

### 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:

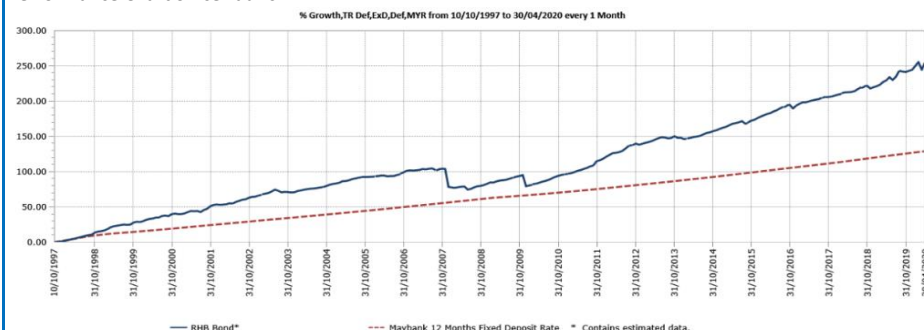
- are risk averse;
- want to protect the purchasing power of their wealth against inflation;
- want to enjoy a relatively more predictable income on a yearly basis; and
- want to diversify their overall investment portfolio by including bonds as an asset class.

#### 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	2.92	1.30	3.89	2.97
Benchmark	0.21	0.66	1.44	0.92

	1 Year	3 Years	5 Years	Since Launch
Fund	7.65	18.36	32.27	253.98
Benchmark	3.01	9.82	17.02	128.73

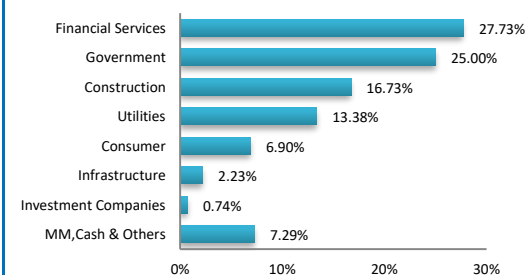
##### Calendar Year Performance (%)\*

	2019	2018	2017	2016	2015
Fund	7.74	3.54	5.11	6.49	5.73
Benchmark	3.19	3.33	3.09	3.21	3.30

Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



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

WCT IMTN 6.00% (27/09/2119) S1 T2	7.52
MALAYSIAN GOVERNMENT SECURITIES 4.893% (08/06/2038)	7.23
CIMB GROUP HOLDINGS BHD 5.80% (25/05/2116)	5.99
DRB-HICOM IMTN 5.10% (12/12/2029)	4.36
MBSBBANK IMTN 5.25% (19/12/2031)	3.87

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9513	0.9910	1.1454
Low	0.9228	0.9144	0.8682

Source: Lipper IM

##### Historical Distributions (Net)

	Distribution (sen)	Yield (%)
26 Sep 2019	6.8000	7.21
26 Sep 2018	6.8000	7.05
20 Sep 2017	6.7000	6.79
27 Sep 2016	6.7000	6.72
28 Sep 2015	6.7000	6.59

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management Sdn Bhd (174588-x)

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## RHB BOND FUND

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### 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") have stabilized and extended rally during the month after the sell-off in previous month appeared to diminish with attractive adjustment in term of yields have further ignite buying demand into local government bonds/sukuk market. Both MGS/MGII have normalized back and in fact trading at tighter yield levels thanks to concerted global central bank easing and prospects of further Overnight Policy Rate (OPR) cuts by Bank Negara Malaysia (BNM). The FTSE Russell March Review combined with BNM's measures to boost liquidity added further support for the Malaysian Ringgit (MYR) bond/sukuk market. Going forward, market sentiments will be influenced by the capacity to contain Covid-19 from spreading further as a flattening curve (with better recovery rates) will eventually drive the return of foreign buying of Asian local currency investment assets. Any upward trajectory of MGS/MGII yields are to provide good buying on dips opportunities for investors.

Overall, the MGS and GII strengthened as a better external risk environment provides comfort for investors to position for more BNM rate cut. MGS yields fell across the curve as the rally that started from the front end has now extended into longer duration. Meanwhile flattening of the Covid-19 cases in Malaysia also added further positive momentum for MYR assets. The 10-year MGS benchmark closed tighter circa 52 basis points (bps) to trade below the 3.00% psychological level after settling around 2.85% level on month-end closing. The shorter tenure 3-year MGS benchmark continue to hover below the OPR 2.50% level, signalling traders' expectation of further OPR cut by BNM. Month-on-month, MGS space bull-flattened with yields collapsing roughly about 30 bps to 60 bps across the tenors. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.74% (March 2020: 2.74%), 3.07% (3.07%), 3.22% (3.22%), 3.37% (3.37%), 3.62% (3.62%), 3.71% (3.71%) and 4.00% (4.00%) 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% (March 2020: 2.88%), 2.99% (2.99%), 3.31% (3.31%), 3.37% (3.37%), 3.72% (3.72%), 3.77% (3.77%) and 4.07% (4.07%) respectively.

In the MYR corporate bond/sukuk space, overall monthly trading volumes were slightly higher as compared to previous month. Amid the sell-off in previous month, trading volumes were well respected as buying interest resumed on attractive valuation. Nevertheless, our observation noted that investors are seen to prefer selective credit and trades concentration focus on moreo higher graded credit especially in Government Guaranteed (GG) and AAA segment. Overall secondary corporates trading volume recorded MYR10.90 billion, improved marginally compared to MYR10.15 billion recorded in previous month. The average daily volume recorded approximately around MYR495 million in April 2020, compared to MYR461 average daily volume recorded in corresponding month. Overall during the month, a combination of GG and AAA space top the transaction activities at 76% followed by AA space by 18% and single-A or lower by 6%.

Within the GG/AAA space, Danainfra Nasional Berhad top the transaction volume with over MYR1.26 billion recorded across the tenors which saw the yield closed a whopping 40 bps to 68 bps lower month-over-month. Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN") recorded the second highest transaction volume in GG category with over MYR0.96 billion changing hands across the tenors. On average, the yield closed up to 55 bps downwards compared to the prior month with shorter-dated bucket saw higher volumes done. In AAA space, Sarawak Energy Berhad successfully garnered secondary market interest with over MYR450 million transaction volumes for an average moved of 55 bps lower up to 16-year tenor bucket. Elsewhere in AA rated space, MMC Corporation Berhad top the trading activities with MYR260 million transacted with yield averagely lower by 68 bps. In A-rated space, Alliance Bank Malaysia Berhad Sub-ordinated Medium Term Note (MTN) attracted some MYR190 million transaction activity during the month. The yields transacted lower by average 10 bps on its shortest maturity in October 2020.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") report for March 2020 was below expectation and contracted at -0.2%, compared to a reading of 1.3% in the prior month. In a statement on April 23, the Department of Statistics Malaysia ("DoSM") said the index of transport, which contributed 14.6% of overall weight, declined 8.9%. However, the fall was countered by increases in the indexes of housing, water, electricity, gas and other fuels (1.6%), and food and non-alcoholic beverage (1.2%). The lower average price of RON95 in March of RM1.74 per litre versus RM2.08 a year ago also contributed to the decrease of the transport and overall index. 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 -1.0% 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. Currently the average year-to-date of Brent oil price is still hovering about USD46/barrel which is above the Government's assumption for average oil price at around USD35/barrel, indicated during the release of the recent stimulus package. We opine the Government's medium-term fiscal consolidation roadmap remains on track.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 April 2020, the Volatility Factor (VF) for this fund is 3.2 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. This update does not amount to indicate that the SC has recommended or endorsed the Fund. 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.

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