

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.

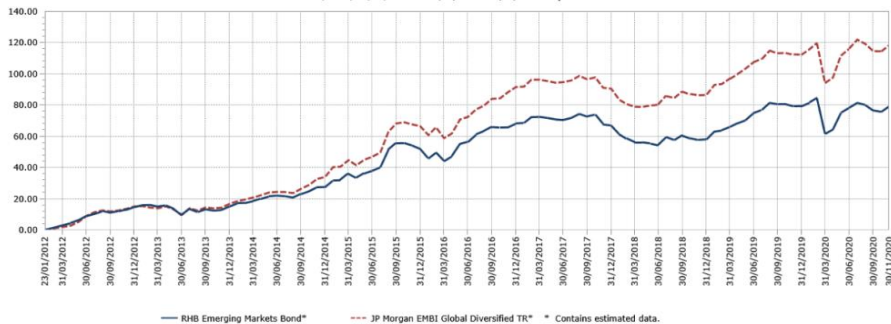
INVESTMENT STRATEGY

- 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*

% Growth, TR Def, Excl, Del, MYR from 23/01/2012 to 30/11/2020 every 1 Month



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	1.99	-0.46	2.25	-0.15
Benchmark	1.83	-0.33	3.04	2.88

	1 Year	3 Years	5 Years	Since Launch
Fund	-0.08	6.71	16.23	78.95
Benchmark	2.79	14.17	30.17	118.02

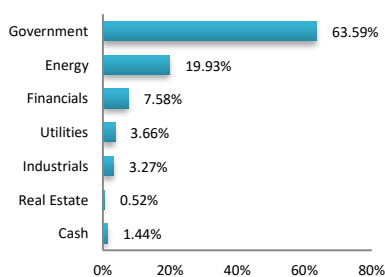
Calendar Year Performance (%)*

	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

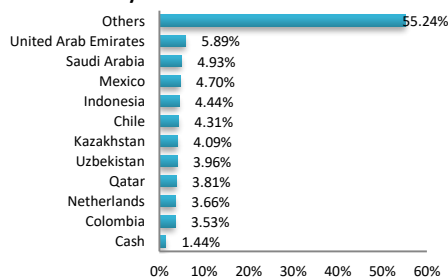
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SAUDI ARABIAN OIL CO SR UNSECURED REGS 11/50 3.25	2.59
STATE OF QATAR SR UNSECURED REGS 03/49 4.817	2.40
REPUBLIC OF UZBEKISTAN SR UNSECURED REGS 02/29 5.375	2.17
FIRST ABU DHABI BANK PJS JR SUBORDINA REGS 12/99 VAR	1.81
GALAXY PIPELINE ASSETS SR SECURED REGS 09/40 3.25	1.79

*As percentage of NAV

*Source: UOBAM, 30 November 2020. Exposure in United Emerging Markets Bond Fund - 97.09%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5707	0.6165	0.6681
Low	0.5573	0.5123	0.4959

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
25 Nov 2020	0.6000	1.06
26 Aug 2020	0.5500	0.96
28 May 2020	0.3500	0.65
25 Feb 2020	0.8000	1.35

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

Positive vaccine news boosted market sentiments strongly as investors ignored the continued rise in COVID-19 cases and the partial lockdowns in Europe and the US. Even the lack of additional fiscal stimulus in the US and messiness over the conclusion of the US Presidential election failed to dampen market sentiments. As a result, high beta risk assets – especially those in the Emerging Market (EM) complex – posted strong gains in the hope that COVID-19 will be conquered in the coming months. Correspondingly, November saw investors stepping strongly into high beta cyclical sectors such as Energy, Industrials, Financials, which were the top performing sectors in the S&P 500 for the month.

In terms of the overall EMBIG index, spreads narrowed by 41.8 bps to 378.3 bps versus 420.0 bps in the prior month – with the tightening in high yield spreads of 86.9 bps far outpacing that of the investment grade (IG) spreads (-15.2 bps). The US Treasury curve remained steep though the 2/10 and 5/30 treasury differentials dipped slightly to 69.0 bps and 120.7 bps, respectively, from 72.1 bps and 127.6 bps, respectively, during the prior month. The US 10 and 30-year Treasury rates came in at 0.84% and 1.57%, respectively, from 0.87% and 1.66%, respectively. For November, in SGD terms, the United Emerging Market Bond fund returned 2.07% vs. 1.78% for the benchmark.

