

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.

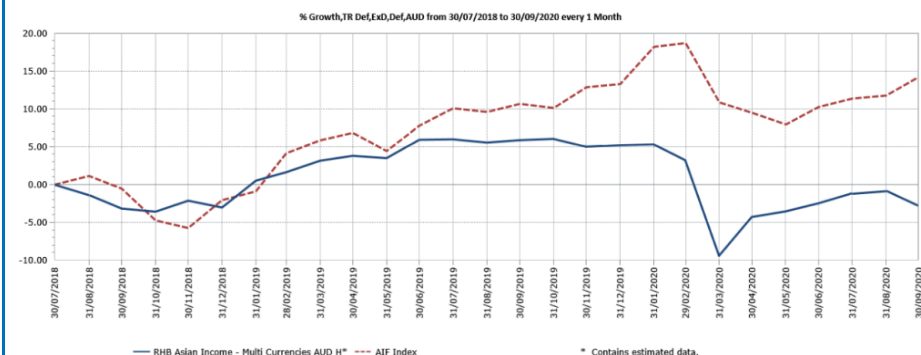
INVESTOR PROFILE

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	-2.03	-0.35	7.27	-7.64
Benchmark	2.20	3.60	3.04	0.83

	1 Year	Since Launch
Fund	-8.23	-2.88
Benchmark	3.21	14.20

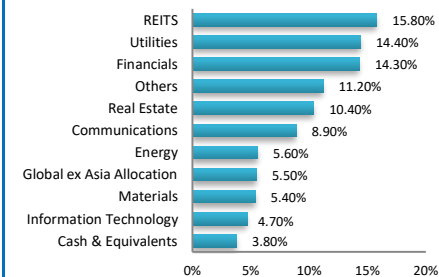
Calendar Year Performance (%)*

	2019
Fund	8.50
Benchmark	15.61

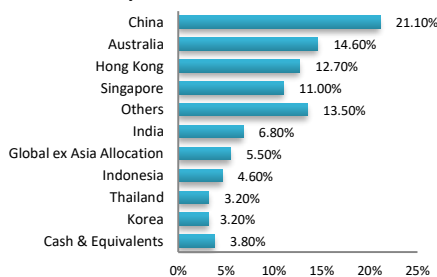
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

HK ELECTRIC INVESTMENTS UNITS LTD	2.60
AUSNET SERVICES LTD	2.20
POWER ASSETS HOLDINGS LTD	1.60
NOVATEK MICROELECTRONICS CORP	1.60
POWER GRID OF INDIA LTD	1.60

*As percentage of NAV

*Source: Schroder, 30 September 2020. Exposure in Schroder Asian Income - 97.60%

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 0.9366
Fund Size (million)	AUD 147.80
Units In Circulation (million)	157.81
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 STATISTICS

Historical NAV (AUD)

	1 Month	12 Months	Since Launch
High	0.9608	1.0624	1.0725
Low	0.9366	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.

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.

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 continued their sector rotation by adding to an Australia miner on the back of ongoing fiscal stimulus and China recovery. The Target Fund Manager also increased their Taiwan semiconductor producer on the back of recovering demand. The Target Fund Manager expects the company to strengthen its leading position through scale advantage and margin expansion. Elsewhere, the Target Fund Manager initiated a new position in a Korea internet name which provides web portal services including search engine, online games and e-commerce. It also recently launched an online grocery shopping platform, which is likely to further boost monetization and earnings. On the other hand, the Target Fund Manager trimmed an Australia banking name given the ongoing profit pressure. Lending is likely to remain soft due to weak housing and personal loan demand while net interest margin could also narrow given lower yields and interest rates. The Target Fund Manager then closed their holdings in an India conglomerate in the consumer staples sector. While the company's revenue stream should remain steady, risks remain higher when compared to other sectors such as utilities. The company also lacks catalysts to drive growth and hence the Target Fund Manager has decided to exit and put the capital to better use in sectors and names which offer better growth potential, in line with the evolution of the strategy they discussed in the recent months.

From a style perspective, the Target Fund Manager believes that maintaining the exposures to growth and technology remains a viable approach given the momentum and the acceleration of trends triggered by Covid-19, but they also believe that balancing that with some exposures offering leverage to the normalization of the economy post-pandemic with cheap valuation should help reduce risks given the expectation of sector/style rotation over the medium term. Overall, 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 new issues, including an Australia real estate group which boasts a portfolio of quality regional shopping centres. The country's covid-19 situation has been under control which should see gradual increase in visitors' traffic to malls. The long-dated, investment grade paper offers an attractive yield given its strong credit quality and helps to lengthen the duration of the portfolio. By the same token, the Target Fund Manager also added to a long maturity paper of a leading Hong Kong insurance provider. On the other hand, the Target Fund Manager trimmed selective Chinese property developers given the potential spillover from the recent noises surrounding Evergrande, though the Target Fund Manager remains constructive on the overall sector which offers attractive yield and resiliency given its reliance on domestic demand. The Target Fund Manager also closed took profit on a Chinese hardware producer given the revenue recovery helped by strong shipment and cost control. Overall, the Target Fund Manager kept duration largely unchanged at 2.1 years.

While valuations remain rich as bond yields are at historical lows, the Target Fund Manager is positive on credit on the back of the benign liquidity backdrop. 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. As valuations of credit as an asset class now become less attractive, investors will have to rely more heavily on active management to generate alpha within the asset class. Also, it might also be time to think about moving up the risk curve to increase the allocation to equities for returns, but in a risk controlled manner. 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:

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 Information Memorandum dated 10 July 2018 and its supplementary(ies) (if any) (“collectively known as the Information Memorandum”) before investing. The Information Memorandum 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 Information Memorandum 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 Information Memorandum relates will only be made on receipt of a form of application referred to in the Information Memorandum. The Fund are only offered to “sophisticated investors” as defined in the Information Memorandum. For more details, please call 1-800-88-3175 for a copy of the PHS and the Information Memorandum 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, liquidity risk, currency risk and country risk and the specific risks of the target fund are market risk in Asia, equity risk, currency risk, credit risk, investment grade, below investment grade and unrated debt securities risk, risks relating to distributions, emerging markets and frontier risk, derivatives risk, risks associated with investing through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively and individually referred to as the “Stock, Connect”), risk associated with investing in the China interbank bond market, risks specific to China and onshore RMB currency risk. These risks and other general risks are elaborated in the Information Memorandum.

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


RHB Asset Management Sdn Bhd (174588-X)

