

## RHB SHARIAH CHINA FOCUS FUND

### RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of RHB Islamic International Asset Management Berhad ("RHBIIAM") and they have collectively and individually accepted full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

### STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of RHB Shariah China Focus Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the RHB Shariah China Focus Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the RHB Shariah China Focus Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of RHBIIAM responsible for the RHB Shariah China Focus Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

The Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund i.e. RHB Islamic Bank Berhad.

## PRODUCT HIGHLIGHTS SHEET

**This Product Highlights Sheet only highlights the key features and risks of RHB Shariah China Focus Fund. Investors are advised to request, read and understand the Fund's prevailing prospectus and its supplementary(ies) (if any) before deciding to invest.**

<b>Name of Fund</b>	RHB Shariah China Focus Fund ("Fund").	<b>Fund Category</b>	Equity fund (Shariah-compliant).
<b>Manager</b>	RHB Islamic International Asset Management Berhad.	<b>Launch Date</b>	13 November 2018.
<b>Trustee</b>	HSBC (Malaysia) Trustee Berhad.	<b>Financial Year End</b>	31 October.
<b>Investment Adviser</b>	China Asset Management (Hong Kong) Limited.	<b>Base Currency of the Fund</b>	RM.
<b>Shariah Adviser</b>	RHB Islamic Bank Berhad.		

<b>Classes under the Fund</b>	<b>Currency denomination of the class</b>	<b>Launch Date of the Class</b>	<b>Initial Offer Period</b>	<b>Initial Offer Price</b>
RM class	RM	13 November 2018	(21 days) 13 November 2018 – 3 December 2018	RM1.0000 per unit

Classes under the Fund	Currency denomination of the class	Launch Date of the Class	Initial Offer Period	Initial Offer Price
USD class	USD	To be determined	(21 days) To be determined	USD1.0000 per unit

## PRODUCT SUITABILITY

This Fund is suitable for investors who:

- (i) seek to achieve long term\* capital appreciation; and (ii) wish to invest in a diversified portfolio of China Shariah-compliant equities.

## KEY PRODUCT FEATURES

### INVESTMENT OBJECTIVE

The Fund aims to achieve long term\* capital appreciation through investments in China Shariah-compliant equities.

Note: \*\*"long term" in this context refers to a period of between 5 - 7 years.

### INVESTMENT STRATEGY

The Fund seeks to achieve its investment objective through a diversified portfolio of China Shariah-compliant equities which include but not limited to, China A-shares, China H-shares, Islamic real estate investment trusts ("REITs"), Islamic exchange traded funds ("ETFs") and China Shariah-compliant equity-related securities (collectively "China Shariah-compliant Equities"). The Fund will also invest in Islamic liquid assets including Islamic money market instruments, Islamic deposits with Islamic financial institutions and Islamic collective investment schemes investing in Islamic money market instruments and/or Islamic deposits with Islamic financial institutions.

The Fund will focus on companies that are able to create true shareholder value<sup>^^</sup>, have a strong and stable earnings stream<sup>^^</sup> and have a strong sustainable dividend yield<sup>^^</sup> that issue China Shariah-compliant Equities with sustainable dividend payments<sup>^^</sup>.

The Fund's direct investments in China Shariah-compliant Equities are those of companies whose securities are listed on the Hong Kong SAR, Shanghai, Shenzhen and Taiwan Stock Exchanges, including China companies that are listed in other non China markets such as the United States, United Kingdom and Singapore Stock Exchanges. These are companies with revenues derived from China and/or have business operations located in the China. The Fund's investments will also include Islamic collective investment schemes (including Islamic REITs and Islamic ETFs) domiciled in Singapore, Luxembourg, Hong Kong SAR, the United Kingdom and the United States of America investing primarily in the China markets. The Fund's direct investments are not sector specific and can invest in a broad range of sectors and industries. It seeks to add value by investing in a selective range of opportunities identified by the Manager as having a strong attraction based on company fundamentals.

Thus, the Fund's portfolio will be structured as follows:

Minimum 70% of Net Asset Value ("NAV") - Investment in China Shariah-compliant Equities.

The balance of the Fund's NAV may be invested in Islamic liquid assets comprising Islamic money market instruments, Islamic deposits with Islamic financial institutions and Islamic collective investment schemes investing in Islamic money market instruments and/or Islamic deposits with Islamic financial institutions.

Provided always the above asset allocation is maintained, the range of the Fund's asset allocation will be reviewed from time to time depending on the judgement of the Manager as to the general market and economic conditions. Although the Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities.

