

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:

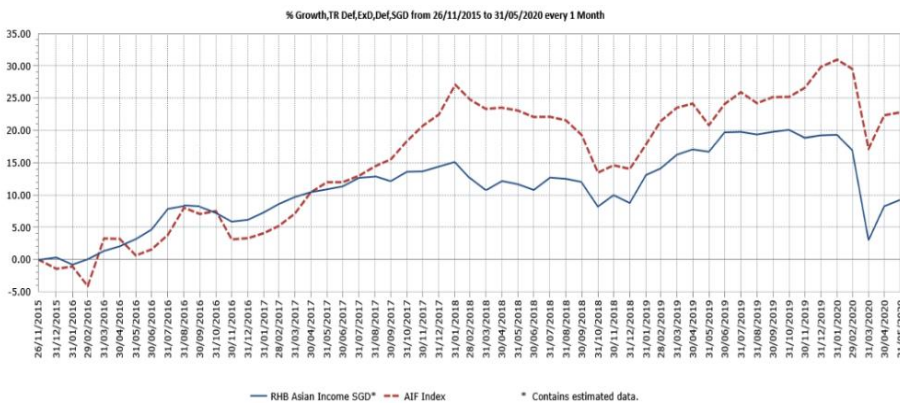
- 'Sophisticated Investor(s)' as defined in the Information Memorandum.

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	0.92	-6.56	-8.06	-8.34
Benchmark	0.37	-5.18	-2.99	-5.42

	1 Year	3 Years	Since Launch
Fund	-6.37	-1.46	9.29
Benchmark	1.65	9.69	22.79

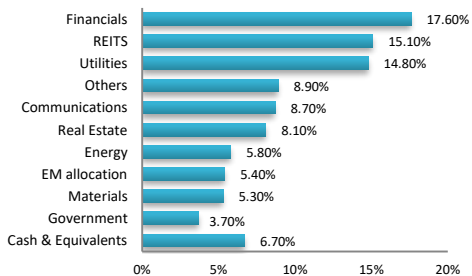
Calendar Year Performance (%)*

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

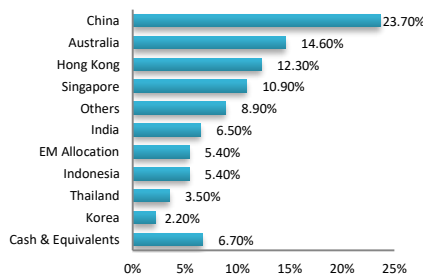
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

HK ELECTRIC INVESTMENTS	2.60
AUSNET SERVICES LTD	1.90
POWER ASSETS HOLDINGS LTD	1.70
POWER GRID CORPORATION OF INDIA LTD	1.60
SINGAPORE TELECOMMUNICATIONS LTD	1.60

*As percentage of NAV

*Source: Schroder, 31 May 2020. Exposure in Schroder Asian Income - 96.68%

FUND STATISTICS

Historical NAV (SGD)

	1 Month	12 Months	Since Launch
High	0.9489	1.0902	1.1023
Low	0.9289	0.8515	0.8515

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
28 May 2020	1.0000	0.94
25 Feb 2020	1.0000	0.95
27 Nov 2019	1.1000	1.03
27 Aug 2019	1.1000	1.03

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET OVERVIEW

Markets remained volatile in May as concerns over the Coronavirus situation and resurgent US-China tensions weighed on markets, in contrast with the optimism over reopening economies. Asian equities recorded a slight negative return over the month. Australia and Malaysia outperformed, while Hong Kong fell markedly on the proposed national security law by mainland China. Singapore also finished in the negative territory. In fixed income, the 10-year US Treasury yield was flat and corporate credit outperformed on tighter spreads.

MARKET STRATEGY AND OUTLOOK

Equity

Over the month, the Target Fund Manager did not make material changes within the equity portfolio. The Target Fund Manager initiated a new position in a Hong Kong broadband service provider which boasts strong dividend growth on the back of increasing market share. Its mobile business has also performed better than expected, providing an alternative source of income for the company. Given the nature of its business, the Target Fund Manager expects dividend payout to remain relatively stable, albeit the weaker market environment. Elsewhere, the Target Fund Manager trimmed a Hong Kong banking name amid the headwinds of the falling interest rates and challenging economic conditions. Loan growth is expected to slow on falling personal and corporate demand while net interest margin could also narrow given lower yields and interest rates. Although valuations remain below historical average, the Target Fund Manager struggles to see substantial upside catalysts in the near-term.

From a cyclical perspective, the Target Fund Manager believes sectors such as technology and materials offer more attractive opportunities to capture growth and income given signs of an economic rebound while the Target Fund Manager gradually rotate away from banks where dividend growth may be hampered. The Target Fund Manager also remain cautious on sectors related to travel, leisure and hospitality. For REITs, although the Target Fund Manager has reduced the exposures, the recent legislation to allow for floating of REITs in the China onshore market is a welcomed development. Assets involved at the initial stage focus largely on large-scale infrastructure projects to ensure financial stability, and it is likely to expand to private real estates in commercial and residential areas later on. These should provide us with new stable income opportunities in the sector going forward.

Fixed Income

In fixed income, the Target Fund Manager took profit on a Korea automotive finance company which have rallied strongly after its issuance in early April. The Target Fund Manager has also exited a Macau gaming name which also delivered strong returns despite the tough revenue environment and ongoing travel restrictions. On a positive note, the Macau government may relax travel measures in the coming months, and the Target Fund Manager may look to add back to the sector once the Target Fund Manager sees more clarity in the virus situation. In terms of new issuances, the Target Fund Manager introduced some names in Indonesia and the Middle East within the materials and energy sector, which offer attractive yields in addition to strong credit profiles and state support. The Target Fund Manager also added an Australia real estate group which operates shopping centre in the region. This is a rotation trade as the name offers better valuation and a different exposure to capture the cyclical recovery relative to the Macau gaming names. Despite declining tourism and consumer sentiment in recent months, the Target Fund Manager believes the company's premium positioning and diversified mix should help retain sales and tenants.

Against the backdrop of volatility as markets grappled with uncertainties of Covid-19 and its impact on growth, the Target Fund Manager has been defensively positioned by favouring higher quality credit names, striking a balance between defensiveness and the agility to go offence on those securities with attractive risk/reward profiles that the Target Fund Manager believes are able to navigate the credit cycle. The Target Fund Manager continues to focus on bottom-up selection in order to avoid those names with fallen angel risk or downgrade pressure. Liquidity conditions in the corporate credit space has improved due to the unprecedented stimulus package from the Fed and global policy makers. Overall valuation in the credit market now looks fair, yet the Target Fund Manager still see pockets of opportunities by acquiring high quality names.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 May 2020, the Volatility Factor (VF) for this fund is 9.0 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 8.9 but not more than 12.2 (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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