

### 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:

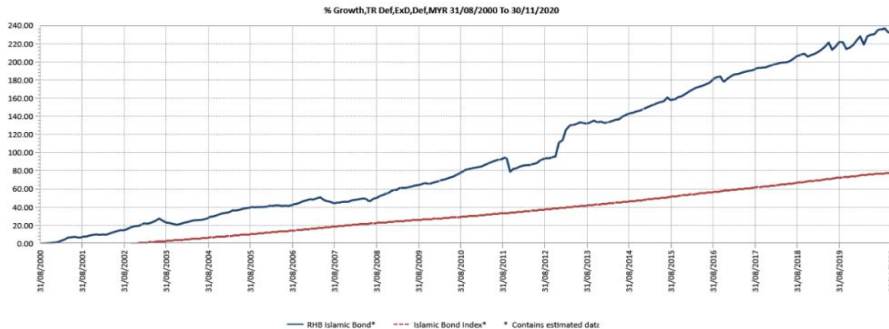
- are risk averse;
- want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than Islamic fixed deposits at an acceptable 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	-0.02	-0.94	0.85	4.44
Benchmark	0.15	0.45	0.94	2.06

	1 Year	3 Years	5 Years	Since Launch
Fund	5.45	13.18	26.83	232.59
Benchmark	2.32	9.10	16.34	N/A

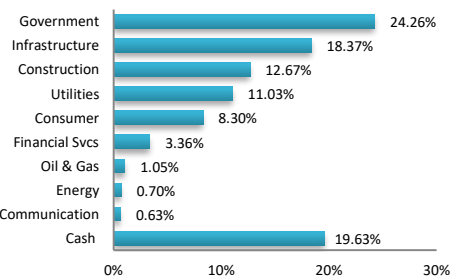
##### Calendar Year Performance (%)\*

	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** 2.500% 24/01/2030	6.19
MEX II IMTN** 5.800% 28/04/2028 ISSUE NO. 8	4.31
ACSB IMTN** 5.700% 18/11/2022	3.58
GII MURABAHAH 2/2019 4.467% 15.09.2039	3.37
MEX II IMTN** 5.700% 29/04/2027 ISSUE NO. 7	2.94

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

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.3327	1.4038	1.4245
Low	1.3280	1.3156	0.9901

Source: Lipper IM

##### Historical Distributions (Net)

	Distribution (sen)	Yield (%)
25 Sep 2020	6.0000	4.42
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

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 is Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") curve were generally softer with yields seen to be drifted higher on less trading activities towards the end of the year as well as improvement in risk appetite following vaccine progress that saw global yields spiked and reversed entirely. The uncertainties ahead of the Budget 2021 debate and passing vote added in pressuring sentiment of Malaysia's bond/sukuk market during the month. At this juncture, high anticipation in bond market is unlikely given the improvement in risk appetite might flows into equities following vaccine progress that could enhance optimism over combating and containing the rising global Coronavirus Disease 2019 (COVID-19) cases and help on global economy growth. Rising external yields will inevitably weigh on Malaysian Ringgit bonds/sukuk when supply profile remains heavy while demand faces headwinds. Nevertheless, Bank Negara Malaysia (BNM) has ample capacity to raise its exposure in local government bonds/sukuk though may less motivated to do so if yield increase comes under the context of better growth prospects.

Month-on-month, MGS space was bear-steepened with the front-end yields adjusted higher after the rate cut expectation did not materialize. Overall, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.75% (October 2020: 1.75%), 2.00% (2.00%), 2.32% (2.32%), 2.61% (2.61%), 3.10% (3.10%), 3.45% (3.45%) and 3.89% (3.89%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to also been in a same trend of bear-steepening curve on softer overall local bond market. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 1.79% (October 2020: 1.79%), 1.96% (1.96%), 2.34% (2.34%), 2.59% (2.59%), 3.21% (3.21%), 3.51% (3.51%) and 4.00% (4.00%) respectively.

In the Malaysian Ringgit corporate bond/sukuk space, overall monthly trading volumes in secondary market notched lower during the month, market activities seen to be softer as market participants were inclined to be sidelined following higher yields in the government securities front. Market participants were also reluctant sellers in view of the yield-carry requirements for the portfolios. We believe that investors are still skewed to prefer selective credit and trades done have been mainly concentrated on higher graded credit especially in GG and AAA segment. We noticed improvement in trading volume towards AAA credit space which was about 13% higher compared to previous month. Overall, secondary corporates trading volume recorded MYR5.58 billion, trending down if compared to MYR7.94 billion recorded in previous month. The average daily volume recorded approximately around MYR266 million in November 2020, compared to MYR378 average daily volume recorded in corresponding month. In summary, during the month, a combination of Government Guaranteed ("GG") and AAA space top the transaction activities at 58% followed by AA space by 30% and single-A or lower by 12%.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") declined to -1.5% in October 2020, following reading of -1.4% in September 2020. CPI dropped for the eight-consecutive month in October 2020 since March 2020's 0.2% decline. The decrease in the overall index was attributed to declines in transport (-10.2%), housing, water, electricity, gas and other fuels (-3.0%), clothing and footwear (-0.4%). The CPI's transport segment declined on cheaper petrol and diesel retail price. In the statement, the Department of Statistic Malaysia ("DOSM") said the average price of unleaded petrol RON95 decreased to RM1.67 per litre compared to RM2.08 in October 2019 amid persistently soft global crude oil prices. Year to date, the CPI for the period of January 2020 to October 2020 decreases by 1.0% when compared to the same period last year. For now, headline CPI is 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. 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.

Malaysia's Gross Domestic Product ("GDP") rebounded 18.2% on a quarter-on-quarter basis, seasonally adjusted, stronger than consensus expectation of 16.0% and a prior quarter of 16.5%. The economy contracted 2.7% in year-on-year ("y-o-y") terms, a sharp improvement from the 17.1% contraction in 2Q. The recovery was broad-based, but was driven primarily by a sharp rebound in private consumption (-2.1% y-o-y compared to -18.5% in 2Q2020), contributing to two-thirds of sequential growth in the quarter. This reflects the sharp normalization of resident mobility in 3Q2020. Meanwhile, there was a firm rebound in both fixed investments and net exports, the latter thanks in part to a surge in biomedical and electronics exports. In a statement released alongside the GDP print, BNM Governor Nor Shamsiah revealed expectations for growth to contract at the lower end of the -3.5% to -5.5% range this year, while reaffirming that the 125 basis points of rate cuts this year should boost growth in 2021, and stating that there is "no need" to undertake large-scale government bond purchases.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 November 2020, the Volatility Factor (VF) for this fund is 4.0 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 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 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.

RHB Asset Management Sdn Bhd (174588-x)

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

General Line: 603-9205 8000