

RHB ISLAMIC BOND FUND

This Fund aims to provide regular income to investors through investments in Islamic debt securities and Islamic bonds which are acceptable investment under the principles of Shariah.

INVESTOR PROFILE

This Fund is suitable for Investors who:

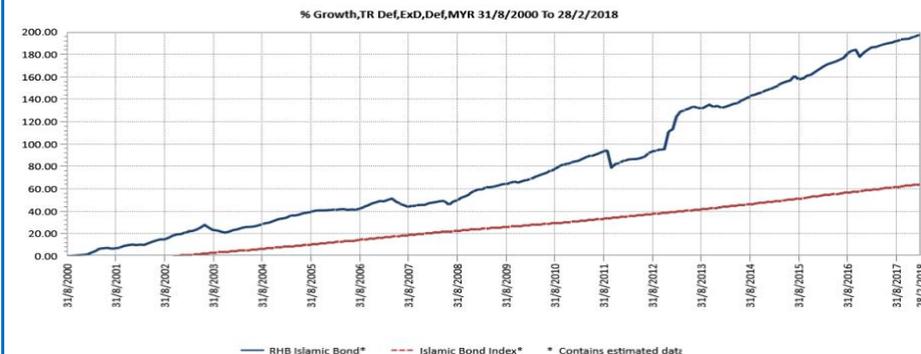
- are risk averse; want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than Islamic fixed deposits at an acceptable level of risk.

INVESTMENT STRATEGY

- Minimum of 60% and up to 95% of NAV will be invested in Islamic debt securities and Islamic bonds (collectively referred to as “sukuk”).
- Minimum of 5% of NAV will be invested in liquid assets acceptable under Shariah principle.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.29	1.20	1.82	0.66
Benchmark	0.26	0.79	1.57	0.52

	1 Year	3 Years	5 Years	Since Launch
Fund	3.88	18.51	32.39	197.38
Benchmark	3.16	10.40	17.63	N/A

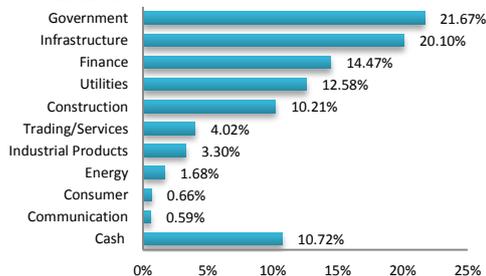
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	4.92	6.37	6.78	5.91	10.80
Benchmark	3.16	3.33	3.60	3.24	3.19

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

MUAMALAT (A3)	5.38
MEX II (AA-)	5.27
ALPHA CIRCLE SDN BHD (A)	5.08
PERBDN TABUNG PENDIDIKAN TINGGI (GG)	4.79
JIMAH EAST POWER SDN BHD (AA-)	4.42

*As percentage of NAV

FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	CIMB Islamic Trustee Bhd
Fund Category	Bond fund (Shariah-compliant)
Fund Type	Income Fund
Launch Date	25 August 2000
Unit NAV	RM1.3787
Fund Size (million)	RM300.66
Units In Circulation (million)	218.07
Financial Year End	30 September
MER (as at 30 Sep 2017)	0.79%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MIB12 mths Islamic FD-i
Sales Charge	None
Redemption Charge	Up to 1% of NAV per unit on or before 1st year of Investment*
Annual Management Fee	Profit Sharing: 15:85 based on Net Investment Income*
Annual Trustee Fee	0.10% p.a. of NAV, subject to a min. of RM35,000 p.a.*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Annually, if any

*The implementation of GST will be effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.
*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 (RM)

	1 Month	12 Months	Since Launch
High	1.3787	1.4149	1.4200
Low	1.3747	1.3576	0.9901

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
20 Sep 2017	5.6000	4.05
27 Sep 2016	5.4000	4.00
28 Sep 2015	8.9000	6.58
25 Sep 2014	8.8000	6.51
30 Sep 2013	8.0000	N/A

Source: RHB Asset Management Sdn. Bhd.

RHB ISLAMIC BOND FUND

This Fund aims to provide regular income to investors through investments in Islamic debt securities and bonds which are acceptable investment under the principles of Shariah.

