RHB Asset Management

FUND FACTSHEET - OCTOBER 2020

All data expressed as at 30 September 2020 unless otherwise stated

3-year Fund Volatility **10.0** moderate
Lipper Analytics 10 SEP 2020

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

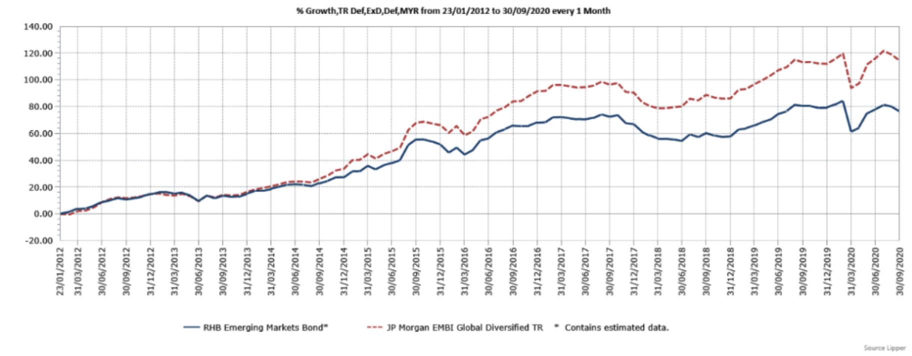
This Fund is suitable for investors who:
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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	**-1.93**	**-0.93**	**9.17**	**-1.63**
Benchmark	-2.09	-0.78	10.49	1.07

	1 Year	3 Years	5 Years	Since Launch
Fund	**-2.30**	**2.22**	**13.42**	**76.31**
Benchmark	0.53	9.09	27.38	114.19

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

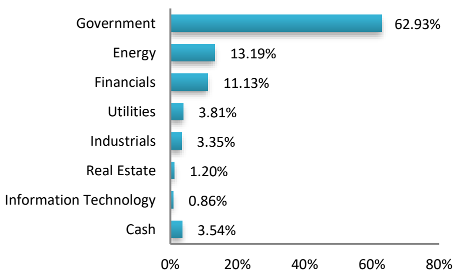
FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder Fund
Fund Type	Income Fund
Launch Date	03 January 2012
Unit NAV	RM0.5600
Fund Size (million)	RM34.49
Units In Circulation (million)	61.59
Financial Year End	28 / 29 February
MER (as at 28 Feb 2020)	1.60%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	JP Morgan Emerging Market Bond Index Global Diversified Index (RM)
Sales Charge	Up to 2.50% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Quarterly, if any

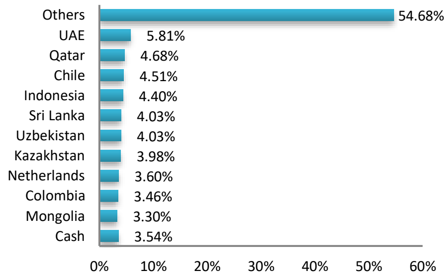
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

STATE OF QATAR SR UNSECURED REGS 03/49 4.817	2.37
REPUBLIC OF UZBEKISTAN SR UNSECURED REGS 02/29 5.375	2.17
REPUBLIC OF UZBEKISTAN SR UNSECURED REGS 02/24 4.75	1.85
REPUBLICA ORIENT URUGUAY SR UNSECURED 04/55 4.975	1.78
FIRST ABU DHABI BANK PJS JR SUBORDINA REGS 12/99 VAR	1.77

**As percentage of NAV*
**Source: UOBAM, 30 September 2020. Exposure in United Emerging Markets Bond Fund - 96.35%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5748	0.6165	0.6681
Low	0.5595	0.5123	0.4959

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
26 Aug 2020	0.5500	0.96
28 May 2020	0.3500	0.65
25 Feb 2020	0.8000	1.35
27 Nov 2019	0.9000	1.51

Source: RHB Asset Management Sdn. Bhd.

RHB EMERGING MARKETS BOND FUND

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MANAGER'S COMMENTS

MARKET REVIEW

Risk assets sold off in September on the back of growing macro uncertainty brought about by rising international COVID-19 cases, a lack of consensus on additional fiscal stimulus in the US, and weakening economic data in Emerging Market (EM) economies. Decline in commodity prices such as crude oil, aluminum, and iron ore also added to concerns over the sustainability of economic recoveries globally. Correspondingly, within the fixed income universe, EM bonds saw their first fund outflows in three months to pause the influx of investors seeking higher yielding EM assets.

