# RHB Asset Management

## FUND FACTSHEET – AUGUST 2018

All data expressed as at 31 July 2018 unless otherwise stated

3-year Fund Volatility 2.3 Low
Lipper Analytics 15 JUL 2018

# 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

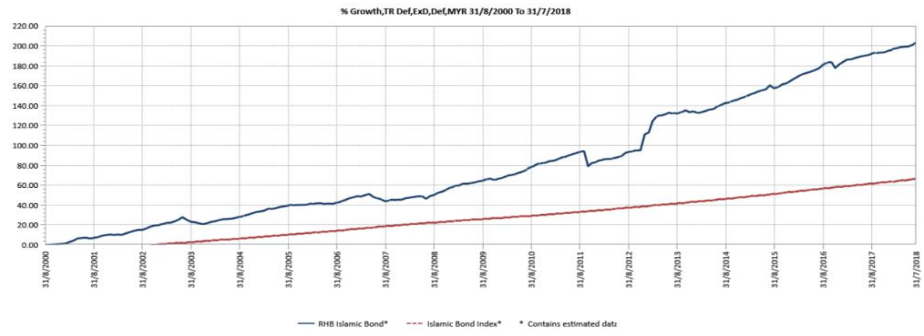
This Fund is suitable for Investors who:
- are risk averse;
- want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than 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** | **0.90** | **1.48** | **2.37** | **2.75** |
| Benchmark | 0.28 | 0.85 | 1.67 | 1.94 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|---|---|---|---|---|
| **Fund** | **4.42** | **16.41** | **30.67** | **203.55** |
| Benchmark | 3.24 | 10.41 | 17.69 | 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 DETAILS

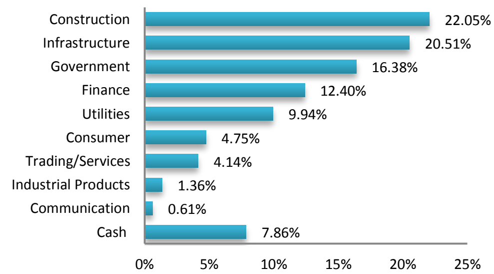
| | |
|---|---|
| **Manager** | RHB Asset Management Sdn. Bhd. |
| **Trustee** | CIMB Islamic Trustee Bhd |
| **Fund Category** | Bond fund (Shariah-compliant) |
| **Fund Type** | Income Fund |
| **Launch Date** | 25 August 2000 |
| **Unit NAV** | RM1.4073 |
| **Fund Size (million)** | RM292.10 |
| **Units In Circulation (million)** | 207.56 |
| **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 |

**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***




**Top Holdings (%)***

| | |
|---|---|
| BRIGHT FOCUS BHD (AA2) | 8.33 |
| MEX II (AA-) | 5.41 |
| ALPHA CIRCLE SDN BHD (A) | 5.23 |
| PERBDN TABUNG PENDIDIKAN TINGGI (GG) | 4.99 |
| JIMAH EAST POWER SDN BHD (AA-) | 4.56 |

**As percentage of NAV*

## FUND STATISTICS

**Historical NAV (RM)**

| | 1 Month | 12 Months | Since Launch |
|---|---|---|---|
| High | 1.4073 | 1.4149 | 1.4200 |
| Low | 1.3947 | 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.*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# 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") continued to depreciate in July 2018 against the United States Dollar ("USD") despite Brent crude continuing to rally another 6% for the month. USDMYR climbed from 4.0392 at the start of the month and closed the end of the month at 4.0652, representing a -0.64% total return, however, this was in general to all Asian currencies led by the Chinese Yuan ("CNY") depreciation against the USD. Local government bonds/ sukuk continue to mirror some level of gyration with the US Treasury ("UST") yield, influenced by Federal Reserve normalization chatters and lingering global trade tension sparked by Trump protectionism measures, but it ended well supported towards the end of the month. Overall trading volume of Malaysia's sovereign papers boosted higher at around RM60 billion during the month of July 2018 compared to RM37 billion in previous month. We are of the view that higher bond yields sparked bargain hunting interest by the onshore real money investors as they were seen sidelined on the run-up to the general election in prior month. As a result, Malaysia Government Securities ("MGS") rallied across the tenor where the 10-year MGS appeared the best performer, closed the month by 14 basis points lower. At month-end closed, MGS yields 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were reported at 3.55% (June-2018: 3.64%), 3.75% (3.86%), 3.96% (4.07%), 4.07% (4.20%), 4.53% (4.63%), 4.77% (4.87%) and 4.91% (4.89%) respectively. The Government Investment Issues ("GII") – Shariah compliant version of MGS mirrored the same pattern with its MGS counterpart witnessed more than 10 basis points rally across the tenor as domestic liquidity improved during the month. At month end close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 3.55% (June-2018: 3.64%), 3.86% (4.02%), 4.05% (4.18%), 4.19% (4.31%), 4.61% (4.73%), 4.85% (4.97%) and 4.94% (4.98%) respectively.

