

### RHB BOND FUND

This Fund aims to provide investors with higher than average income returns compared to fixed deposits over the medium to long term through investments in bonds and other fixed income securities with minimum risk to capital invested.

#### INVESTOR PROFILE

This Fund is suitable for investors who:

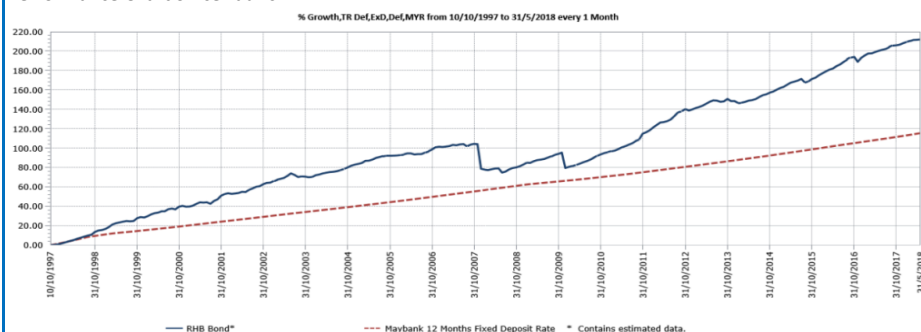
- are risk averse;
- want to protect the purchasing power of their wealth against inflation;
- want to enjoy a relatively more predictable income on a yearly basis; and
- want to diversify their overall investment portfolio by including bonds as an asset class.

#### INVESTMENT STRATEGY

- Up to 95% of NAV will be invested in bonds and other fixed income securities, of which at least 60% of NAV will be invested in bonds.
- Minimum of 5% of NAV will be invested in liquid assets.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

|           | 1 Month | 3 Months | 6 Months | YTD  |
|-----------|---------|----------|----------|------|
| Fund      | 0.11    | 0.56     | 1.83     | 1.32 |
| Benchmark | 0.28    | 0.84     | 1.63     | 1.37 |

|           | 1 Year | 3 Years | 5 Years | Since Launch |
|-----------|--------|---------|---------|--------------|
| Fund      | 3.96   | 16.23   | 26.09   | 212.24       |
| Benchmark | 3.18   | 9.93    | 17.08   | 115.46       |

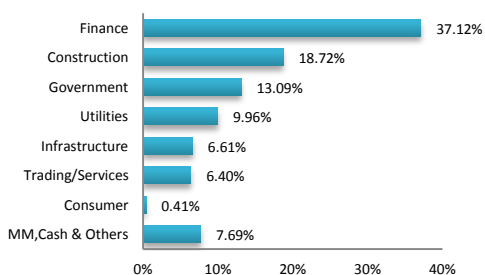
##### Calendar Year Performance (%)\*

|           | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------|------|------|------|------|------|
| Fund      | 5.11 | 6.49 | 5.73 | 4.88 | 3.56 |
| Benchmark | 3.09 | 3.21 | 3.30 | 3.20 | 3.15 |

Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Top Holdings (%)\*

|  |       |
|--|-------|
| CIMB GROUP HOLDINGS BHD (A1)                   | 12.63 |
| BANK MUAMALAT MALAYSIA BHD (A3)                | 8.00  |
| ACSB (AA-)                                     | 6.40  |
| BRIGHT FOCUS BHD IMTN 2.5000% 22/01/2031 (AA2) | 5.86  |
| BRIGHT FOCUS BHD IMTN 2.5000% 24/01/2030 (AA2) | 4.86  |

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

|      | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 0.9678  | 1.0130    | 1.1454       |
| Low  | 0.9656  | 0.9463    | 0.8682       |

Source: Lipper IM

##### Historical Distributions (Last 5 Years) (Net)

|             | Distribution (sen) | Yield (%) |
|-------------|--------------------|-----------|
| 20 Sep 2017 | 6.7000             | 6.79      |
| 27 Sep 2016 | 6.7000             | 6.72      |
| 28 Sep 2015 | 6.7000             | 6.59      |
| 25 Sep 2014 | 6.6000             | 6.52      |
| 30 Sep 2013 | 6.5000             | N/A       |

Source: RHB Asset Management Sdn. Bhd.

