RHB Asset Management

FUND FACTSHEET - NOVEMBER 2020

All data expressed as at 31 October 2020 unless otherwise stated

3-year Fund Volatility 10.0 moderate Lipper Analytics 10 OCT 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:

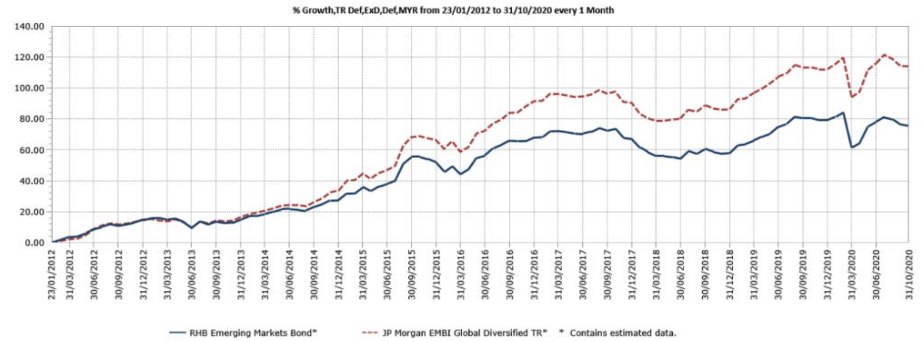
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

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	**-0.48**	**-3.12**	**6.76**	**-2.10**
Benchmark	-0.04	-3.35	8.52	1.03

	1 Year	3 Years	5 Years	Since Launch
Fund	**-2.77**	**1.02**	**12.81**	**75.46**
Benchmark	0.41	8.36	26.81	114.10

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

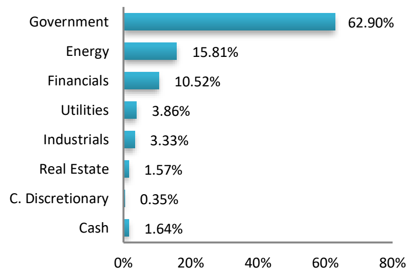
FUND DETAILS

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	RM0.5573
Fund Size (million)	RM34.24
Units In Circulation (million)	61.44
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

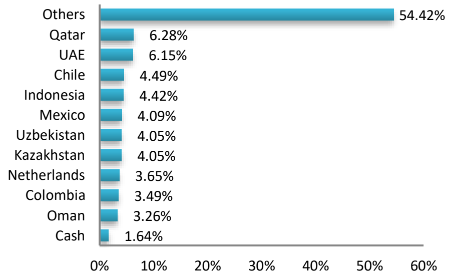
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management 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	2.18
REPUBLIC OF UZBEKISTAN SR UNSECURED REGS 02/24 4.75	1.87
FIRST ABU DHABI BANK PJS JR SUBORDINA REGS 12/99 VAR	1.81
REPUBLICA ORIENT URUGUAY SR UNSECURED 04/55 4.975	1.76

**As percentage of NAV*

**Source: UOBAM, 31 October 2020. Exposure in United Emerging Markets Bond Fund - 97.38%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5669	0.6165	0.6681
Low	0.5573	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 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 Group @RHBGroup RHB Group RHBGroup

RHB Asset Management Sdn Bhd (174588-X)

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.

MANAGER'S COMMENTS

MARKET REVIEW

Risk assets endured another challenging month with most indices and benchmarks posting negative returns. A continued rise in international COVID-19 cases revived concerns over the impact of a second lockdown on global economic growth while the US continued to falter on its ability to implement fiscal stimulus ahead of the US Presidential elections in November. These weakening sentiments correspondingly saw oil prices dip below US$40/barrel, which worsened the outlook on Emerging Market (EM) economies already suffering from weakening economic data. Surprisingly, in spite of the overall weakness, EM hard currency bonds experienced positive fund inflows for the month, and resulted in a net US$7.6b inflow on a year-to-date (YTD) basis.