POSITIONING IN KEY MARKETS

As the Target Fund Manager moves into the new year, they adjust their allocations and positioning to incorporate key developments. Given the strength of the market's positive response to the progress on the vaccine front, it has become apparent that the market is overwhelmingly in favour of looking past fundamental weaknesses in most of the EM complex, even as the gap between market valuations and fundamental metrics continues to widen. Therefore, the Target Fund Manager adjusts their allocations to reflect this reality and take advantage of the strong technical support coming from accommodative financial conditions in the financial system, and inflows into the EM complex in the search for yield as DM yields remain low. The Target Fund Manager also adjust their allocations to assets that will benefit from the COVID-19 recovery trade such as oil, tourism sensitive sovereigns.

For Asia, the Target Fund Manager increased their allocation to the oil sensitive Middle East region as they participated in several new issues by Saudi Arabian quasi-sovereigns. However, the Target Fund Manager was also mindful of the impact of rising oil prices on the compliance discipline of weaker oil sovereigns such as Iraq, who are also suffering from internal political issues, and hence pared their exposures accordingly. As for the rest of Asia, the Target Fund Manager had reduced their Chinese exposure in the prior months, and were fortunately unaffected by the latest round of US sanctions on military-linked Chinese SOEs as well as the tech-related sector, which saw the increased oversight by Chinese authorities. Lastly, the Target Fund Manager's allocation to Sri Lanka remained unchanged as the sovereign improved slightly but still remained a laggard in the region as investors digested its new budget and efforts to improve economic growth.

In Europe, the Target Fund Manager maintained their neutral positioning for the rest of the year, and will likely remain so for the coming year given limited upside potential. However, in terms of opportunistic positioning, the Target Fund Manager increased their allocation to Turkey following the resignation of its finance minister as they anticipated subsequent policy action to strengthen the Turkish Lira, which would alleviate recent pressure from geopolitical issues.

For Latin America (LATAM), the Target Fund Manager increased their high beta exposure to the Dominican Republic as well as Petroleos Mexicanos in anticipation that higher oil prices will support a further compression of its spread against the sovereign. Correspondingly, the Target Fund Manager balanced the risk taking by avoiding both Argentina and Ecuador. The Target Fund Manager also turned mindful of future developments in Peru and Chile as policy developments could see a further erosion of fiscal buffers as politicians strive to appease unsettled populace and address income gaps.

Lastly, for Africa, the Target Fund Manager reduced their overall exposure by paring down their allocation to Ethiopia on the back of a civil conflict between the federal government and its northern region. Although the region would also benefit from the improvement in oil prices, the Target Fund Manager is of the view that the region would be a laggard given the concerns over its overall debt sustainability.

STRATEGY

As the Target Fund Manager approaches the end of a challenging year, 2021 offers a positive respite with the possibility of a full recovery from the pandemic and a return to economic profitability. While the Target Fund Manager appreciates and acknowledge the strong technical factors that support such a scenario, the Target Fund Manager is mindful that there will be an inflection point where economic fundamentals will have to be reconciled against ever higher valuations. Growth figures in 2021 are still likely to pale in comparison to pre-pandemic numbers, and many of the forecasts have been predicated on a smooth recovery with limited room for policy/implementation errors. Therefore, this growing detachment between "Main Street" and "Wall Street" will have significant long-term effects on the return profiles of risk assets.

Similarly, as the pandemic – hopefully – winds down, many sovereigns will shift from pandemic management to debt management, and they will have to confront their burgeoning debt loads through austerity measures or increased revenue plans (i.e. increase taxes or reduction in subsidies), which will have corresponding knock-on effects on economic growth and may not be readily accepted by the citizenry, which in itself is another factor to consider. Therefore, the Target Fund Manager will look to take risk off as they approach the mid-way point of 2021 once valuations approach an inflection point where upside potential is limited.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 November 2020, the Volatility Factor (VF) for this fund is 10.0 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 9.6 but not more than 12.8 (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 Master Prospectus dated 6 October 2017 and its supplementary(ies) (if any) ("collectively known as the Master Prospectus") before investing. The Master 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 Master 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 Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master 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 management risk and country risk and specific risks of the Target Fund are market risk, debt securities risk, emerging markets risk, political and economic risks, repatriation of capital, dividends, interest and other income risks, regulatory risk, nature of investments and market risks, lack of market economy, derivatives risk, synthetic product risk, illiquidity of investments, broker risk, settlement risk, custody risk, counterparty risk, possible business failures, accounting practice, quality of information, legal risk, taxation, foreign exchange and currency risks, banking systems, risk of mismanagement by debt issuers, actions of institutional investors, risk of use of rating agencies and other third parties, exceptional market conditions risk, exceptional market conditions risk, liquidity risk of investments, investment management risk. These risks and other general risks are elaborated in the Master 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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