RHB Asset Management

FUND FACTSHEET – AUGUST 2020

All data expressed as at 31 July 2020
unless otherwise stated

RHB ASIAN INCOME FUND MULTI CURRENCIES - AUD HEDGED CLASS

The Fund aims to provide income and capital growth over the medium to long-term^ by investing in one (1) target fund, i.e. the Schroder Asian Income.

*Note: *"medium to long term" in this context refers to a period of between 3 – 10 years.*

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.

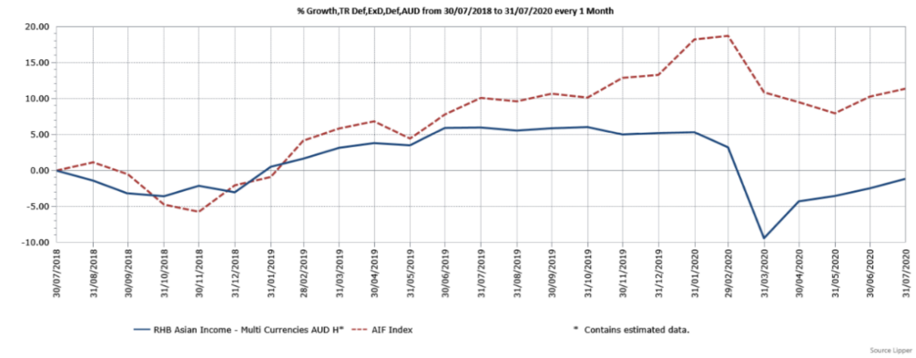
INVESTOR PROFILE

This Fund is suitable for:

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

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**1.36**	**3.27**	**-6.15**	**-6.05**
Benchmark	1.01	1.72	-5.78	-1.69

	1 Year	Since Launch
Fund	**-6.75**	**-1.21**
Benchmark	1.17	11.34

Calendar Year Performance (%)*

	2019
Fund	**8.50**
Benchmark	15.61

Source: Lipper IM

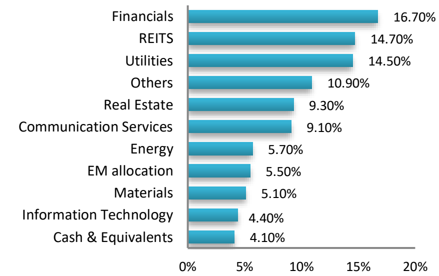
FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder Fund
Fund Type	Income Fund
Launch Date	10 July 2018
Base Currency	SGD
Unit NAV	AUD 0.9527
Fund Size (million)	AUD 166.88
Units In Circulation (million)	175.51
Financial Year End	30 April
MER (as at 30 April 2020)	0.67%
Min. Initial Investment	AUD 1,000.00
Min. Additional Investment	AUD 500.00
Benchmark	50% MSCI AC Asia Pacific ex Japan Net (RM) + 50% JP Morgan Asia Credit Index (SGD Hedged)
Sales Charge	Up to 5.50% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% p.a. of NAV*
Switching Fee	AUD 10.00 per switch*
Distribution Policy	Quarterly, if any

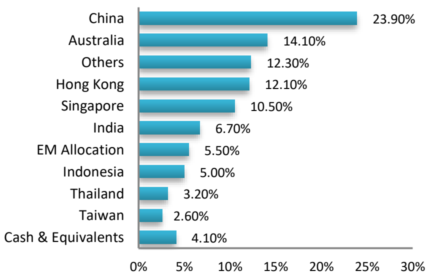
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

HK ELECTRIC INVESTMENTS UNITS LTD	2.50
AUSNET SERVICES LTD	2.00
POWER GRID CORPORATION OF INDIA LTD	1.70
NOVATEK MICROELECTRONICS CORP	1.70
POWER ASSETS HOLDINGS LTD	1.60

**As percentage of NAV*
**Source: Schroder, 31 July 2020. Exposure in Schroder Asian Income - 97.20%*

FUND STATISTICS

Historical NAV (AUD)

	1 Month	12 Months	Since Launch
High	0.9692	1.0632	1.0725
Low	0.9483	0.8365	0.8365

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
24 Jul 2020	0.8500	0.90
24 Apr 2020	0.9000	0.93
23 Jan 2020	0.7500	0.72
29 Oct 2019	1.1000	1.05

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET OVERVIEW

Asian equities continued its strong run in July against a more optimistic backdrop, supported by the ongoing economic recovery and solid earnings news despite a rebound in infections in some countries. Taiwan was the outperformer, with the technology sector leading gains. China also recorded positive returns, however Hong Kong ended the month in the negative territory amid a fresh wave of outbreaks while ASEAN markets also broadly lagged behind. In fixed income, the 10-year US Treasury yield remained largely in range and ended 10bps lower. Corporate credit continued to outperform on tighter spreads.

MARKET STRATEGY AND OUTLOOK

Equity

Over the month, the Target Fund Manager continued to increase their holdings in technology, including a Taiwan semiconductor and Korea electronic producer. As mentioned, these names provide the portfolio with both attractive income (2-4% payout) and growth potential. The Target Fund Manager expects the tech cycle and demand for smartphones to recover, which should continue to support the strong momentum of the sector. The Target Fund Manager also added to materials, and introduced a new position in an Australia mining producer as they expect the massive central bank and Chinese government stimulus to continue to boost the sector while supply disruptions in Brazil should also support iron prices. Elsewhere, the Target Fund Manager added to selective telecoms, such as their Hong Kong broadband provider which has benefitted from the increased demand for 5G and internet usage. The above mentioned additions were funded from the reduction in the financial sector and retail REITs across different markets amid the ongoing headwinds of the falling interest rates and challenging economic conditions. Finally, the Target Fund Manager exited their position in a Macau gaming name. After several months of closures / lockdowns due to Covid-19, revenue has been severely impacted. While the recent relaxation of the 14-day quarantine in Guangdong is positive, the Target Fund Manager thinks the relaxation of restrictions still lags expectations, thus they expect earnings to remain under pressure.

The technology sector has been a clear winner during the pandemic-induced recession and the subsequent market recovery thanks to a suite of products and services that benefit from lockdowns, social distancing and working from home. But with much of the good news already priced into markets, valuations of these virtual names that have railed strongly are definitely not cheap now, although the Target Fund Manager must also recognize that momentum can persist in the near-term and they could remain expensive for quite some time. Therefore, the Target Fund Manager continues to stress the importance of selectivity. Not every stock which have rallied hard present risks, as some are backed by actual increase in structural growth, but there are also some which rose largely due to investors' optimism and lack fundamental support. Picking the former and avoiding the latter is increasingly important in the current market environment.

Fixed Income

In fixed income, the Target Fund Manager participated in several new issuances, including a Chinese online insurer which boasts a leading position in the industry and high barrier of entry. The company also recently expanded its health insurance coverage, which could attract more customers. Another addition is in the Philippines financial sector which offers some diversification to the portfolio. Within the China real estate sector, the Target Fund Manager added to selective attractive issues and switched out of those that are more prone to idiosyncratic risks such as refinancing concerns and rating downgrades. However, overall, the Target Fund Manager remains constructive on the broad 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's preference remains in short-dated papers and quality names which offer attractive yields.

The Target Fund Manager's conviction in corporate credit remains on the back of the benign liquidity backdrop. However, the Target Fund Manager remains cognizant of increasing default risks which points to a more cautious approach to credit investing as falling government bond yields means that investors are being pushed further out the risk curve to search for income. As such, selection and diversified approach now becomes even more important for accessing the credit risk premium. 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.

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