In terms of the overall EMBIG index, spreads narrowed by 12 bps to 420.0 bps versus 431.7 bps versus 421.8 bps in the prior month – boosted by a greater tightening in investment grade (IG) spreads than high yield (HY) spreads. The US Treasury curve bear-steepened with the 2/10 and 5/30 treasury differentials rising to 72.1 bps and 127.6 bps, respectively, from 55.7bps and 117.8 bps, respectively. The US 10 and 30-year Treasury rates rose to 0.87% and 1.66%, respectively, from 0.68% and 1.46%, respectively. For October, in SGD terms, the United Emerging Market Bond fund returned -0.32% vs. 0.11% for the benchmark.

POSITIONING IN KEY MARKETS

In summary, the Target Fund Manager's relative overweight in Sri Lanka was the main contributor to the drag in performance by the portfolio. Additionally, the increase in treasury rates also formed a drag on the more sensitive investment grade investments, especially on the longer-duration papers. This was fortunately offset by carry, which continued to be a key contributor to return, and helped to mitigate the decline in asset prices.

For Asia, Sri Lanka maintained its place as the worst performer in the EM complex as bond prices continued to languish with the market remaining unconvinced about its ability to arrest the slide in investor confidence. Although there were some positive developments in the form of a stronger political mandate for its existing administration, a visit by the US Secretary of State served to maintain the heavy mood over Sri Lanka as it seemed to force the country to decide between the US and its key patron, China. Over the longer-term, it is also increasingly likely that the assistance of multi-lateral agencies such as the International Monetary Fund (IMF) will be needed, if Sri Lanka is indeed committed to fulfilling its debt obligations over the longer-term. With the culmination of negative news, the Target Fund Manager maintains their view that sell-offs are excessive at this juncture, and it will be prudent not to sell into weakness. The Target Fund Manager awaits further clarity once the country announces its 2021 budget.

In other Asian regions, the oil sensitive Middle East region such as Iraq, Oman and Bahrain experienced some downward pressure on asset prices while the investment grade counterparts such as Emirates of Abu Dhabi (which the Target Fund Manager is overweight in) were impacted by the rise in treasury rates.

In Europe, the Target Fund Manager remained neutral in their positioning ahead of the US Presidential elections on limited upside potential for the rest of the year. The Target Fund Manager also remained underweight in Turkey given the continued pressure on the Lira, geopolitical pressures from its confrontational approach in Armenia/Azerbaijan, and antagonistic use of a Russian air defense system.

Moving to Latin America (LATAM), the Target Fund Manager tempers their underweight in the region whilst maintaining their total avoidance of both Argentina and Ecuador. Argentina has given up all gains obtained from its restructuring exercise on the back of fears over its economic prospects while Ecuador's new papers offer little carry and upside potential at this juncture as it remains heavily oil dependent. On the other hand, prospects for other LATAM cyclicals such as Peru, Chile and Mexico should improve if the US Presidential election yields a full Democratic sweep. As such, the Target Fund Manager has increased their positioning slightly during he month whilst maintaining allocations to the other investment grade sovereigns such as Uruguay and Colombia.

Lastly, for Africa, the Target Fund Manager reduced their relative overweight in Angola following noise over Zambia's restructuring exercise (their portfolio has no position in Zambia). 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 and now 2021, will place Angola in a healthier financial position.

STRATEGY

As the Target Fund Manager enters the last two months of the calendar year, a revival of COVID-19 lockdowns and attributed slowdown in economic activity should temper risk-taking, especially as portfolios readjust and reposition for next year. The Target Fund Manager maintains their view that there will be a greater dispersion in the recovery/economic growth paths in EM economies, and expect these realities to become more apparent in the coming months. Even as technical support comes in the form of persistent ETF fund flows, it should serve to support exit prices for active managers such as ourselves in the weaker EM sovereigns so upside potential for weaker EM sovereigns will be limited in such a scenario. 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.