

### 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:

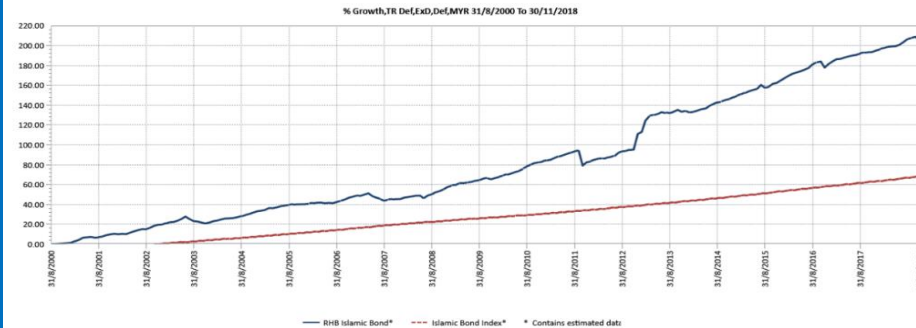
- are risk averse;
- want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than Islamic fixed deposits at an acceptable 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	-1.01	-0.35	2.04	3.41
Benchmark	0.28	0.83	1.67	3.06

	1 Year	3 Years	5 Years	Since Launch
Fund	3.96	16.50	31.03	205.50
Benchmark	3.32	10.18	17.76	N/A

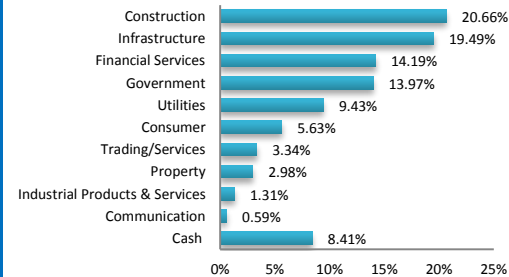
##### Calendar Year Performance (%)\*

	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 (%)\*

BRIGHT FOCUS BHD ISLAMIC MEDIUM TERM NOTE 2.500% (24/01/2030)	6.72
MEX II ISLAMIC MEDIUM TERM NOTE 5.800% (28/04/2028) ISSUE NO 8	5.26
PERBDN TABUNG PENDIDIKAN TINGGI 4.850% (26/07/2041)	4.82
MEX II ISLAMIC MEDIUM TERM NOTE 6.000% (29/04/2030) ISSUE NO 10	3.56
MEX II ISLAMIC MEDIUM TERM NOTE 5.700% (29/04/2027) ISSUE NO 7	3.48

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.3637	1.4245	1.4245
Low	1.3390	1.3390	0.9901

Source: Lipper IM

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

	Distribution (sen)	Yield (%)
26 Sep 2018	7.0000	5.06
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

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") continued to depreciate against the United States Dollar ("USD") in November 2018, the 7th consecutive month since April 2018. USDMYR climbed from 4.1778 at the start of the month and closed the end of the month above the 4.1842 but reached a high of 4.2010 briefly before USD weakened, representing a -0.15% total return the only Asian country ex Japan that posted negative returns aside from Chinese Yuan ("CNY"). On the local rates, Malaysia Government Securities ("MGS") has been largely quiet during the month as investors stayed sideline despite risk-off sentiments surrounding the external front. Nevertheless, the yield has inched higher towards the first two auction post Budget 2019 due to some concerns on the bigger auction size of MYR5.5 billion (Malaysian Government Investment Issue 7-year) and MYR4.5 billion (MGS 3-year). Towards the end of the month, market sentiments improved led by the index rebalancing activities on the back of inclusion 10-year Malaysian Government Investment Issue in the global bond index. The flows has given support to the longer-end of the sovereign curve as levels continue to be supported during the month and remain resilient, anchored by strong domestic support. We believe onshore real money accounts have remained supportive in recent months, reflected by strong bid to cover ("BTC") trends from concluded government bond/sukuk tenders despite higher supply absorbed by the private placement. Overall, the curve has bear-flattened during the month with long-tenor MGS adjusted lower on slower growth outlook and modest inflation expectation. At month-end closed, MGS yields 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were reported at 3.69% (Oct-2018: 3.66%), 3.86% (3.79%), 4.04% (4.01%), 4.13% (4.09%), 4.54% (4.60%), 4.75% (4.78%) and 4.92% (4.95%) respectively. The Government Investment Issues ("GII") – Shariah compliant version of MGS mirrored the same pattern with its MGS counterpart as the short-tenor yield ended higher while the backend of the curve flattened. At month end close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 3.78% (October-2018: 3.74%), 3.93% (3.91%), 4.15% (4.11%), 4.22% (4.25%), 4.59% (4.59%), 4.78% (4.78%) and 4.94% (4.94%) respectively.

