RHB Asset Management

FUND FACTSHEET – JUNE 2020

All data expressed as at 31 May 2020 unless otherwise stated

3-year Fund Volatility 9.2 moderate Lipper Analytics 10 MAY 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

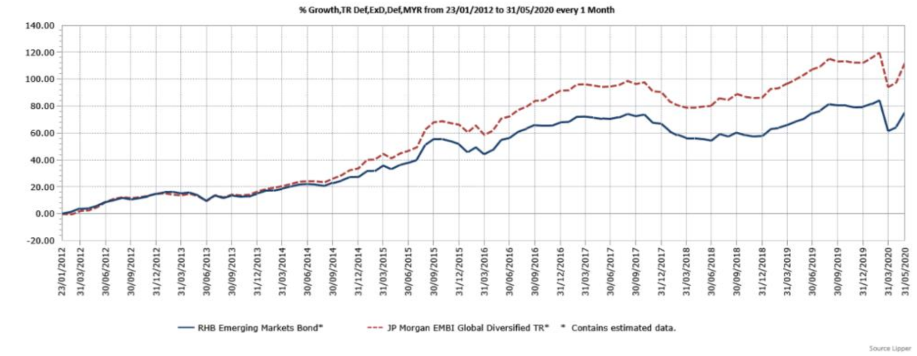
This Fund is suitable for investors who:
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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	**6.49**	**-5.06**	**-2.29**	**-2.35**
Benchmark	7.24	-3.63	-0.25	-0.16

	1 Year	3 Years	5 Years	Since Launch
Fund	**2.81**	**2.55**	**28.48**	**75.01**
Benchmark	4.14	8.96	45.99	111.58

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

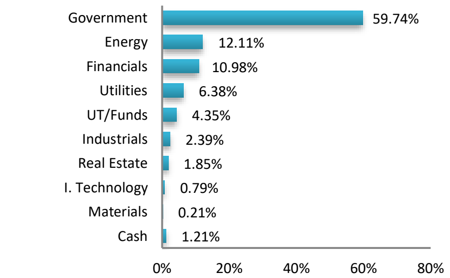
FUND DETAILS

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	RM0.5612
Fund Size (million)	RM36.74
Units In Circulation (million)	65.47
Financial Year End	28 / 29 February
MER (as at 28 Feb 2020)	1.60%
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

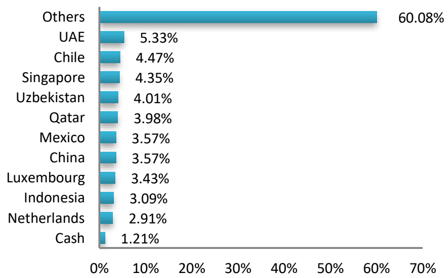
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

UNITED EMERGING MARKETS LOCAL CURRENCY BOND FUND CLASS SGD ACC	4.35
OJSC RUSS AGRIC BK(RSHB) SUBORDINATED REGS 10/23 8.5	3.43
STATE OF QATAR SR UNSECURED REGS 03/49 4.817	2.23
RUSSIAN FEDERATION SR UNSECURED REGS 03/35 5.1	2.22
GOVT OF BERMUDA SR UNSECURED REGS 02/29 4.75	2.17

**As percentage of NAV*

**Source: UOBAM, 31 May 2020. Exposure in United Emerging Markets Bond Fund - 97.41%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5658	0.6165	0.6681
Low	0.5303	0.5123	0.4959

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
28 May 2020	0.3500	0.65
25 Feb 2020	0.8000	1.35
27 Nov 2019	0.9000	1.51
28 Aug 2019	0.6500	1.10

Source: RHB Asset Management Sdn. Bhd.

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3-year Fund Volatility
9.2
moderate
Lipper Analytics 10 MAY 2020

RHB EMERGING MARKETS BOND FUND

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MANAGER'S COMMENTS

MARKET REVIEW

Financial markets continued to exude optimism ahead of weakening economic fundamentals as risk taking extended for almost the entire duration of May. Investors increased their exposure to high-yield emerging market (EM) assets as they ignored steep increases in COVID-19 cases/death tolls in large emerging markets (EM) such as Brazil, Russia and India and the ineffectual handling of the pandemic and associated economic lockdowns. This allowed the high yield segment to maintain its upward momentum as the top performer for the month, alongside strong gains in the equity markets – with the exception of China – and oil.

