

### 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:

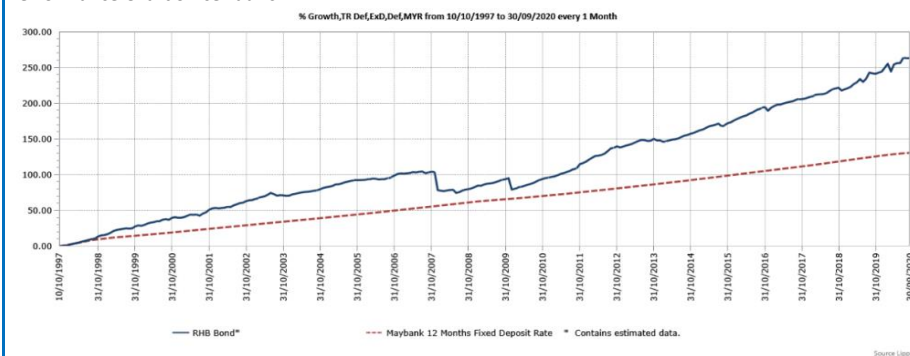
- are risk averse;
- want to protect the purchasing power of their wealth against inflation;
- want to enjoy a relatively more predictable income on a yearly basis; and
- want to diversify their overall investment portfolio by including bonds as an asset class.

#### 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	0.06	2.12	5.65	5.69
Benchmark	0.15	0.47	1.05	1.75

	1 Year	3 Years	5 Years	Since Launch
Fund	6.44	18.86	35.12	263.35
Benchmark	2.53	9.33	16.39	130.60

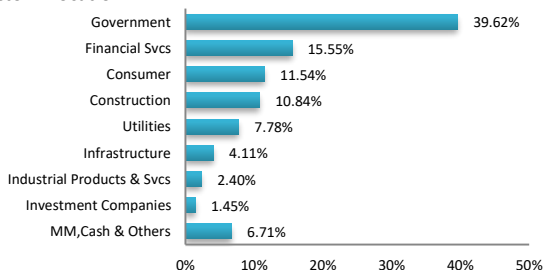
##### Calendar Year Performance (%)\*

	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 (%)\*

DRB-HICOM IMTN 5.080% (30/08/2030)	6.99
GII MURABAHAH 5/2017 4.755% (04/08/2037)	5.53
MALAYSIAN GOVERNMENT SECURITIES 2/2019 (15/08/2029)	5.51
WCT IMTN 6.000% (27/09/2119) SERIES 1 T2	4.84
MALAYSIAN GOVERNMENT SECURITIES 4.893% (08/06/2038)	4.52

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9799	0.9834	1.1454
Low	0.9361	0.9144	0.8682

Source: Lipper IM

##### Historical Distributions (Net)

	Distribution (sen)	Yield (%)
25 Sep 2020	3.8000	4.02
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

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management Sdn Bhd (174588-x)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000

www.rhbgroup.com



RHB Asset Management Sdn Bhd (174588-X)



## 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.

### 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") cruised the month with nervous moment as yields seen higher with three of the auctions held during the month ended-up with weak bid-to-cover ("BTC") ratio of circa 1.5 times and lower. Bond market sentiment has been weak since the no Overnight Policy Rate ("OPR") cut decision by Bank Negara Malaysia ("BNM") on 10 September 2020. The weak sentiment has further been shown from the subdued BTC ratio during the month with curve steepened on auction tails for the 30-year GII which garnered low BTC of 1.36 times, with successful yields averaged 4.18% and ended high at around 4.35%. Looking ahead, curve steepening pressure might prevail on supply dynamics point of view following additional MYR10 billion fiscal stimulus from Bantuan Prihatin Nasional 2.0. With that, economists seen revising the budget deficit forecast slightly up to circa -6.7% for 2020 and -6.0% for 2021 from -6.5% and -5.9% respectively previously. Nonetheless, we remain opportunistic as the correction in yields will attracts good entry level as policy remain far from tightening cycle.

