

RHB ASIAN INCOME FUND

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 Investors who:

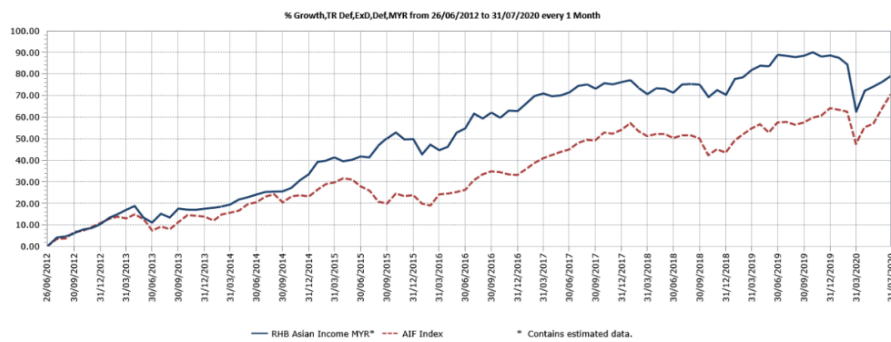
- seek income and capital growth over the medium to long term;
- have moderate risk appetite; and
- seek investment opportunities in the Asian region.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the units of Schroder AI.
- 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	1.60	4.03	-4.45	-5.02
Benchmark	4.11	9.87	4.43	3.96

	1 Year	3 Years	5 Years	Since Launch
Fund	-4.91	2.73	26.81	79.10
Benchmark	8.15	15.24	35.40	70.61

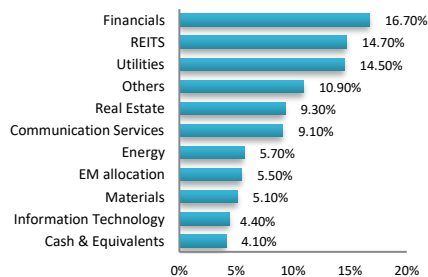
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	10.72	-3.30	8.25	8.62	14.56
Benchmark	14.26	-6.81	15.65	7.53	16.21

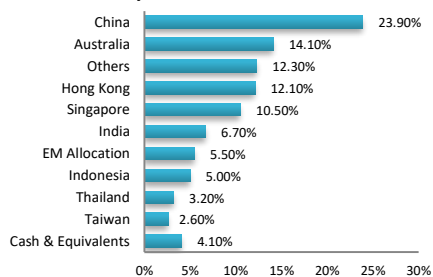
Source: Lipper IM

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 - 96.53%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6022	0.6612	0.6836
Low	0.5871	0.5246	0.5000

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
24 Jul 2020	0.8000	1.37
24 Apr 2020	0.8000	1.34
23 Jan 2020	0.8000	1.24
29 Oct 2019	1.0000	1.53

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management Sdn Bhd (174588-X)

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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 rallied 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.

DISCLAIMER:

Based on the fund's portfolio returns as at 14 July 2020, the Volatility Factor (VF) for this fund is 9.3 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 3.3 but not more than 9.6 (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 Prospectus dated 6 October 2017 and its supplementary(ies) (if any) ("collectively known as the Prospectus") before investing. The Prospectus has been registered with the Securities Commission Malaysia ("SC") 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 Prospectus relates will only be made on receipt of a form of application referred to in the Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the 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 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 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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