In terms of credit quality, investors exhibited a keen willingness to trade down the credit curve with the weakest 'B'/'CCC' credit rated tranches posting the best month-to-date returns. Unsurprisingly, within the investment grade space, the 'BBB' tranche fared much better than its 'AA'/'A' rated counterparts as investors exchanged caution for higher yields. As for technical factors, further stabilisation in EM flows remained a supporting factor for overall EM asset prices as it minimized the associated volatility in bid/ask spreads.

POSITIONING IN KEY MARKETS

Positioning in key markets

In spite of the risk-on rally in higher-yielding EM assets, the Target Fund Manager maintained their portfolio positioning with a preference towards EM investment grade issues as the Target Fund Manager deems the recent spate of market exuberance to be unwarranted in the face of weakening economic fundamentals. The Target Fund Manager took the opportunity to realise position profits by selling into strength, and switching into some longer-duration higher quality, investment grade issues.

In terms of market specific positioning, the Target Fund Manager maintained their preference for Asia investment grade sovereigns as such China for its first out-of-the-gate COVID-19 recovery and resumption in consumer activity would bode well in the interim relative to other EM economies. However, the Target Fund Manager balanced their favourable view with the likelihood for escalation in US/China trade tensions, especially with upcoming US Presidential elections, overall slowing growth, corporate credit concerns, and outstanding trade issues with the US. Similarly, although the Target Fund Manager took some profit off the higher beta quasi-sovereign Indonesian names that they hold, we maintained their neutral stance in Indonesia on account of its decent carry and fair valuations after a slight correction in prices during the previous month.

Within CEEMA, positions in Russia, Poland and Hungary remain strong contributors to portfolio returns given their healthier credit profiles though asset valuations have also turned rich. Turning to the Middle East, the Target Fund Manager weighs their preference for investment grade sovereigns such as the United Arab Emirates, Saudi Arabia on account of their sizeable external wealth asset against the potential for larger than expected issuances in the coming months. For the oil-dependent African nations, particularly those in sub-Saharan African, the Target Fund Manager stays underweight relative to the benchmark as the Target Fund Manager does not expect the discipline in oil production cuts to hold up over the medium term, which would lead to another bought of market volatility.

Lastly, Latin America remains the Target Fund Manager's least preferred region. Political squabbles and overall ineffectiveness over the COVID-19 pandemic in countries such as Mexico and Brazil lead us to anticipate larger-than-expected contractions in economic activity. Similarly, although bond prices have posted strong gains off a low base for defaulted (or about to default) countries such as Ecuador and Argentina, respectively, risks are still skewed towards the downside, and we expect price recoveries to be short-lived. As such, the Target Fund Manager's main positioning in Latin America mainly consists of lower-beta sovereigns such as Uruguay, Colombia and Peru, as well as in the stronger rated sovereigns such as Chile and their state-owned entities.

STRATEGY

As stated in their prior month commentary, the Target Fund Manager remains cognizant of the uptick in market sentiment but maintain their view over the disconnect between market pricing and economic fundamentals/weakening economic data. There remains considerable risk over the likelihood of further revisions to growth expectations, fiscal health outlooks and potential increase in debt borrowings as EM sovereigns attempt to negotiate the COVID-19 fallout. Furthermore, it is increasingly more apparent that the worst is not over for EM sovereigns such as Mexico, Brazil and Russia as their daily COVID-19 death tolls continue to rise without signs of abating.

Another essential consideration the Target Fund Manager continues to stress is the impact on future growth on HY EM sovereigns as they scale back on much-needed infrastructure/social/development spending – in a bid to stay current on onerous debt obligations and pay for increased COVID-19 healthcare/stimulus expenditure – which will then perpetuate a negative feedback loop where its inability to introduce growth will further drive up borrowing costs.

Amidst this current market backdrop, the Target Fund Manager will bridge the gap between fundamentals and market technical through opportunistic risk-taking but continue to stress that EM risks are 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. As such, the Target Fund Manager maintains their advocacy for EM Investment Grade issues over High Yield credits. Lastly, in terms of US treasury rates, the Target Fund Manager reiterates their cautiousness in extending duration excessively given the extensive funding measures introduced by the Fed.