RHB Asset Management

FUND FACTSHEET – SEPTEMBER 2018

All data expressed as at 31 August 2018 unless otherwise stated

3-year Fund Volatility 2.0 Low Lipper Analytics 15 AUG 2018

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

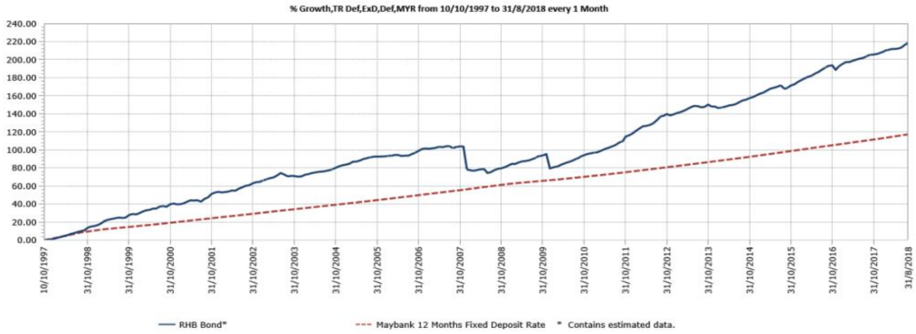
This Fund is suitable for investors who:
- are risk averse;
- want to protect the purchasing power of their wealth against inflation;
- want to enjoy a relatively more predictable income on a yearly basis; and
- want to diversify their overall investment portfolio by including bonds as an asset class.

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	**0.82**	**2.15**	**2.72**	**3.50**
Benchmark	0.28	0.84	1.69	2.21

	1 Year	3 Years	5 Years	Since Launch
Fund	**4.90**	**19.11**	**28.86**	**218.95**
Benchmark	3.25	9.94	17.14	117.24

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 DETAILS

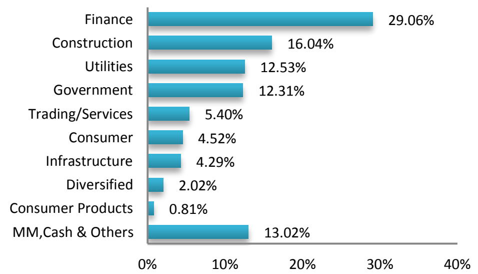
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Bond Fund
Fund Type	Income Fund
Launch Date	10 October 1997
Unit NAV	RM0.9887
Fund Size (million)	RM75.08
Units In Circulation (million)	75.94
Financial Year End	30 September
MER (as at 30 Sep 2017)	1.18%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	Maybank's 12 mths FD Rate
Sales Charge	None
Redemption Charge	Up to 1% of NAV per unit on or before 1st year of investment*
Annual Management Fee	Up to 1.00% p.a. of NAV*
Annual Trustee Fee	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	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 (%)*

CIMB GROUP HOLDINGS BHD (A1)	10.60
GII MURABAHAH (GG)	6.75
BANK MUAMALAT MALAYSIA BHD (A3)	6.70
ACSB (AA-)	5.40
BRIGHT FOCUS BHD (AA2)	5.05

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9886	1.0130	1.1454
Low	0.9806	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.

3-year Fund Volatility 2.0 Low Lipper Analytics 15 AUG 2018

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MANAGER'S COMMENTS

MARKET REVIEW

Malaysian Ringgit ("MYR") continued to depreciate in August 2018 against the United States Dollar ("USD") despite Brent crude continuing to rally another 7% month on month. USDMYR climbed from 4.0652 at the start of the month and closed the end of the month above the 4.10 resistance at 4.1090, representing a -1.03% total return, and overall the 3rd worst performing Asian currency after Indian Rupee ("INR") and Indonesia Rupiah ("IDR"). Local government bond/sukuk yields appear to be holding up well as levels continue to drift lower during the month. We believe onshore real money support has remained supportive in recent months, reflected by strong bid to cover ("BTC") trends from concluded government bond/sukuk tenders since June 2018. Together with lower than anticipated 2nd Quarter Gross Domestic Product (GDP) print, market has seen the short-end curve being consistently lifted as the "rate-cut" play is starting to take hold. However, we think the hurdle has increased for the curve to shift significantly lower in the absence of either large foreign inflows or an explicit dovish signal from the central bank. Overall, the curve has bull-flattened during the month with Malaysia Government Securities ("MGS") rallying across the tenor with the 20-year MGS the outperformer, closing the month 9 basis points ("bps") lower. At month-end closed, MGS yields 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were reported at 3.48% (July-2018: 3.55%), 3.70% (3.75%), 3.94% (3.96%), 4.04% (4.07%), 4.47% (4.53%), 4.68% (4.77%) and 4.90% (4.91%) respectively. The Government Investment Issues ("GII") – Shariah compliant version of MGS mirrored the same pattern with its MGS counterpart on average about 5-10bps 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 3.51% (July-2018: 3.55%), 3.82% (3.86%), 4.00% (4.05%), 4.14% (4.19%), 4.53% (4.61%), 4.75% (4.85%) and 4.92% (4.94%) respectively.

