RHB Asset Management

FUND FACTSHEET – JUNE 2020

All data expressed as at 31 May 2020 unless otherwise stated

3-year Fund Volatility 3.5 Low Lipper Analytics 10 MAY 2020

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

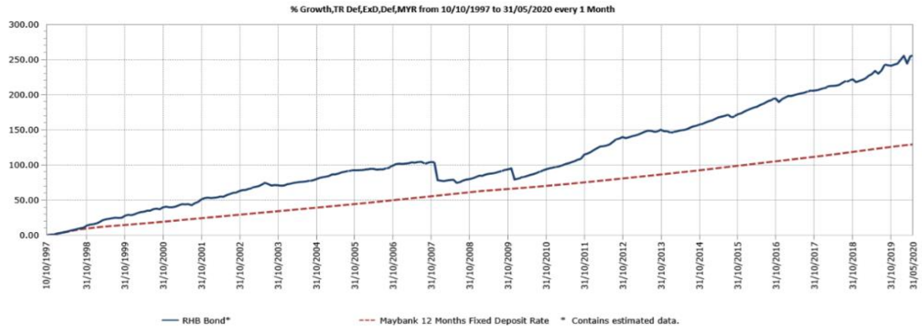
This Fund is suitable for investors who:
- are risk averse;
- want to protect the purchasing power of their wealth against inflation;
- want to enjoy a relatively more predictable income on a yearly basis; and
- want to diversify their overall investment portfolio by including bonds as an asset class.

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	**0.47**	**0.24**	**3.90**	**3.45**
Benchmark	0.19	0.63	1.37	1.11

	1 Year	3 Years	5 Years	Since Launch
Fund	**6.70**	**18.42**	**32.39**	**255.65**
Benchmark	2.92	9.74	16.91	129.15

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 DETAILS

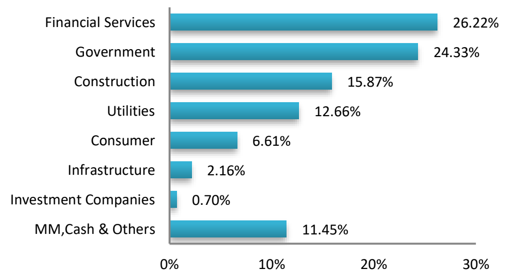
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Bond Fund
Fund Type	Income Fund
Launch Date	10 October 1997
Unit NAV	RM0.9557
Fund Size (million)	RM141.11
Units In Circulation (million)	147.63
Financial Year End	30 September
MER (as at 30 Sep 2019)	1.11%
Min. 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 (%)*

WCT IMTN 6.00% (27/09/2119) SERIES 1 TRANCHE 2	7.14
MALAYSIAN GOVERNMENT SECURITIES 4.893% (08/06/2038)	6.77
CIMB GROUP HOLDINGS BHD 5.800% (25/05/2116)	5.66
DRB-HICOM IMTN 5.100% (12/12/2029)	4.20
MBSBBANK IMTN 5.250% (19/12/2031)	3.67

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9557	0.9910	1.1454
Low	0.9512	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 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") settled generally tighter on the short-ends whilst longer-ends traded slightly wider during the month where Bank Negara Malaysia ("BNM") cut the Overnight Policy Rate ("OPR") by 50 basis points ("bps"). The curve was generally holding up well despite some profit-taking activities after the OPR cut where the decision has been mostly anticipated by the market players. Despite the range-bound in yields, we expect the local sovereign demand to continue gaining traction amid additional liquidity injection worth approximately Malaysian Ringgit ("MYR") 16 billion to be released through the banking institution's flexibility on the usage of MGS and GII to comply with Statutory Reserve Requirement ("SRR") starting 16 May 2020. The enhanced liquidity support is expected to boost market liquidity by a combined total of MYR46 billion, including the MYR30 billion previously released earlier during the recent SRR cut to 2.00% in March 2020. 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.

