

### 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:

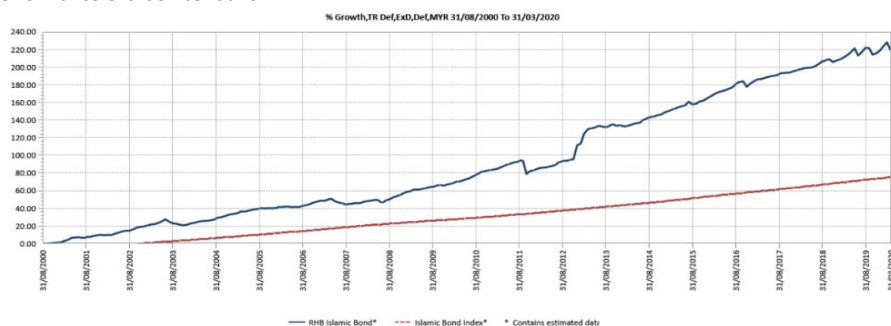
- are risk averse;
- want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than Islamic fixed deposits at an acceptable 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      | -2.82   | 0.11     | -0.86    | 0.11 |
| Benchmark | 0.22    | 0.71     | 1.47     | 0.71 |

|           | 1 Year | 3 Years | 5 Years | Since Launch |
|-----------|--------|---------|---------|--------------|
| Fund      | 1.73   | 11.21   | 26.24   | 218.77       |
| Benchmark | 3.07   | 9.88    | 17.58   | N/A          |

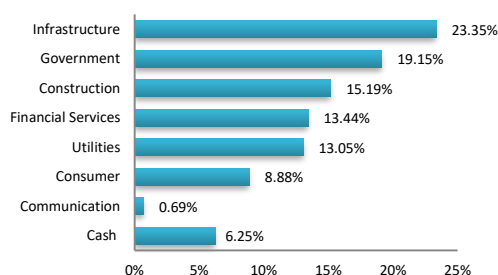
##### Calendar Year Performance (%)\*

|           | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------|------|------|------|------|------|
| Fund      | 3.63 | 4.01 | 4.92 | 6.37 | 6.78 |
| Benchmark | 3.19 | 3.35 | 3.16 | 3.33 | 3.60 |

Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



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

|                                             |      |
|---------------------------------------------|------|
| BRIGHT FOCUS BHD IMTN** 2.50% (24/01/2030)  | 5.67 |
| MEX II IMTN** 5.80% (28/04/2028) ISSUE NO 8 | 5.50 |
| ACSB IMTN** 5.70% (18/11/2022)              | 3.95 |
| MEX II IMTN** 5.70% (29/04/2027) ISSUE NO 7 | 3.70 |
| ALPHA CIRCLE SDN BHD 6.00% (31/05/2023)     | 3.22 |

\*As percentage of NAV, \*\* IMTN: Islamic Medium Term Note

#### FUND STATISTICS

##### Historical NAV (RM)

|      | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 1.3740  | 1.4212    | 1.4245       |
| Low  | 1.3207  | 1.3075    | 0.9901       |

Source: Lipper IM

##### Historical Distributions (Net)

|             | Distribution (sen) | Yield (%) |
|-------------|--------------------|-----------|
| 26 Sep 2019 | 7.6000             | 5.52      |
| 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      |

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management Sdn Bhd (174588-x)

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## 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.

### MANAGER'S COMMENTS

#### MARKET REVIEW

On the local rates, both Malaysia's sovereign papers that are Malaysia Government Securities (MGS) and Government Investment Issues (GII) extended rally at the start of the month as an off-cycle rate cut by the Federal Reserve (Fed) supported global bond rally. However, the local yields were sold-off from the middle of the month onward following the plunge in oil prices, weaker Malaysian Ringgit (MYR) and a broad-based selling in regional rates. The plunged in oil prices as a result of price war and supply pressure has influenced investors to re-adjust their positioning on local assets due to concern on higher revision in fiscal deficit amid thin market liquidity. Risk sentiments remains fragile, with United States Dollar (USD)/MYR pair rising to 4.44 level before it stabilized towards month-end and settled at around 4.34 level. Despite the efforts by central banks easing and government packages around the globe, markets think it wasn't enough to contain the impact from Coronavirus Disease 2019 (Covid-19) outbreak. As such, risk off sentiments continued to persist and saw global investors dumping assets, especially in the emerging market space and repatriate funds; which resulted in shortage of USD liquidity globally. United States Treasury (UST) 10-year and gold were also not spared although US Fed cut the fed fund rate to zero.