In the Malaysian Ringgit corporate bond/sukuk space, overall monthly trading volume declined substantially as the market was fairly muted as investors remained cautious as the risk sentiment has turned tepid and local corporate bonds/sukuk continued to see better sellers with selective buying interest across the names for yield preservation. Overall trading volume recorded MYR7.16 billion compared to MYR12.32 billion printed last month. The average daily volume managed to close at just about MYR358 million in November 2018, which is lower than the average daily volume recorded in previous month amounted to MYR536 million. As the government yields adjusted higher due to the supply concern on tenor up to belly amid external risk sentiment, liquidity appeared to deteriorate during the month for corporate bond/sukuk as investor prefer to stay sideline. Most of the trading activities were highly concentrated in the AA category as market players searching for yield with the longer dated Southern Power Generation ("SPG") emerged as highly traded names in the space. During the month, the AA space witnessed the highest number of trades, changing hands at about 56% followed by Government Guaranteed ("GG")/AAA space by 33% and single-A or lower by 11%.

Within the Government Guaranteed ("GG")/AAA space, Pengurusan Air SPV Berhad ("PASB") garnered the highest transaction volume of more than MYR300 million across the tenors of up to 7-year which saw the yield closing higher by 2-3 basis points (bps) month-over-month. Volume was also seen in Malaysia Debt Venture Berhad ("MDV") papers which recorded around MYR150 million in transaction volume for the 10-year maturity. For AAA space, Cagamas Berhad saw some MYR115 million changing hands in the short-tenor bucket with the yield closed 1-6 bps higher compared to previous month. Elsewhere in AA-rated space, SPG top the trading activities with more than MYR270 million changing hands across the tenor and closed the month at about 2-7 bps lower compared to last month. For the A-rated universe, we saw Bank Islam newly issued sub-ordinated paper printed some RM200 million secondary transaction volume during the month which saw the yield closed more than 20 bps lower post issuances. We noticed primary issuances have regained its pace with a total of MYR22 billion over the space of two-month period of October and November. Issuances in October were particularly strong at about MYR14 billion which is the highest month for year-to-date. In November, total issuances fetched around MYR7.7 billion which dominated from the GG space in totality of MYR3.5 billion. Pelabuan Tanjung Pelepas ("PTP") started the month with their issuance of 10-year to 15-year tranches and raised about MYR240 million at a final yield ranging from 4.45% to 4.89%. Towards the end of the month, Danainfra was seen tapping the market for an issue size of MYR3.25 billion from its 7-year to 30-year programme which saw the final yield being priced at a range of 4.32%-5.17%. In the AA space, Sarawak Energy Berhad ("SEB") issued MYR1.5 billion at 4.70% and 4.95% for its 10-year and 15-year book respectively while Fortune Premier raised additional MYR330 million under its MYR3 billion programme in 5-year and 7-year tenors. In A-rated space, Bank Islam has privately placed its 10-year non-called 5-year subordinated notes at a coupon rate of 5.15% raising a total of MYR300 million from the market. Going forward to the end of the year, we anticipate the issuances will again being dominated from the GG space in order to fund existing infrastructure projects through selected agencies.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") for October 2018 recorded an increase of 0.6% which is in line with consensus and higher than 0.3% announced in prior month. According to Department of Statistics of Malaysia, the increase in the overall index was due to higher price for housing, water, electricity, gas and other fuels (+2.1%), restaurant and hotels (+1.2%), food and non-alcoholic beverages (+1.2%), education (+1.1%) and transport (+0.8%). It was likely reflecting the continued drawdown of older inventories built up during the tax holiday period. In the other headlines, Malaysia's 3rd Quarter Gross Domestic Product ("GDP") surprisingly slowed to 4.4% year-over-year compared to the consensus expectation of 4.6% and the second quarter number of 4.5%. The slower 3Q18 data was amid drag from net exports and inventory destocking even though domestic demand was better due to the tax holiday period. Underlying details showed that added gains from manufacturing, construction and services sector (combined of 5.3% points to headline growth) were offset by supply shocks and lower import duties.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 15 November 2018, the Volatility Factor (VF) for this fund is 1.9 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.