The risk management strategies and techniques employed by the Manager include diversification of the Fund's investments in terms of its exposure to various industries, sectors,

## KEY PRODUCT FEATURES

countries and asset classes and/or type of investments (i.e. Shariah-compliant equities and Islamic money market instruments). The Manager may participate in Islamic financial derivatives for currency hedging purposes where appropriate. Generally, the assets of the Fund will be invested over a medium to long term period with disposal of the investments when necessary to control risk as well as to optimise capital gains. This is especially so when the full growth potential of an investment is deemed to have been reduced following a prolonged rise in equity values and the other available alternative investment may present cheaper valuations and potential higher returns. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission Malaysia. Adherence to the permitted investments and restrictions also helps the Manager to risk-manage the Fund's portfolio in terms of diversification. Moreover, the Manager in making its investment decisions shall at all times comply with the investment restrictions of the Fund and requirements as set out in the deed of the Fund ("Deed").

For investments in foreign markets, the Manager in managing the principal risks such as country risk and currency risk will always take into consideration the reference benchmark as well as its evaluation of the historical developments and its prior experience in such markets. Such practice will be managed through active management and constant review of the economic and political developments of the countries invested. Investments will ultimately be made based on risk-reward profiles.

The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse economic, political or any other market conditions. In such circumstances, the Manager may reallocate up to 100% of the Fund's Shariah-compliant equity investments into other asset classes such as sukuk, Islamic money market instruments, Islamic deposits with Islamic financial institutions, which are defensive in nature and comply with Shariah requirements.

*^^ Explanatory note on these terms:*

"sustainable dividend payments" means consistent % dividend payout by a company over time, for example the Manager would prefer a company that has a stable dividend payout ratio rather than a company that has high payout ratio in one or two years and zero payout ratio in the next few years.

"create true shareholder value" are companies that are in the judgement of the Manager, deliver value through their management's ability to grow earnings, dividends and share price. In other words, it is the sum of all strategic decisions that affect the company's ability to efficiently increase the amount of free cash flow over time, after considering factors such as the effect of inflation, amongst others.

"strong and stable earnings stream" are companies that in the judgement of the Manager, can offer consistently growing/increasing corporate earnings with low volatility from one year to the next.

"strong sustainable dividend yield" are companies that in the judgement of the Manager, can offer increasing dividend payout from one year to the next.

### BENCHMARK

The performance of this Fund is benchmarked against the MSCI China A Islamic Index.

### DISTRIBUTION

**DISTRIBUTION POLICY** - Distribution is incidental, subject to the availability of income at the end of the financial year.

**DISTRIBUTION MODE** - Distribution, if any, after deduction of taxation and expenses (i.e. net distributions), will be reinvested to purchase additional units of the Fund based on the NAV per unit as at the second Business Day when units of the Fund are quoted ex-entitlement. Allotment of such units of the Fund shall be within two (2) weeks thereafter.

## KEY RISKS

**COUNTRY RISK** - The Fund will be investing in foreign markets. The foreign investments portion of the Fund may be affected by risks specific to the country that the Fund invests in. Such risks include changes in the country's economic fundamentals, social and political stability, currency movements and foreign investments policies. These factors may impact the prices of the securities that the Fund invests in and ultimately lower the NAV.

**CURRENCY RISK** - This risk is associated with investments that are quoted in foreign currency denomination. When a security is denominated in a foreign currency which fluctuates unfavourably against the RM, the Fund may face currency loss. This may lead to a lower NAV expressed in RM. In addition, an investor investing into a class denominated in currencies other than in RM may also be subject to further currency risk as fluctuation to the exchange rate of the respective currency of that class against RM may impact the value of the NAV per unit expressed in the currency of the relevant class. The Fund may participate in Islamic currency hedging instruments to mitigate the currency risk, if necessary.

**MARKET RISK** - The economic and political conditions in developing and emerging markets differ from those in developed markets and offer less social, political and economic stability as compared to developed markets. Other risks in developing and emerging markets that can adversely impact the Fund may include: investment and repatriation restrictions, the potential for unusual volatility in developing and emerging markets is higher as compared to more industrialised nations, limited information to the investors and less stringent disclosure requirements, shallow and substantially smaller liquid securities markets than in more industrialised nations resulting in illiquid securities markets, certain local tax law considerations that may negatively impact the Fund's investment, limited regulation of the securities markets and the possibility of limited legal recourse for the Fund and the custodial and/or the settlement systems may not be fully developed. These risks are likely to exist to a greater or lesser degree in some of the markets that the Fund may invest in. Investing in emerging markets such as the People's Republic of China subjects the Fund to a higher level of market risk than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets. The regulatory and legal framework for capital markets in China may not be as well developed when compared with those of developed countries.

