

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:

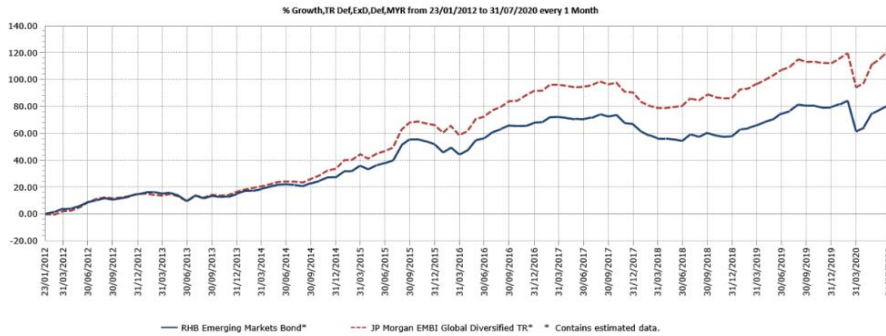
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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	1.77	10.20	-0.20	1.06
Benchmark	2.62	12.28	2.78	4.53

	1 Year	3 Years	5 Years	Since Launch
Fund	2.55	5.54	29.36	81.12
Benchmark	5.80	13.25	48.11	121.53

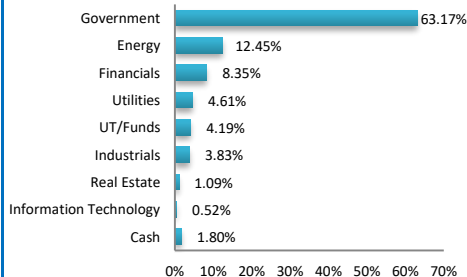
Calendar Year Performance (%)*

	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

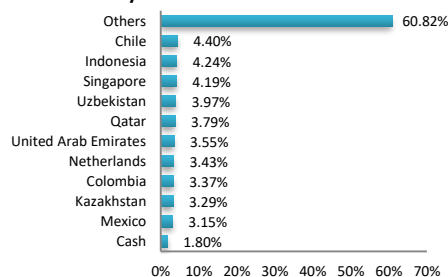
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

UNITED EMERGING MARKETS LOCAL CURRENCY BOND FUND CLASS SGD ACC	4.19
OJSC RUSS AGRIC BK(RSHB) SUBORDINATED REGS 10/23 8.5	2.92
STATE OF QATAR SR UNSECURED REGS 03/49 4.817	2.41
GOVT OF BERMUDA SR UNSECURED REGS 02/29 4.75	2.22
REPUBLIC OF UZBEKISTAN SR UNSECURED REGS 02/29 5.375	2.14

*As percentage of NAV

*Source: UOBAM, 31 July 2020. Exposure in United Emerging Markets Bond Fund - 97.77%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5811	0.6165	0.6681
Low	0.5707	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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MANAGER'S COMMENTS

MARKET REVIEW

Although asset prices grinded higher for the month, the narrower range of price movements implied that the market was in a consolidation phase after the strong recovery rally in the second quarter of calendar year 2020. With asset correlations between equities and bonds remaining high, both asset classes generally closed out the month with gains with the MSCI All Country World Index (ACWI) and Barclays Global Aggregate Bond Index up 5.1% and 3.2%, respectively, for July.

Within the fixed income universe, Emerging Market (EM) bonds fared well as supportive inflows underpinned valuations even as cautiousness and some profit-taking activity emerged during the month. Investors have turned more favourably towards EM assets given the disparity in yields with developed market yields, which are at near-historical lows, in spite of economic fundamentals remaining challenging for EM economies.

In terms of the overall EMBIG index, spreads narrowed by 34 bps to 439.5 bps, for the fourth consecutive month of tightening since the March sell-off. Treasury rates also fell in July with the 10-year and 30-year US treasury rate dipping 13 bps and 22 bps, respectively, to 0.53% and 1.19%, respectively.

POSITIONING IN KEY MARKETS

The Target Fund underperformance for the month was mainly attributed to their short duration position, which negatively impacted the portfolio as long-end US treasury rates declined month-on-month. In terms of bond positioning, the Target Fund Manager's preference for EM investment grade issues generated decent carry while the Target Fund Manager also recognized gains in their opportunistic HY positions, which benefitted from the broad-based investor inflows into EM assets.

