

### 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:

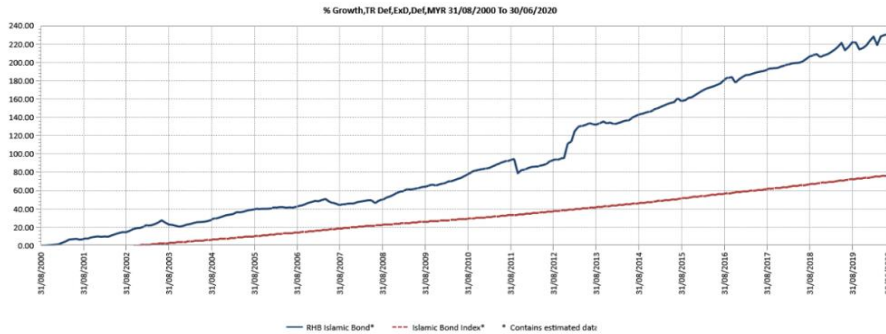
- are risk averse;
- want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than Islamic fixed deposits at an acceptable 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	0.18	3.64	3.75	3.75
Benchmark	0.17	0.57	1.28	1.28

	1 Year	3 Years	5 Years	Since Launch
Fund	5.55	13.91	28.73	230.37
Benchmark	2.84	9.65	17.29	N/A

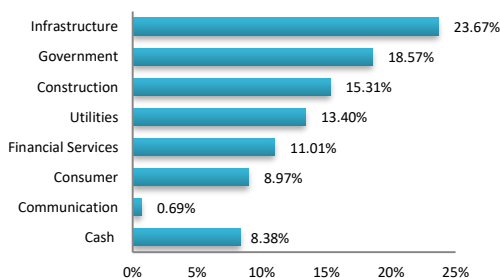
##### Calendar Year Performance (%)\*

	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)	5.72
MEX II IMTN** 5.80% (28/04/2028) ISSUE NO 8	5.51
ACSB IMTN** 5.70% (18/11/2022)	3.91
MEX II IMTN** 5.70% (29/04/2027) ISSUE NO 7	3.70
ALPHA CIRCLE SDN BHD 6.00% (31/05/2023)	3.18

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

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.3781	1.4212	1.4245
Low	1.3743	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 ISLAMIC 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") started the month on upward trajectory amid supply concern arising from short-term economic recovery stimulus package by the government to support domestic economy. Following recent gains in tightening of bond yields, investors seen realizing gains on top of supply concern resulting in upward movement in bond yields. The 10-year MGS went as high as 3.07% before buying on dips emerged strongly for the MGS 10-year to hover around 2.88%-2.90% during the period. On the other action towards the end of the month, S&P Global Ratings revised the outlook of Malaysia to Negative from Stable on additional downside risks to Malaysia's fiscal metrics amid challenging global growth outlook and heightened policy uncertainty. Nevertheless, the yield curve is very steep at the moment, with attractive value seen at the back end of the curve where interest has been lacking. Market participants are also waiting on guidance from Bank Negara Malaysia ("BNM") during its Monetary Policy Committee ("MPC") meeting next week, in which there's a split view currently on chances of rate cut. We remain to see the space to be range-bound as the yield mostly capped at 3.00%, any sell-off will be quickly met by dip-buying interest which will keep the curve well supported.

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 2.24% (May 2020: 2.27%), 2.46% (2.46%), 2.66% (2.62%), 2.86% (2.80%), 3.31% (3.18%), 3.60% (3.41%) and 4.01% (3.80%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to be resilient and well supported though mirroring the bull-steepened curve as the MGS counterpart. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.30% (May 2020: 2.29%), 2.50% (2.45%), 2.74% (2.69%), 2.86% (2.71%), 3.41% (3.24%), 3.73% (3.45%) and 3.97% (3.77%) respectively.

In the Malaysian Ringgit ("MYR") corporate bond/sukuk space, overall monthly trading volumes moderated lower as active primary issuances dominated market following higher budget deficit. Investors remained side-lined in the secondary market space to participate for the upcoming pipelines for better yield enhancement. We believe that investors are still skewed to prefer selective credit and trades done have been mainly concentrated 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 MYR10.96 billion, reduced marginally compared to MYR11.03 billion recorded in previous month. The average daily volume recorded approximately around MYR498 million in June 2020, compared to MYR649 million average daily volume recorded in corresponding month. Overall during the month, a combination of GG and AAA space top the transaction activities at 69% followed by AA space by 25% and single-A or lower by 6%.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") report for May 2020 was below expectation and contracted at -2.9%, remained at decades low following same reading in April 2020. 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. Headline CPI could turn less negative in coming month of June 2020 following the jump in RON95 prices in the first 26 days of the month. Further increase in RON95 prices could reduce CPI drag in the second half of the year. Nevertheless, demand-pull pressures would likely remain muted, given headwinds to consumer recovery from the continuing social distancing and further weakness in the labour market. Currently the average year-to-date 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 although the self-imposed ceiling of debt to Gross Domestic Product (GDP) ratio of 55% to breach slightly above on temporarily basis.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 June 2020, the Volatility Factor (VF) for this fund is 3.8 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 3.3 but not more than 9.5 (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 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.