

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:

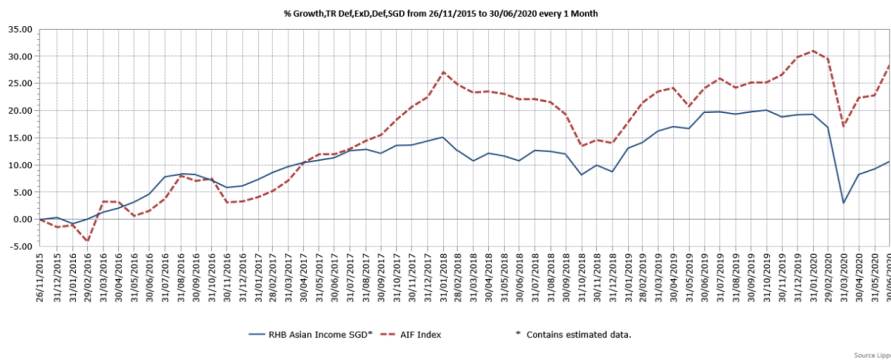
- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

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	1.28	7.44	-7.16	-7.16
Benchmark	4.56	9.62	-1.10	-1.10

	1 Year	3 Years	Since Launch
Fund	-7.52	-0.60	10.69
Benchmark	3.48	14.69	28.39

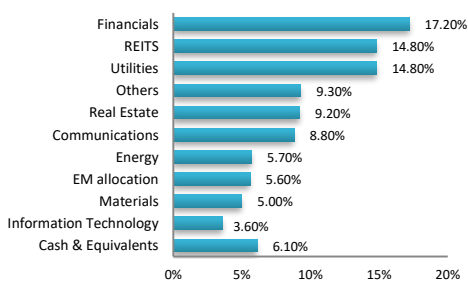
Calendar Year Performance (%)*

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

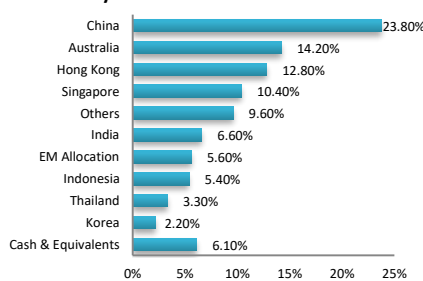
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

HK ELECTRIC INVESTMENTS UNITS LTD	2.60
AUSNET SERVICES LTD	1.90
POWER GRID CORPORATION OF INDIA LTD	1.70
POWER ASSETS HOLDINGS LTD	1.60
SINGAPORE TELECOMMUNICATIONS LTD	1.50

*As percentage of NAV

*Source: Schroder, 30 June 2020. Exposure in Schroder Asian Income - 96.79%

FUND STATISTICS

Historical NAV (SGD)

	1 Month	12 Months	Since Launch
High	0.9757	1.0902	1.1023
Low	0.9425	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

Asian equities rebounded in June against a more optimistic backdrop as major regions continued to ease lockdowns and re-open economies while data showed some recovery. The virtual and online economy sector heavy markets, such as Hong Kong, China and Taiwan, continued to lead while the ASEAN markets which are more focused on traditional industries, underperformed over the month. In fixed income, the 10-year US Treasury yield was largely unchanged as the FOMC minutes reaffirmed the Fed's dovish forward guidance, while corporate credit outperformed on tighter spreads.

MARKET STRATEGY AND OUTLOOK

Equity

Over the month, the Target Fund Manager added back to selective REITs which could benefit from the resumption of business and retail activity particularly the industrial sector which is likely to benefit from acceleration of the e-commerce / data-centres driven demands. The Target Fund Manager also continued adding to some high conviction technology names which provide the portfolio with both income and growth potential. The reduction in the financial sector continued across different markets. In particular, the Target Fund Manager closed their position in a Hong Kong bank amid the ongoing 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 remains concerned about the mid-term outlook which could add uncertainty to the company's dividend streams.

After trading water through May, Asian equity markets performed strongly in June, led by the 'lockdown winners' – sectors such as e-commerce and online gaming, healthcare, cloud computing and technology more broadly – where earnings are benefiting from an accelerating shift in consumption patterns. The Chinese market's heavy exposure to online companies thus helps explain its superior performance in recent months, as many of these stocks have benefited from a similar upward re-rating in valuations. On the other hand, the Target Fund Manager remains cautious on sectors related to travel, leisure and hospitality. In terms of the Target Fund Manager's strategy, they continue to rotate into areas where the Target Fund Manager sees more attractive opportunities.

Tuning the right mix between growth from virtual economy and technology, and the stable income providers such as utilities and telecoms, as well as managing the risks from the sectors facing structural headwinds like banks, is going to be the key focus of the Target Fund Manager's equity strategy.

Fixed Income

In fixed income, the Target Fund Manager introduced several names within the Chinese real estate sector. The Target Fund Manager's preference remains in short-dated papers and quality names which offer attractive yields. Overall, the Target Fund Manager remains constructive on the sector given the positive structural factors, including a stable policy environment, credit easing cycle and market consolidation and development of city clusters. The Target Fund Manager also participated in several new issuances, including a USD note by a leading Cambodian consumer discretionary name. Although operations have been suspended due to Covid-19, the Target Fund Manager believes the company's financial strength remains and the expected re-opening of the operations by the end of June should provide support. Elsewhere, the Target Fund Manager is rotating into longer-dated issues among their investment grade holdings to lengthen duration and to capture better pricing available at the longer-end of the curve. The Target Fund Manager also took profit on some Middle East government bonds following the recovery in oil prices.

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 ability to go offence on those securities with attractive risk/reward profiles that the Target Fund Manager believes are able to navigate the credit cycle. Previous valuation opportunities in some neglected areas of the markets, such as Australia and Middle-east, have largely disappeared. The Target Fund Manager is likely to move back to the main-stream areas, and expect further opportunities in new issuances. The Target Fund Manager will continue to take part in selective attractive deals. Some local currency bond markets also present opportunities, as central banks in Asia are expected to remain extremely accommodative in their monetary policies.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 June 2020, the Volatility Factor (VF) for this fund is 9.0 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 3.3 but not more than 9.5 (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 contents of the PHS and Information Memorandum dated 5 November 2015 and its supplementary(ies) (if any) ("collectively known as the Information Memorandum") before investing. The Information Memorandum has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Prospectus should not be taken to indicate that the SC has recommended 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. If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

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 Fund 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.

This Fund Factsheet has not been reviewed by the SC.

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