On top of that, investors were also seen positioning defensively ahead of FTSE Russell decision towards the end of the month. In its most recent September annual review, FTSE Russell has maintained Malaysia in the World Government Bond Index ("WGBI") but remaining on watch-list for possible exclusion from the index. Even with recent measures placed by BNM to boost liquidity and accessibility in the Malaysia's bond market, FTSE Russell would likely want to see longer term impact of the measures before its next course of action. We view this as positive development as it reflects the willingness of the index provider to further evaluate potential positive impact on the measures implemented by BNM. We expect lesser impact on local government space as investors weigh on attractive safe-haven and risk-free yield-carry options compared to the low and to some extent negative-yielding global debt rate.

Month-on-month, MGS space was bear-steepened with yields roughly being corrected higher along the curve with exception of 20-year space that closed the month lower by 11 basis points ("bps"). Overall, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.00% (August 2020: 1.83%), 2.24% (2.08%), 2.42% (2.30%), 2.65% (2.59%), 3.04% (3.08%), 3.37% (3.48%) and 3.84% (3.75%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to also been in a same trend of higher yields during the month especially on the 30-year space that closed around 32 bps higher. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.04% (August 2020: 1.84%), 2.22% (2.06%), 2.37% (2.35%), 2.64% (2.58%), 3.15% (3.14%), 3.57% (3.37%) and 4.05% (3.73%) respectively.

In the Malaysian Ringgit ("MYR") corporate bond/sukuk space, overall monthly trading volumes in secondary market space was lower on the back of pent-up demand to raise funds in primary issuances as lower cost of funding after consecutive OPR cut attracts corporates to tap in the market. Investors remained side-lined in the secondary market space to participate for noticeable upcoming primary issuances for better yield enhancement amidst at low interest/profit rate environment. 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, we noticed improvement in trading volume towards the AA space suggested that investors are starting to switch for a higher yielded asset for portfolio's yield preservation. Overall, secondary corporates trading volume recorded MYR9.91 billion, slightly down if compared to MYR10.91 billion recorded in previous month. The average daily volume recorded approximately around MYR472 million in September 2020, compared to MYR496 average daily volume recorded in corresponding month. In summary, during the month, a combination of 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") report for August 2020 was still in deflationary mode at a lower rate of -1.4%, following a reading of -1.3% in July 2020. CPI dropped for the sixth consecutive month in August 2020 since March 2020's 0.2% decline. The decrease in the overall index was attributed to declines in transport (-9.9%), housing, water, electricity, gas and other fuels (-3.0%), clothing and footwear (-0.6%), and furnishing and household equipment (-0.1%) which overall contributed about 45.7% of overall weight in CPI basket. For now, headline CPI forecasted to be staying in negative territory for the rest of the year and only rising through for the first half of 2021 on base effects. 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 previous stimulus package. To recap, 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.

On the other note, Malaysia reported a narrower trade surplus of MYR13.2 billion in August 2020 as exports unexpectedly fell 2.9% year-over-year against +4.9% consensus and +3.1% in July 2020, contrary to expectations for an increase, as shipments to key markets tumbled and demand for manufacturing, agriculture and mining goods dropped. Imports fell for the sixth straight month, at -6.5% though smaller than -8.7% in August 2020. The drop in exports number for the period was mainly contributed by worse off performance in LNG exports (-49.1%), manufactured goods of metals (-30.8%) and petroleum products (-15.9%). We expect Malaysia's exports to continue to struggle for the rest of the year given slowdown in overall global growth though seem to pick-up recently by the improvement in key indicator numbers.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 September 2020, the Volatility Factor (VF) for this fund is 3.6 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 3.3 but not more than 9.6 (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 30 June 2020 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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 contents of the PHS and Master Prospectus dated 15 July 2017 and its supplementary(ies) (if any) ("collectively known as the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia ("SC") who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Master Prospectus should not be taken to indicate that the SC has recommended 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. If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

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 Fund 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.

This Fund Factsheet has not been reviewed by the SC.