In terms of the overall EMBIG index, spreads widened by 10 bps to 431.7 bps versus 421.8 bps in the prior month for the first retracement in spreads since the March sell-off. US 10 and 30-year Treasury rates were almost flat at 0.68% and 1.46%, respectively, as compared to the prior month's 0.70% and 1.47%, respectively

POSITIONING IN KEY MARKETS

While the Target Fund Manager maintained their preference for EM investment grade issues during the month, the sell-off in risk assets meant that the fund was still negatively impacted, especially in their opportunistic relative overweights in riskier EM sovereigns such as Sri Lanka and Angola. Fortunately, carry continued to be a key contributor to return, and helped to mitigate the decline in asset prices.

For Asia, Sri Lanka was the worst performer in the EM complex as bond prices fell several points after government officials downplayed the urgency to engage multi-lateral agencies such as the International Monetary Fund (IMF) even as FX reserves and economic fundamentals continue to deteriorate. The comments disappointed investors seeking greater comfort from enhanced liquidity buffers, expressly since Sri Lanka is unlikely to access debt capital markets this year. Compounding the negative sentiment was a downgrade of the sovereign by Moody's to 'CCC'. Although asset prices stabilized after a few days, the Sri Lanka complex gave up the majority of its recovery gains. In light of the developments, the Target Fund Manager maintains their positioning in the aftermath as they deem the sell-offs to be excessive, and remain firm in their belief that prices should recover upon their entry levels once clarity is ascertained from its anticipated budget announcement in September.

In other Asian regions, China was also a notable laggard on account of the escalation in US-China trade tensions with US sanctions on Chinese technology firms reverberating throughout the industry and other trade sensitive sectors. Additionally, concerns over debt sustainability in the Chinese property segment were brought to the forefront by issues faced by China Evergrande Group, which then precipitated sell-offs across the sector. Fortunately, the relative underweight by the fund in China limited the negative impact on overall returns.

In Europe, the Target Fund Manager pared their positioning in Russia and Romania on profit-taking after a stellar year-to-date performance and limited upside potential for the rest of the year. The Target Fund Manager also continued to opportunistically pare down their exposure to Turkey to further reduce their relative underweight to the benchmark given their dislike for the sovereign's economic situation and erratic political administration. Lastly, towards the end of the month, a direct military confrontation between Armenia and its neighbour, Azerbaijan, led to sell-offs in bonds by both countries, and added an unwanted layer of geopolitical tension to the region. With the potential for escalation, the Target Fund Manager will look to limit their exposure to the region in the last quarter of the year.

Moving to Latin America (LATAM), the Target Fund Manager continues to dislike the region and maintain their avoidance of both Argentina and Ecuador. The Target Fund Manager views their respective debt restructuring exercises as mere temporary reprieves that mask systemic economic and administrative issues. In other LATAM markets, few bright spots exist as Brazil, Mexico continue to be weighed down by tepid economic growth and political ambiguity. Within the region, the Target Fund Manager maintains their allocations to the investment grade sovereigns such as China, Uruguay and Colombia.

Lastly, for Africa, the Target Fund Manager endured a pullback in their opportunistic relative overweight in Angola following the downgrade by rating agencies to "CCC" on concerns over its sizeable debt load and ability to service its obligations. The Target Fund Manager notes that the stated concerns are not new and already well documented, and are of the view that the rating agencies are reacting prematurely ahead of Angola's debt discussions with China, its biggest creditor. The Target Fund Manager remains optimistic that Angola's debt negotiations with China will prove favourable, which taken alongside debt relief granted by the G20 for repayments due in 2020, will place Angola in a healthier financial position.

STRATEGY

As the Target Fund Manager enters the last quarter of the calendar year, it is finally becoming more apparent to other market participants that the euphoria and expectation of a swift global economic recovery may be premature. What is now likely is a tenuous and varied recovery path – especially for the diverse EM economies – with greater potential for asset corrections as seen in the month of September once prior economic projections become glaringly unattainable as the year comes to a close, and future forecasts are forced to be revised downwards drastically. Therefore, the Target Fund Manager continues to hold firm their view that overall EM valuations are rich with limited upside when weighed against this backdrop.

To close out the calendar year, 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 as the Target Fund Manager takes advantage of market dislocations to enhance portfolio returns.

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. Should liquidity become thinner with bid/offer spreads turning wider, the Target Fund Manager may further limit investment activity and/or pare risks to prevent unnecessary costs to the portfolio.