With a firmer and supportive level of government securities over the month of August 2018, Malaysian Ringgit corporate bonds continued to garner better trading activity as investors searched for better yield pickup amid improving sentiment and liquidity of the local bond market. The average daily volume recorded RM563 million in August 2018 which is more than 1.3 times the average daily volume recorded in previous month which amounted to RM446 million. Most of the trading activities were highly concentrated in Government Guaranteed ("GG") space which had strong support due to the supply dynamic at this juncture in our opinion. During the month, a combination of GG and AAA space witnessed the highest number of trades, changing hands at about 57% followed by AA space by 40% and single-A or lower by 3%.

Within the GG/AAA space, Danainfra garnered more than RM1.1 billion in transaction volume across the tenors which saw the yield for longer maturity of 2028 and 2032 closing lower by 14 basis points month-over-month. Volume was also seen in Prasarana papers which recorded about RM800 million transaction volume across the maturity. The 2029 to 2031 maturity traded 15 basis points lower for the amount of RM245 million. For AAA space, the 15-year maturity Danga papers saw some RM290 million changing hands with the yield closed 11 basis points lower compared to previous month. Elsewhere in AA-rated space, Jimah East Power ("JEP") – which established to construct and operate ultra-supercritical coal-fired power plant in Jimah, Negeri Sembilan were the most actively traded name during the month with yields moving lower by 12 basis points for a cumulative amount of over RM1.3 billion. Another notable transaction during the month is Sarawak Energy Berhad ("SEB") which has garnered some RM210 million trading interest with yield adjusted lower by a whopping 21 basis points during the month as the Rating Agency Malaysia ("RAM") revised SEB's issuer rating to positive outlook. For the A-rated universe, Affin Bank sub-ordinated paper printed some RM120 million transaction volume during the month. In the primary market space, we saw some improvement in term of number for fresh primary issuances in the month of August. In the GG space, Danainfra raised a total of RM1.4 billion in size for the 3-year and 5-year maturity which closed at a final yield of 3.90% and 4.08% respectively. Tenaga Nasional Berhad ("TNB"), a pristine AAA, raised RM3 billion selling 15-year and 20-year sukuk from its RM5 billion Sukuk Wakalah programme at a final yield of 4.78% and 4.98% accordingly. On another note, IJM Corporation rated AA3, issued approximately RM200 million for its 10-year paper at a coupon of 5.05% and privately placed to investors at a final yield of 4.98%. Another AA3 issuer, YTL Power raised RM1 billion for its 5-year and 10-year maturity with a final yield of 4.64% and 4.95% respectively.

On the local economic front, despite a lower than expected 2Q18 GDP reading of 4.5% year-on-year (YoY), Bank Negara Malaysia ("BNM") takes comfort from strength in underlying demand; inflation concern lingers, suggesting hurdle for rate cut remains high. BNM views the MYR depreciation as "in line or slightly better" vs. other regional currencies with BNM's role to limit Foreign Exchange (FX) volatility and ensure sufficient liquidity, rather than target specific levels of the USD-MYR. Near-term fiscal concerns allayed, but questions remain over growth impact and medium-term fiscal trajectory. Recent developments have led to a higher likelihood that the 2018 deficit target of 2.8% of GDP is achievable. Trigger for future rating actions more structural in nature and await November 2 budget. Pakatan Harapan government retains broad public support for now on the reform agenda, but concerns over the economy, cost of living and interethnic issues remain. Malaysia's Consumer Price Index (CPI) for July 2018 printed at 0.9% YoY vs 0.8% YoY previous month, in line with estimates and mainly due to the pass through of the 6% Goods and Services Tax ("GST") abolition. June 2018 Industrial Production printed at 1.10%, far below estimates of 3.3%, and lower than last month's 3.0% reading, while June Trade Surplus registered lower than expectations at MYR 6.05 billion, again slowing from last month's MYR 8.12 billion surplus, attributed to a higher Import growth to +14.9% YoY vs last month +0.1%YoY, while Exports grew to 7.6% YoY from 3.4% YoY in May.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 August 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 1.9 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 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.