**PARTICULAR SECURITY RISK** - The fluctuation in the performance of each individual security that the Fund invests in will affect the price of the units of the Fund. Not all companies issuing these securities are successful. The success and failure of the companies will cause its securities value to rise or fall. Valued collectively, the performance of individual securities will cause the Fund's unit price to rise or fall accordingly.

**RECLASSIFICATION OF SHARIAH STATUS RISK** - This risk refers to the risk that the currently held Shariah-compliant equities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the equities by the Shariah Advisory Council of the Securities Commission Malaysia, the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, the Manager will take the necessary steps to dispose of such equities in accordance with the Fund's Shariah investment guidelines.

## FEES & CHARGES

***This table describes the charges that you may directly incur when you buy or redeem units of this Fund:***

Charges	RM Class	USD Class
Sales charge <sup>1</sup>	Up to 5.50% of the investment amount.	

An investor can expect differing sales charge to be levied when buying units from the various distribution channels and within each distribution channel, subject to the maximum sales charge stipulated herein. This is due to the different levels of services provided by each distribution channel and/or the size of the investment undertaken.

## FEES & CHARGES

*This table describes the charges that you may directly incur when you buy or redeem units of this Fund:*

Charges	RM Class	USD Class
<b>Repurchase charge</b>	None.	
<b>Dilution fee or transaction cost factor</b>	None.	
<b>Other charges payable directly by the investors</b>		
Switching fee <sup>1</sup>	RM25.00 per switch or the difference in sales charge between switching funds on the amount to be switched, where applicable.	USD10.00 per switch or the difference in sales charge between switching funds on the amount to be switched, where applicable.
Transfer fee <sup>1</sup>	RM5.00 per transfer.	USD5.00 per transfer.

## FEES & CHARGES

*This table describes the fees that you may indirectly incur when you invest in the Fund:*

Fees and Expenses	RM Class	USD Class
Annual management fee <sup>1,2</sup>	1.80% per annum of NAV of the respective class calculated on a daily basis, before deducting the Manager's and Trustee's fees for that particular day.	
Annual trustee fee <sup>1</sup>	Up to 0.06% per annum of NAV of the respective class, calculated on a daily basis before deducting the Manager's and Trustee's fees for that particular day (excluding foreign custodian fees and charges).	
Expenses directly related to the Fund	Auditors' fees and other relevant professional fees, foreign custodial charges, cost of distribution of interim and annual reports, tax certificates, reinvestment statements and other notices to unit holders of the Fund ("Unit Holder(s)"). In addition, there are expenses that are directly related and necessary to the business of the Fund as set out in the Deed, such as commissions or fees paid to brokers, other transaction costs and taxes, if any, that are also paid out of the Fund.	
Other fees payable indirectly by an investor (if any)	None.	

<sup>1</sup> All fees and charges payable to the 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.

<sup>2</sup> Each class is charged the abovementioned annual management fee per annum respectively based on the NAV of the respective class before deducting the respective Manager's fee of each class and Trustee's fees for that particular day.

**Note:** The Manager may, for any reason at any time, waive or reduce the amount of its management fee only or other charges directly payable by the Unit Holder and/or investor in respect of the Fund, either generally (for all Unit Holders of a class) or specifically (for any particular Unit Holder of a class) and for any period or periods of time at its absolute discretion. Any bank charges imposed by the relevant banks / financial institutions will be borne by the Unit Holders.

## TRANSACTION INFORMATION

	RM Class	USD Class
Minimum initial investment	RM1,000 or such other amount as the Manager may from time to time accept.	USD1,000 or such other amount as the Manager may from time to time accept.
Minimum additional investment	RM100 or such other amount as the Manager may from time to time accept.	USD100 or such other amount as the Manager may from time to time accept.
Minimum investment balance	900 units or such other lower quantity as the Manager may from time to time decide.	
Minimum repurchase units	Any number of units.	
Switching facility and frequency of switching	Available; minimum amount for a switch is five hundred (500) units; units of the Fund can only be switched to other funds under the management of the Manager that are of the same currency units and that allow switching; and minimum investment balance at all times must be nine hundred (900) units after the switch.	
Transfer facility	Available. In the event of a partial transfer, both the transferor and the transferee must each hold a minimum investment balance of nine hundred (900) units or such other lower quantity as the Manager may from time to time decide after the transfer.	
An investor may request for a lower minimum initial investment, lower minimum additional investment, lower minimum investment balance or lower minimum amount for a switch which the Manager may accept at its absolute discretion from time to time.		
Restriction on frequency of redemption	No restrictions.	
Subscription settlement	Payment must be made in the currency of the class subscribed on subscription date.	
Redemption period	Redemption monies will be paid within ten (10) days after receipt by the Manager of the request to repurchase.	
Cooling-off period	Unit Holders have the right to request for a refund of their investments within six (6) business days <sup>#</sup> which shall be effective from the date of receipt of the application by the Manager, subject to eligibility. <sup>#</sup> These are the working days when the Manager is open for business.	
Business Day	A day on which Bursa Malaysia is open for trading.	
Dealing hours	9:00 a.m. to 4:00 p.m. (Malaysia time) on any Business Day or such later time as the Manager may determine provided always that complete applications for the Fund are received before the next valuation point.	