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### MANAGER'S COMMENTS

#### MARKET REVIEW

Malaysian Ringgit ("MYR") continued to depreciate in May 2018 against the United States Dollar ("USD") despite Brent crude continuing to rally another 6% for the month. USDMYR climbed from 3.9235 at the start of the month and closed the end of the month at 3.9798, representing a -1.09% total return, MYR was the 9th worst performing Asian currency closing just above Taiwanese Dollar, Chinese Yuan and Thai Baht for May 2018. Local government bonds/sukuk bear-steepened with the 20-year benchmark closing 17 basis points ("bps") higher month-over-month while 10-year Malaysia Government Securities ("MGS") closed the month at 4.20% (+7 bps higher). At month-end closed, MGS yields 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were reported at 3.697% (April-2018: 3.629%), 3.824% (3.764%), 4.019% (3.827%), 4.202% (4.129%), 4.623% (4.648%), 4.902% (4.730%) and 4.926% (4.880%) respectively. The Government Investment Issues ("GII") – Shariah compliant version of MGS mirroring the same pattern with its MGS counterpart. However the short tenor up to 7-year experienced more than 10 bps rise in term of yields. At closed, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 3.742% (April-2018: 3.602%), 4.012% (3.851%), 4.159% (4.063%), 4.316% (4.303%), 4.764% (4.699%), 5.001% (4.886%) and 5.009% (5.001%) respectively.

May 2018 witnessed quite significant drop in trading activity as uncertainty surrounded market participants as Malaysia held its 14th General Election. Post the election, further public holidays were announced and further add to the lack of action due to lesser working days compared to previous month. The average daily volume dropped substantially and recorded a low number of RM189 million compared to RM500 million achieved in previous month of April. For this month, most of the trading activities were skewed towards AA space which saw about 48% of the trades changing hands followed by Government Guaranteed ("GG")/AAA by 45% and single-A or lower by 7%. Within Government Guaranteed ("GG")/AAA space, the short-dated Cagamas maturing 2019 garnered more than RM200 million transaction volume with the yield moved lower by an average of 7 basis points month-over-month. Volume was seen in long-tenor Danga maturing 2030 which traded 2 basis points higher at 4.87% for the amount of RM130 million. Elsewhere in AA-rated space, Southern Power Generation ("SPG") papers were actively traded during the month across the tenors with yield moved higher by 3 to 6 basis points for a cumulative amount of RM240m. For the A-rated universe, UMW Holdings Perpetual paper rallied another 12 basis points with RM165 million changing hands and closed at 6.05%. During the month, some notable issuers were also seen tapping the market with Pengurusan Air SPV Berhad raising RM2.1 billion bonds for tenor ranging from 5-year to 7-year with final yield at 4.41% to 4.56% respectively. Cagamas Berhad on another hand issued their first 5-year Sukuk with a benchmark size of RM1.0 billion. They final yield closed at 4.50% for the 5-year tenor. Elsewhere, UEM Sunrise Berhad issued a 1-year paper with a final yield of 4.55% for the size of RM100 million. Finally, Ambank Berhad was also seen issuing short 2-year paper at a final yield of 4.40%. Rated AA2 and for the size of RM700 million.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") for April 2018 was flat month on month, printing at 1.4% YoY vs 1.3% YoY previous month and below consensus estimates of 1.6% YoY with communication leading the decline while the other components were broadly benign. Headline CPI was stable likely due to the pass through from the monthly adjustments in fuel prices being held constant in the past month with RON95 at MYR2.20/litre and RON97 at MYR2.47/litre. March Industrial Production printed at 3.10% lower than estimates of 3.5%, but higher than last month's 3% reading, while March Trade Surplus registered higher than expectations at MYR 14.69bio due largely in part on Imports decelerating while Exports were +2.2% YoY. Bank Negara Malaysia (BNM) in the meeting immediately following the election results, kept Overnight Policy Rate ("OPR") unchanged at 3.25% as widely expected, citing resilient domestic demand, strength in external demand and that the overall risk to global growth is balanced. Their suggestion that "the degree of monetary accommodativeness is consistent with the policy stance to ensure that the domestic economy continues on a steady growth path amid lower inflation" is consistent with the tone of the past monetary policy meetings. We still maintain our overall view that there would be no further changes to the OPR rate for the rest of this year.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 15 May 2018, the Volatility Factor (VF) for this fund is 2.0 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 interest rate risk, credit / default risk, liquidity risk and issuer 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.