On the Malaysian Ringgit corporate bonds, July emerged better in terms of trading activity as the sentiment and liquidity of the bond market improved. The average daily volume recorded RM446 million in July 2018 which is more than 1.5 times the average daily volume recorded in previous month amounted to RM257 million. Most of the trading activities were most concentrated in Government Guaranteed ("GG") space which supported due to the supply dynamic at this juncture in our opinion. In July, GG/AAA space witnessed the highest trades changing hands at about 56% followed by AA space by 39% and single-A or lower by 5%.Within the GG/AAA space, Danainfra garnered more than RM1.4 billion in transaction volume across the tenors which saw the yield for maturity of 2024 and 2025 closing lower by 20 basis points month-over-month. Volume was also seen in Prasarana which recorded RM1.2 billion transaction volume across the maturity. The 2025 and 2026 maturity traded 19 basis points lower for the amount of RM115 million. Elsewhere in AA-rated space, Sarawak Energy Berhad ("SEB") papers were the most actively traded during the month with yield moved lower by 12 basis points for a cumulative amount of RM460 million. On top of that, Southern Power Generation ("SPG") garnered some RM290 million trading interest with yield adjusted lower by approximately 8 basis points during the month. For the A-rated universe, the newly issued Affin Bank Perpetual paper rallied approximately 35 basis points with RM160 million changing hands and closed at 5.45%. In the primary market space, we saw moderate fresh primary issuances for the month of June and issuance momentum may remain subdued in the near term given uncertainties in the changing domestic landscape post-election. United Overseas Bank ("UOB") issued their RM600 million sub-ordinated debt paper rated AA1 which closed at a final yield of 4.80%. Notable issuance during the month come from Affin Bank which raised a total of RM500 million in size for their Additional Tier 1 structure. Investors were attracted by the decent yield pick-up for the non-callable 5-year which closed at a final yield of 5.80%.

On the local economic front, on 11th July 2018, the newly appointed central bank governor Datuk Nor Shamsiah Mohd Yunus during the Monetary Policy Committee ("MPC") meeting kept rates on hold at 3.25% as widely expected, noting some divergence across economies (vs "synchronized global growth" in May) and now sees balance of risks to the outlook tilting toward the "downside" amidst global trade tensions and volatility in financial market, however sees domestic growth as positive on favorable labour market conditions aided by the 3 month "tax holiday". Malaysia's Consumer Price Index for June 2018 slowed to 0.8% year-over-year ("YoY") vs 1.8% YoY previous month, much lower than estimates of 1.3% YoY, the lowest reading since February 2015 mainly due to with pass through of the 6% Goods and Services Tax ("GST") abolition, with 11 out of 12 components in the basked falling on a YoY basis, with only the transport component rising. May 2018 Industrial Production printed at 3.00%, in line with estimates, but much lower than last month's 4.6% reading, while May Trade Surplus registered lower than expectations at MYR 8.12 billion, again slowing from last month's 13.07 billion surplus, attributed to a deceleration in Exports to 3.4% YoY from 14% YoY in April, while imports decelerated sharply (+0.1%YoY vs last month +9.1%YoY).

**DISCLAIMER:**

Based on the fund's portfolio returns as at 15 July 2018, the Volatility Factor (VF) for this fund is 2.3 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 1.9 but not more than 6.6 (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 2018 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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.