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

## VALUATIONS AND EXITING FROM INVESTMENT

### VALUATION OF ASSETS

The assets of the Fund must be valued at least once every Business Day, except during the Fund's initial offer period. As certain foreign markets in which the Fund may invest in have different time zones from that of Malaysia, the valuation of the Fund for a Business Day will be conducted by 5:00 p.m. (or such other time as may be determined by the Manager from time to time) on the following day in which the Manager is open for business.

Accordingly, the price of the Fund for a particular Business Day will not be published in the major newspapers on the next day but will instead be published the next following day (i.e. price will be two (2) days old). This will be specifically indicated in the major newspapers.

Investors may obtain the most current computed price by contacting the Manager at 03-9205 8000.

### EXITING FROM THIS INVESTMENT

During the Fund's initial offer period, the repurchase price is fixed at the initial offer price of the respective class during the Fund's initial offer period of the respective class. After the Fund's initial offer period, the repurchase price shall be the NAV per unit of the respective class as at the next valuation point of the Fund's relevant Business Day after the request for repurchase is received by the Manager ("forward pricing"). The Manager does not charge any repurchase charge for this Fund.

For partial redemption, the balance of units after the redemption must be at least nine hundred (900) units or such other lower quantity as the Manager may from time to time accept (the "minimum investment balance"). There are no restrictions on the number of units a Unit Holder can redeem out of his investments or the frequency of redemptions in a year. However, the Manager shall not be bound to comply with any request for redemption of units if the balance of units held after the redemption is less than the minimum investment balance.

Units can be redeemed by forwarding the completed form of request to repurchase to the Manager's registered/principal office or any of its branch offices, or to any of its participating IUTAs or any other authorised distributors on any day other than Saturdays, Sundays and public holidays before their respective cut-off times. All redemption requests will be processed in accordance with the redemption conditions for the Fund. Redemption monies will be paid within ten (10) days after receipt by the Manager of the request to repurchase.

## CONTACT INFORMATION

To contact the Manager or to find out about the distribution channels of the Fund, you may call us at 03-9205 8000 at any time during office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. or e-mail your enquiries to [rhbiim.enquiry@rhbgroup.com](mailto:rhbiim.enquiry@rhbgroup.com).

### HOW DO YOU LODGE A COMPLAINT?

1. For internal dispute resolution, you may contact:

❖ **via phone to:** 03-9205 8000      ❖ **via fax to:** 03-9205 8107      ❖ **via email to:** [rhbiim.enquiry@rhbgroup.com](mailto:rhbiim.enquiry@rhbgroup.com)

❖ **via letter to:** RHB Islamic International Asset Management Berhad, Level 8, Tower 2 & 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Center (SIDREC):

❖ **via phone to:** 03-2282 2280      ❖ **via fax to:** 03-2282 3855      ❖ **via email to:** [info@sidrec.com.my](mailto:info@sidrec.com.my)

❖ **via letter to:** Securities Industry Dispute Resolution Center (SIDREC), Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur

3. You can also direct your complaint to the Securities Commission Malaysia (“SC”) even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC’s Consumer & Investor Office:

❖ **via phone to the Aduan Hotline at:** 03-6204 8999      ❖ **via fax to:** 03-6204 8991      ❖ **via email to:** [aduan@seccom.com.my](mailto:aduan@seccom.com.my)

❖ **via online complaint form available at:** [www.sc.com.my](http://www.sc.com.my)

❖ **via letter to:** Consumer & Investor Office, Securities Commission Malaysia, No 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur.

4. Federation of Investment Managers Malaysia (FIMM)’s Complaints Bureau:

❖ **via phone to:** 03-2092 3800      ❖ **via fax to:** 03-2093 2700      ❖ **via email to:** [complaints@fimm.com.my](mailto:complaints@fimm.com.my)

❖ **via online complaint form available at:** [www.fimm.com.my](http://www.fimm.com.my)

❖ **via letter to:** Legal, Secretarial & Regulatory Affairs, Federation of Investment Managers Malaysia, 19-06-1, 6<sup>th</sup> Floor Wisma Tune, No. 19 Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.