FUND FACTSHEET – SEPTEMBER 2020

All data expressed as at 31 August 2020 unless otherwise stated

3-year Fund Volatility 3.9 Low
Lipper Analytics 10 AUG 2020

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:

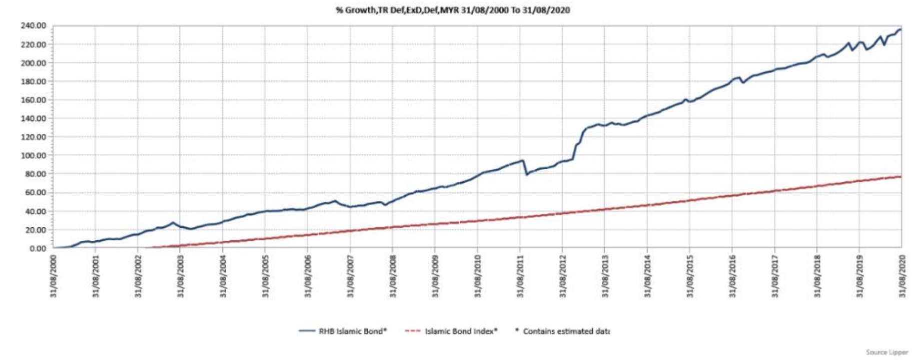
- are risk averse;
- want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than Islamic fixed deposits at an acceptable 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	**0.21**	**1.81**	**2.35**	**5.44**
Benchmark	0.15	0.49	1.11	1.60

	1 Year	3 Years	5 Years	Since Launch
Fund	**4.34**	**14.95**	**30.37**	**235.74**
Benchmark	2.63	9.43	16.95	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 DETAILS

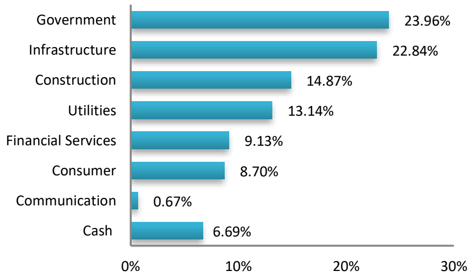
Manager	RHB Asset Management Sdn. Bhd.
Trustee	CIMB Islamic Trustee Bhd
Fund Category	Bond fund (Shariah-compliant)
Fund Type	Income Fund
Launch Date	25 August 2000
Unit NAV	RM1.4005
Fund Size (million)	RM277.05
Units In Circulation (million)	197.78
Financial Year End	30 September
MER (as at 30 Sep 2019)	0.89%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	Maybank Islamic Bhd's 12 mths Islamic FD-i
Sales Charge	None
Redemption Charge	Up to 1% of NAV per unit on or before 1st year of Investment*
Annual Management Fee	Profit Sharing: 15:85 based on Net Investment Income*
Annual Trustee Fee	0.10% p.a. of NAV, subject to a min. of RM35,000 p.a.*
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 (%)*

BRIGHT FOCUS BHD IMTN** 2.500% (24/01/2030)	5.57
MEX II IMTN** 5.800% (28/04/2028) ISSUE NO. 8	5.29
ACSB IMTN** 5.700% (18/11/2022)	3.77
MEX II IMTN** 5.700% (29/04/2027) ISSUE NO. 7	3.54
GII MURABAHAH 5/2017 4.755% (04/08/2037)	3.15

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

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.4029	1.4212	1.4245
Low	1.3975	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

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MANAGER'S COMMENTS

MARKET REVIEW

On the local rates, both Malaysia's sovereign papers that is Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") started the month with positive vibes that saw yield curve stayed supported on further dovish tone by the United States ("US") Federal Reserve ("Fed") and increased possibility of another rate cut by Bank Negara Malaysia ("BNM") as well as the well-bid GII 7-year auction tendered in late July 2020, giving further boost to the local market sentiments. Nevertheless, the bullish run in Malaysian Ringgit ("MYR") bonds/sukuk came to a halt in mid-August 2020 at the back of selling flows and profit taking activities amid the adjustments of rates outlook by investors after BNM's Governor remarked at the Malaysia's 2nd quarter Growth Domestic Product ("GDP") release that she is 'cautiously optimistic' that the worst has passed and projecting an economic recovery in the second half of the year. Therefore, we sense that the need for rate cut has decreased at this juncture as global economies are reopening gradually and central banks might prefer to leave some policy space for future use. The weak sentiment has further been shown from the subdued bid-to-cover ("BTC") ratio during the month with curve steepening on auction tails for both the 20-year MGS and 15-year GII which garnered a low BTC of 1.47 times and 1.42 times respectively. Nonetheless, we also remain opportunistic as the correction in yields will attracts good entry level as policy remain far from tightening cycle.

Month-on-month, MGS space was bear-steepened with yields roughly being well supported at the shorter-tenor up to 5-year while the longer-tenor impacted on overall repositioning of the curve after BNM seems upbeat on the economic recovery for the second half of the year. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.83% (July 2020: 1.93%), 2.08% (2.11%), 2.30% (2.23%), 2.59% (2.53%), 3.08% (2.96%), 3.48% (3.19%) and 3.75% (3.56%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to also been mirroring the bear- steepened curve as the MGS counterpart. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 1.84% (July 2020: 1.97%), 2.06% (2.07%), 2.35% (2.28%), 2.58% (2.56%), 3.14% (3.02%), 3.37% (3.31%) and 3.73% (3.66%) respectively.

In the MYR corporate bond/sukuk space, overall monthly trading volumes stayed around the previous month as investors switching on their exposure as lower cost of funding after consecutive Overnight Policy Rate (OPR) cut attracts corporates to tap in the primary issuances space. Investors were seen to selectively buying and rotating their position 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 AAA segment. Additionally, the increased trading volume in AAA and AA spaces suggested that investors are rotating into higher investment grade credits while at the same time for yield preservation amid current low yield environment. Overall, secondary corporates trading volume recorded MYR10.40 billion, almost no changes if compared to MYR10.91 billion recorded in previous month. The average daily volume recorded approximately around MYR578 million in August 2020, compared to MYR496 average daily volume recorded in corresponding month due to shorter trading days. Overall during the month, a combination of Government Guaranteed ("GG") and AAA space top the transaction activities at 66% followed by AA space by 28% and single-A or lower by 6%.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") for July 2020 showed the economy was still in deflation, but at a lower rate of -1.3%, following a reading of -1.9% in June 2020. CPI dropped for the fifth consecutive month in July 2020 since March 2020's 0.2% decline. The decrease in the overall index was due to lower fuel prices and in line with the Bloomberg forecast. The decrease in the overall index was attributed by the decline in transport (-10.3%); housing, water, electricity, gas & other fuels (-2.6%); clothing & footwear (-0.6%) and furnishings, household equipment & routine household maintenance (-0.1%) which contributed 45.7% to overall weight. However, food prices continued their upward trend with Food & non-alcoholic beverages increased by 1.4% to 135.0 from 133.2 a year ago. This group contributes 29.5% of CPI weight. 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 with oil price trajectory pointing to further recovery in RON95 prices through year-end. Nevertheless, demand-pull pressures should 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 GDP ratio of 55% to breach slightly above on temporarily basis. BNM's inflation rate forecast remains at -1.5% to 0.5% for 2020 and see the inflation could pick-up to 1.0% to 3.0% in 2021.

RHB Asset Management Sdn Bhd (174588-x) **Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur** **General Line: 603-9205 8000**