MANAGER'S COMMENTS

MARKET REVIEW

Malaysian Ringgit ("MYR") faded slightly against United States Dollar ("USD") as Bank Negara Malaysia ("BNM") delivered its 25 basis points hike amid gradual strengthening in USD due to concern on higher United States inflation and raising interest rates. While the sell-off has been exhibited in US Treasuries ("UST") yields curve during the month, local government bonds/ sukuk continue to behave the other way around and looks supported especially on the 30-year benchmark which rallied 5 basis points month-over-month. 10-year Malaysia Government Securities ("MGS") sighted some fragility ahead of the auction as the yield touched its high of 4.07% only to see it rallying post auction as the higher yield started to attract investors. At month-end closed, MGS yields mostly ended lower with exception of 10-year and 15-year benchmark and the rundown of the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were reported at 3.398% (January-2018: 3.398%), 3.626% (3.638%), 3.937% (3.929%), 4.037% (3.948%), 4.462% (4.408%), 4.603% (4.615%) and 4.814% (4.860%) respectively. The Government Investment Issues ("GII") – Shariah-compliant version of MGS mirroring the same pattern with its MGS counterpart and saw yields supported at the longer-end of the curve. At closed, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 3.605% (January-2018: 3.568%), 3.878% (3.884%), 4.104% (4.080%), 4.222% (4.174%), 4.586% (4.555%), 4.767% (4.780%) and 4.897% (4.937%) respectively.

On the Malaysian Ringgit corporate bond/ sukuk, average daily volume continues to be muted due to shorter trading month of February. However, the average daily trading volumes seen some improvement and recorded RM375 million in February compared to RM320mil in previous month of January. As usually, most activities concentrated on AA space which printed about 62% of the transacted volume followed by Government Guaranteed ("GG")/AAA space of 36% and single-A or lower by 2%. Within GG/AAA space, the long-dated Danainfra garnered some RM197 million transaction volume with the yield closed higher by an average of 4 basis points month-over-month. In AAA-rated space, volume was seen in Tenaga 2037 bond/ sukuk which traded unchanged at 5.10% for the amount of RM217 million. Elsewhere in AA-rated space, Sarawak Energy Berhad with maturity of 2032 saw RM332 million transacted at higher yield month-over-month to close at 5.25%. Southern Power Generation ("SPG") papers were also actively traded during the month across the tenors with yield moved lower by 1 to 4 basis points for a cumulative amount of RM235m. For the A-rated universe, CIMB Perpetual paper gained interest with slightly over RM20 million traded 2 basis points tighter and Bank Islam Sub-debt closed 8 basis points lower month-over-month for the same amount. During the month, some notable issuances were seen tapping the market with Ambank Malaysia Berhad Holdings ("AMMB") issued their subordinated notes rated A1 for RM325 million that yielded 5.23%. On the GG space, Danainfra started the book building at early part of the month for a size of RM1 billion. The yield closed at 4.37% for 7-year and 4.90% for 15-year. Another GG name, MKD Kencana issued RM1.2 billion in 5-year and 7-year space with yield closed at 4.23% and 4.43%.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") for January 2018 increased by 2.7% as compared to the corresponding month of the preceding year and was slightly below consensus estimate of 2.8%. The increase in the index was due to higher prices in all ten main groups led by the transport group which increased at 5.7% followed by food and non-alcoholic beverages at 3.8% while the other groups recorded around 2%-3% incremental in prices. On a monthly basis, CPI rose by 0.3% as compared to December 2017. As a general observation, retail pump prices rose at a modest 0.5% in January 2018 despite higher crude oil prices providing some relief to the household. Aside from energy, other components of the basket were broadly benign although food prices were higher possibly due to season factors ahead of the Lunar New Year. On the other note, Malaysia's trade surplus narrowed more than expected in December 2017 as exports moderated more sharply than imports. The trade surplus recorded RM7.3 billion compared to consensus estimate of RM9.3 billion, the lowest since May 2017. Sequential fall in exports were partly reflecting moderation in electrical and electronics ("E&E") momentum and the impact of stronger MYR. Going forward, expectation is for the E&E exports to continue to be moderated but not to the sharp slowdown as external demand may remain supportive amidst projected acceleration in global growth.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 February 2018, the Volatility Factor (VF) for this fund is 2.2 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 1.8 but not more than 6.0 (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 31 December 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2018.

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 PHS and the contents of the Master Prospectus dated 15 July 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. 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.

The Manager wishes to highlight the specific risks of the Fund are credit / default risk, issuer risk, interest rate risk, liquidity risk and shariah specific risk. These risks and other general risks are elaborated in the Master Prospectus.

This 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.