Overall, the MGS and GII yield were sold-off with a higher magnitude during the month as risk-off sentiments at this juncture forcing investors to exit amid redemption and foreign selling pressure. Nevertheless, as investors shoring up expectations on more global central banking easing, we saw levels has been stabilizing especially on the front-end of the curve as recent cut on Statutory Reserve Requirement (SRR) by Bank Negara Malaysia (BNM) expected to lend further support on enhance liquidity in to the capital market. Month-on-month, MGS space bear-steepened with yields collapsing roughly about 40 basis points (bps) to 60 bps across the tenors after some stabilizing towards the month end. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.74% (February 2020: 2.60%), 3.07% (2.63%), 3.22% (2.77%), 3.37% (2.81%), 3.62% (3.05%), 3.71% (3.22%) and 4.00% (3.58%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, mirroring the same pattern with yield sold-off before stabilizing towards the end of the month. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.88% February 2020: 2.65%), 2.99% (2.67%), 3.31% (2.76%), 3.37% (2.86%), 3.72% (3.06%), 3.77% (3.27%) and 4.07% (3.61%) respectively. In the MYR corporate bond/sukuk space, overall monthly trading volumes were lower as compared to previous month. Amid the sell-off during the month, trading volumes were well respected as selling pressures were met with buying on dips from the local investors at an adjusted much higher yield. Overall secondary corporates trading volume recorded MYR10.15 billion, reduced slightly compared to MYR12.07 billion recorded in previous month. The average daily volume recorded at approximately MYR461 million in March 2020, compared to MYR604 average daily volume recorded in corresponding month. Overall during the month, a combination of Government Guaranteed (GG) and AAA space top the transaction activities at 69% followed by AA space by 27% and single-A or lower by 4%.

Within the GG/AAA space, Danainfra Nasional Berhad top the transaction volume with over MYR1.67 billion recorded across the tenors which saw the yield closed a whopping 60 bps to 90 bps higher month-over-month. Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) recorded the second highest transaction volume in GG category with over MYR1.36 billion changing hands across the tenors. On average, the yield closed up to 80 bps upwards compared to the prior month with 10-year to 15-year bucket saw higher volumes done. In AAA space, Sarawak Energy Berhad successfully garnered secondary market interest with over MYR300 million transaction volumes for an average moved of 82 bps higher up to 15-year tenor bucket. Elsewhere in AA-rated space, Top Glove, via its wholly-owned special purpose vehicle, TG Excellence Bhd (TGE), top the trading activities with MYR260 million transacted with yield averagely higher by 30 bps after their issuance last month. In A-rated space, AEON Credit Sub-ordinated Sukuk attracted some MYR100 million transaction activity during the month. The yields transacted wider by 54 bps.

On the local economic front, Malaysia's Consumer Prices Index (CPI) report for February 2020 was below expectation at 1.3%, compared to a reading of 1.6% in the prior month, consensus at 1.4%. Sequentially, CPI was flat with quarterly adjustments in housing rentals offsetting lower retail fuel prices. In a statement on March 25, the Department of Statistics Malaysia (DoSM) said the increase in the overall index was driven by the index of miscellaneous goods and services (2.5%), transport (2.4%), housing, water, electricity, gas and other fuels (1.6%) and communication (1.5%). With current low of global oil prices, most economists are expected to slash their 2020 inflation forecast. Taking into account the 25% collapsed in RON95 prices to MYR1.44/litre and with assumption of prices to stay around current levels through year-end of 2020, inflation is expected to stay low at around 0.2% to 0.5% for 2020, comparing to 0.7% in 2019. The risks are tilted to the downside on lower oil prices, softer domestic demand-pull pressures and further disinflationary administered measures.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 March 2020, the Volatility Factor (VF) for this fund is 3.0 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 1.8 but not more than 6.1 (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 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2020.

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.