

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:

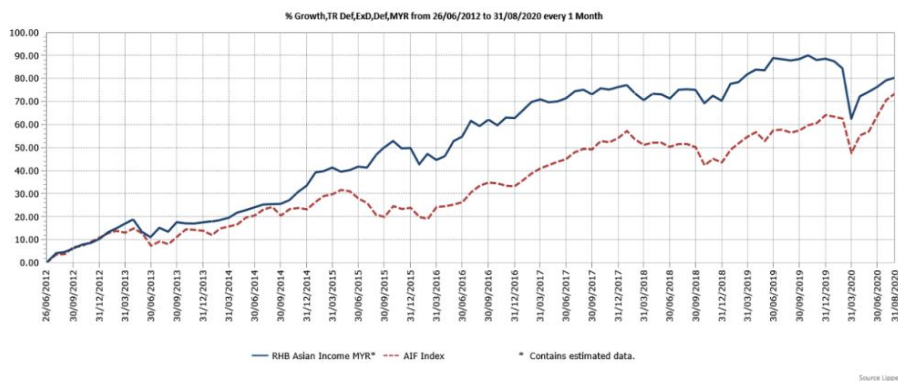
- seek income and capital growth over the medium to long term;
- have moderate risk appetite; and
- seek investment opportunities in the Asian region.

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 | 0.68 | 3.54 | -2.18 | -4.37 |
| Benchmark | 1.67 | 10.52 | 6.74 | 5.70 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|-----------|--------|---------|---------|--------------|
| Fund | -3.97 | 3.04 | 23.07 | 80.32 |
| Benchmark | 10.86 | 16.02 | 43.51 | 73.46 |

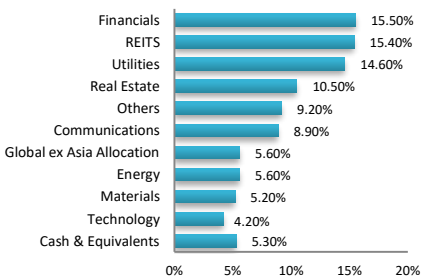
Calendar Year Performance (%)*

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------|-------|-------|-------|------|-------|
| Fund | 10.72 | -3.30 | 8.25 | 8.62 | 12.25 |
| Benchmark | 14.26 | -6.81 | 15.65 | 7.53 | 0.51 |

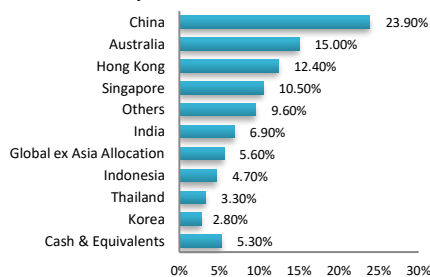
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

| | |
|---------------------------------------|------|
| HK ELECTRIC INVESTMENTS UNITS LTD | 2.40 |
| AUSNET SERVICES LTD | 2.10 |
| POWER GRID CORPORATION OF INDIA LTD | 1.70 |
| POWER ASSETS HOLDINGS LTD | 1.70 |
| ASCENDAS REAL ESTATE INVESTMENT TRUST | 1.40 |

*As percentage of NAV

*Source: Schroder, 31 August 2020. Exposure in Schroder Asian Income - 96.83%

FUND STATISTICS

Historical NAV (RM)

| | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 0.5948 | 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.

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MANAGER'S COMMENTS

MARKET OVERVIEW

Asian equities posted a strong return, led by China and Hong Kong, where Covid-19 infection rates fell. In China, positive surprises in Q2 earnings resulted in boosted sentiment, in spite of the rising tensions with the US. Malaysia, Thailand and Taiwan finished in negative territory and were the weakest index performers. In fixed income, the 10-year US Treasury yield rose 18bps, while corporate bonds outperformed government bonds.

MARKET STRATEGY AND OUTLOOK

Equity

Over the month, the Target Fund Manager added to selective REITs, including a newly listed India REIT which boosts a well-diversified portfolio of Grade-A commercial offices with strong rental collections. Another added position is the Target Fund Manager's Australia REIT, which rose strongly following the recent earnings announcement. The company's exposure to resilient sectors such as residential / neighbourhood malls, and the further diversification of the asset mix into area of growth such as logistics should continue to bring relative stability to fund flows and distributions. Elsewhere, within the Taiwan tech sector, the Target Fund Manager took profit from a semiconductor producer and switched into another player focusing on end-users computing equipment. The company recently unveiled a new line-up of gaming PCs and equipment, and the Target Fund Manager believes these new offerings should benefit from the increased consumer upgrade demands given the need for better hardware for stay-home entertainment such as gaming and video streaming. Lastly, the Target Fund Manager continues to reduce financials, through trimming a Thailand bank and closed a Singapore name. Loan growth is expected to slow on falling demand while net interest margin could also narrow given lower yields and interest rates.

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 added to several names and new issues within the Chinese real estate sector. 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 added to several existing holdings, including a Philippine fast food operator. Although operations have been affected by Covid-19, sales are expected to recover from new product and delivery initiatives, while cost improvements are also underway. The Target Fund Manager also added to a Thailand oil producer, as key commodity prices have shown signs of turnaround / stabilization. The Target Fund Manager then took profit on some Middle East government bonds following the recovery in oil prices. Overall, the Target Fund Manager kept duration largely unchanged at 2.1 years.

The Target Fund Manager's conviction in corporate credit remains on the back of the benign liquidity backdrop. However, the Target Fund Manager is also aware 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 10 August 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.

RHB Asset Management Sdn Bhd (174588-x)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000

www.rhbgroup.com



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