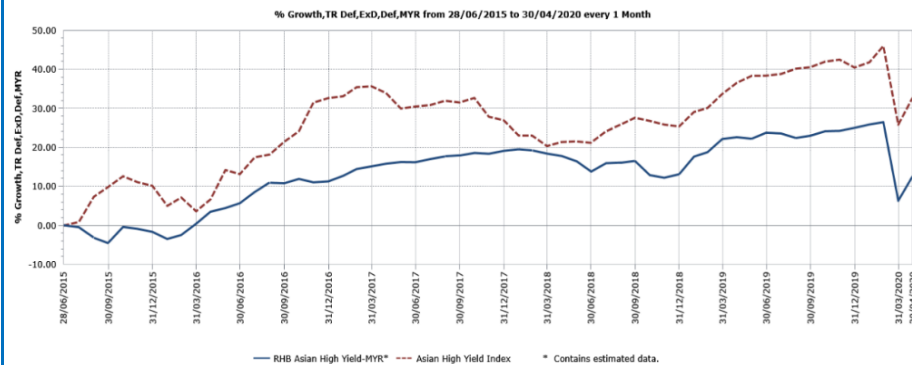
- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the USD denominated class A 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 | 5.93 | -10.50 | -9.24 | -9.88 |
| Benchmark | 5.52 | -6.38 | -6.49 | -5.48 |

| | 1 Year | 3 Years | Since Launch |
|-----------|--------|---------|--------------|
| Fund | -8.12 | -2.68 | 12.68 |
| Benchmark | -2.76 | -0.88 | 32.73 |

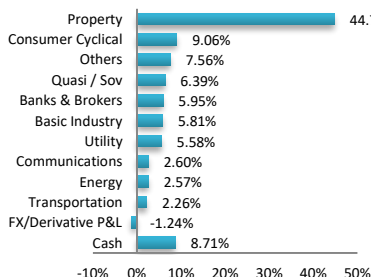
Calendar Year Performance (%)*

| | 2019 | 2018 | 2017 | 2016 |
|-----------|-------|-------|------|-------|
| Fund | 10.50 | -4.99 | 7.04 | 13.22 |
| Benchmark | 12.03 | -1.25 | 6.10 | 15.15 |

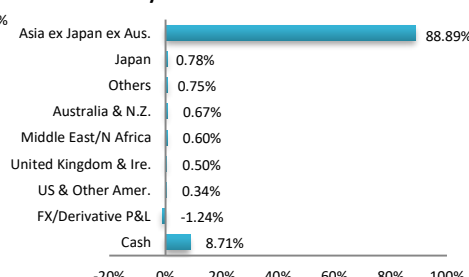
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

| | |
|--------------------------|------|
| CHINA EVERGRANDE GROUP | 4.94 |
| KAISA GROUP HOLDINGS LTD | 4.39 |
| YUZHOU PROPERTIES CO LTD | 3.85 |
| YANGO JUSTICE INTL | 3.05 |
| GREENKO SOLAR MAURITIUS | 2.92 |

*As percentage of NAV

*Source: Fidelity, 30 April 2020. Exposure in Fidelity Asian High Yield A - MDIST-USD - 92.10%

FUND STATISTICS

Historical NAV (RM)

| | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 0.9035 | 1.0188 | 1.1129 |
| Low | 0.8243 | 0.7887 | 0.7887 |

Source: Lipper IM

Historical Distributions (Net)

| | Distribution (sen) | Yield (%) |
|-------------|--------------------|-----------|
| 25 Feb 2020 | 1.2000 | 1.20 |
| 27 Nov 2019 | 1.0000 | 1.01 |
| 27 Aug 2019 | 1.0000 | 1.00 |
| 28 May 2019 | 1.5000 | 1.50 |

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET ENVIRONMENT

Asian high yield market posted positive returns in April. High coupon income and tightening of credit spreads contributed positively to performance. The reference index for the Target Fund retraced around 25% from record March widening. Attractive valuations after March sell-off captured investor interest during the month. Stimulus measures unveiled by regional governments and central banks to cushion their economies against the virus-induced slowdown further added to investor confidence. The People's Bank of China lowered its benchmark lending rate to reduce borrowing costs for companies and prop up the economy. Accordingly, the one-year loan prime rate (LPR), five-year LPR and interest rate on its medium-term lending facility (MLF) for financial institutions were lowered. On the fiscal side, China allowed issuance of additional CNY 1 trillion worth special local government bonds by end of May, which will likely provide support to the local governments and infrastructure front. New bank lending and total social financing hit a record high in March. Elsewhere, the Reserve bank of India lowered the reverse repo ratio and a raft of other measures were announced to ease financial conditions and encourage lending. In other key development, S&P revised the Indonesian sovereign credit rating outlook to negative on the back of lower growth, weak commodity prices and fiscal pressures. On the technical front, issuances remained muted in the Asian high yield market. That said, overall liquidity condition in the secondary market has improved from March - yet remain thin from normal levels.

TARGET FUND POSITIONING

Going forward, the Target Fund Manager holds a cautiously constructive view on the Asian High Yield market. Post COVID-19 outbreak, China is expected to recover relatively faster than the rest of world. That said, given the damage caused by the pandemic to the global supply chain and economic activity - a V-shaped recovery is unlikely.

Meanwhile, risk from a second wave of virus outbreak cannot be ruled out. Acknowledging the potential headwinds, downside to risk assets is likely to remain contained since China has the willingness and ability to ramp up stimuli in monetary and fiscal terms. Trade tensions de-escalated between the US and China with the formal signing of phase one of the trade deal earlier this year. However, with the US going through a COVID-19 hit business and election cycle and more sensitive topics still pending to be discussed in phase two negotiations – scope of headline driven volatility still exists. Outside of China, the Target Fund Manager believes there are potential rooms for rate cut in other South East Asia countries as well. Potential fiscal stimulus is possible following the example of corporate tax cut in India.

Technicals are likely to remain supportive as investors explore for yield amid easing bias of central banks. Fund managers expect defaults to remain around 2-5% for 2020 - higher as compared to 1-2% of 2019. Acknowledging potential risks, the fund is overweight credit beta - with a strong focus on income, whilst offering attractive capital gains prospect over next 12-15 months. The Target Fund Manager will continue to selectively and passively add risk while managing overall liquidity. The 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 fund is overweight.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 April 2020, the Volatility Factor (VF) for this fund is 10.2 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 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 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 ("QFI") 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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