Month-on-month, MGS space was bull-steepened with yields roughly being well supported at the shorter-tenor up to 10-year. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.27% (April 2020: 2.40%), 2.46% (2.49%), 2.62% (2.67%), 2.80% (2.86%), 3.18% (3.09%), 3.41% (3.38%) and 3.80% (3.66%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to be resilient and well supported at the back of index inclusion of Malaysian GII 10-year. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.29% (April 2020: 2.47%), 2.45% (2.55%), 2.69% (2.64%), 2.71% (2.84%), 3.24% (3.15%), 3.45% (3.39%) and 3.77% (3.70%) respectively.

In the MYR corporate bond/sukuk space, overall monthly trading volumes were higher as compared to the previous month with trading volumes were well respected as buying interest resumed on attractive valuation and switching out for healthy primary issuances space. Nevertheless, our observation noted that investors are still seeing to prefer selective credit and trades concentration focus on higher graded credit especially in Government Guaranteed (GG) and AAA segment. Additionally, the increased trading volume in GG as well as the AAA spaces suggested that investors are rotating into higher investment grade credits amid a more challenging economic environment given the backdrop of increased downside risk to domestic and global growth. Overall secondary corporates trading volume recorded MYR11.03 billion, improved marginally compared to MYR10.90 billion recorded in previous month. The average daily volume recorded approximately around MYR649 million in May 2020, compared to MYR495 million average daily volume recorded in corresponding month. Overall during the month, a combination of GG and AAA space top the transaction activities at 79% followed by AA space by 18% and single-A or lower by 3%.

Within the GG/AAA space, Danainfra Nasional Berhad top the transaction volume with over MYR2.0 billion recorded across the tenors which saw the yield closed 6 bps to 15 bps lower month-over-month. Prasarana Malaysia Berhad recorded the second highest transaction volume in GG category with over MYR780 million changing hands across the tenors. On average, the yield closed 4 bps to 20 bps downwards compared to the prior month with shorter-dated bucket saw higher volumes done. In AAA space, Projek Lebuhraya Utara Selatan ("PLUS") successfully garnered secondary market interest with over MYR390 million transaction volumes for an average moved of 7 bps lower up to 17-year tenor bucket. Elsewhere in AA-rated space, YTL Power International Berhad top the trading activities with MYR485 million transacted with yield averagely lower by 15 bps. In A-rated space, DRB Hicom Berhad attracted some MYR140 million transaction activity during the month after the higher adjustment in term of its yield in previous months looks attractive to re-enter. The yields transacted lower by an average 24 bps on its 2022 and 2029 maturity.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") report for April 2020 was below expectation and contracted at -2.9%, marking the second negative prints in CPI following March 2020 level of -0.2%. Recap that in January and February 2020, the CPI rose 1.6% and 1.3% year-on-year respectively. The fall in inflation was mainly driven by weaker oil prices, coupled with lesser economic activities during the movement control order ("MCO") period which started in mid-March 2020. On top of that, low electricity prices will be the other driver for low inflation in 2020. To assist households and businesses cope with costs of living in this challenging period, the government has allocated around MYR 530 million in its fiscal stimulus package to provide tiered discounts for electricity consumption from 1 April 2020 to 30 September 2020. Electricity costs contribute 2.7% to the overall CPI basket. 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.

Malaysia's 1st Quarter Growth Domestic Product ("GDP") came out near halt at 0.7% year-on-year, lowest growth since the 3rd Quarter of 2009 but better than the general market expectation of contraction at -1.5%. According to the Department of Statistics, growth was mainly dragged by negative growth across all sectors except for services and manufacturing sectors with growth of 3.1% and 1.5% respectively. Malaysia also announced current account position, recorded at RM9.5 billion surplus as boosted by the surplus in goods account and smaller deficit in primary income. Softer growth is expected to continue in the 2nd Quarter of the year amid the disruption caused by Covid-19 while the economy is expected to rebound in the second half of the year. Economists are expecting growth to register at -1.5% to -4.0% for full year 2020. Weak growth has emerged as a global theme as countries battle against the pandemic outbreak, US, China and some regional peers has also registered contraction in GDP for 1st Quarter of 2020.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 May 2020, the Volatility Factor (VF) for this fund is 3.5 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 3.2 but not more than 8.9 (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.