For Asia, the Target Fund is well positioned in the frontier markets (Mongolia, Pakistan and Sri Lanka), which have performed well in July. Sri Lanka a notable outperformer as investors turned optimistic over this laggard following supportive comments by its government reiterating a commitment to debt repayment, positive developments in obtaining additional swap lines, and changes to its domestic regulations that allow for the purchase of its own foreign-currency denominated debt by its local banks. The Target Fund Manager's key overweight in Sri Lanka is concentrated in its maturing October 2020 bond, which the Target Fund Manager is confident of a full repayment given adequate liquidity and reserves. Within the Middle East, the Target Fund Manager's relative overweight positions in IG sovereigns such as the United Arab Emirates and Qatar did well in line with the decline in US treasury rates.

In Europe, Turkey was a key underperformer in the month as a sharp depreciation in its currency (lira) resulted in a spike in volatility for its Eurobonds on fears that efforts to defend its decline would severely impair its already low FX reserves. Facing high inflation, Turkey raised its year end inflation target to 8.9% from 7.4% but gave little indication of potential rate hikes to arrest the climb in inflation and ease the pressure on the lira.

For Latin America, the Target Fund Manager's relative underweight in the region resulted in an underperformance as Brazilian and Mexican assets fared well with yield hungry investors even as economic data remained tepid and COVID-19 cases continuing to spike. Additionally, Ecuador maintained a strong push in its bond prices as its consent solicitation efforts for its debt restructuring gained traction and garnered an endorsement from the International Monetary Fund (IMF), which boosted expectations for more aid from the body in the near-term. This helped to negate laggards such as Argentina, which continued to languish from a lack of resolution over its own debt restructuring process due to disagreements between its proposals and influential creditor groups.

Lastly, for Africa, positive developments over successful bilateral debt relief initiatives improved investor sentiment towards the region, and sovereigns like Angola performed well during the month. The Target Fund Manager had shifted to an opportunistic relative overweight for Angola in the prior month on the back of its debt relief push and stability in oil prices but the Target Fund Manager remains mindful that much needed capital market access for Angola is still out of reach at the moment, which prevents a further alleviation of its funding requirements.

STRATEGY

With five-months left for the calendar year, the Target Fund Manager maintains their view that overall EM valuations are rich with limited upside at this juncture when weighed against the disconnect with weak economic data and projections. The Target Fund Manager maintains their preference towards EM IG bonds for defensive positioning, and view carry as a primary driver of returns. EM HY exposure will continue to be opportunistic in nature given the relatively better yields as the Target Fund Manager also recognize the supportive effect that fund inflows have on the broad spectrum of EM assets i.e. a rising tide raises all ships. Similarly, the Target Fund Manager's expectations for a moderation in debt supply in the later months of the year also lend credence to this supportive technical outlook.

That said, the Target Fund Manager is cognizant of the possibility of a sharp reversal in market sentiment and corresponding outflows that may materialize should the disconnect between economic fundamentals /weakening economic data finally become more apparent to investors. There remains considerable risk over the likelihood of further revisions to growth expectations, fiscal health outlooks and potential increase in debt borrowings as sovereigns attempt to negotiate the COVID-19 fallout.

Lastly, the Target Fund Manager will continue to monitor anticipated levels of investment activity given that their expectation that investment activity could potentially slow in the last quarter of the year as political posturing related to the US presidential elections heighten volatility and geopolitical tensions. With key US partners and "antagonists" such as Latin America, China and Europe sensitive to developments, respective asset prices could navigate downwards accordingly.

DISCLAIMER:

Based on the fund's portfolio returns as at 14 July 2020, the Volatility Factor (VF) for this fund is 9.9 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 9.6 but not more than 12.8 (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 30 June 2020 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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 Master Prospectus dated 6 October 2017 and its supplementary(ies) (if any) ("collectively known as the Master Prospectus") before investing. The Master Prospectus 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 Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus 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 and country risk and specific risks of the Target Fund are market risk, debt securities risk, emerging markets risk, political and economic risks, repatriation of capital, dividends, interest and other income risks, regulatory risk, nature of investments and market risks, lack of market economy, derivatives risk, synthetic product risk, illiquidity of investments, broker risk, settlement risk, custody risk, counterparty risk, possible business failures, accounting practice, quality of information, legal risk, taxation, foreign exchange and currency risks, banking systems, risk of mismanagement by debt issuers, actions of institutional investors, risk of use of rating agencies and other third parties, exceptional market conditions risk, exceptional market conditions risk, liquidity risk of investments, investment management risk. These risks and other general risks are elaborated in the Master Prospectus.

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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