

## RHB ISLAMIC EMERGING OPPORTUNITY UNIT TRUST

### 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 Islamic Emerging Opportunity Unit Trust and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the RHB Islamic Emerging Opportunity Unit Trust and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the RHB Islamic Emerging Opportunity Unit Trust 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 Islamic Emerging Opportunity Unit Trust 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 Islamic Emerging Opportunity Unit Trust. 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 Islamic Emerging Opportunity Unit Trust ("Fund").	<b>Fund Category</b>	Equity fund (Shariah-compliant).
<b>Manager</b>	RHB Islamic International Asset Management Berhad.	<b>Launch Date</b>	13 January 2016.
<b>Trustee</b>	HSBC (Malaysia) Trustee Berhad.	<b>Financial Year End</b>	28/29 February.
<b>Shariah Adviser</b>	RHB Islamic Bank Berhad.		

### PRODUCT SUITABILITY

This Fund is suitable for investors who are fairly aggressive and willing to accept higher risk in order to obtain higher growth of their capital over a long term period.

### KEY PRODUCT FEATURES

#### INVESTMENT OBJECTIVE

This Fund aims to achieve long term\* capital appreciation through Shariah-compliant investments in companies with high growth potential.

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

#### INVESTMENT STRATEGY

The Fund seeks to achieve its investment objective through a diversified portfolio of Shariah-compliant securities of emerging companies with market capitalisation of not more than RM3 billion<sup>^</sup> at the point of purchase. The Manager may also invest up to 30% of Net Asset Value ("NAV") in Shariah-compliant securities of emerging companies listed in foreign markets.

Emerging companies commonly refers to small companies that are not well known but have successfully persisted in the company's business, have a distinctive business model with experienced and credible management of quality corporate structure. As these companies are smaller in terms of market capitalisation, such companies may be lacking in track records and are under-researched by major research and stock broking houses.

The Fund will focus its investments in Shariah-compliant securities of emerging companies with high growth potential i.e. companies with growth rate that is above the respective market average growth rate. The Fund will look to companies with improving fundamentals and high growth potential in terms of key indicators such as earnings per share, return on equity, price earnings ratios and net tangible assets multiples.

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.

The Manager will depend upon its proprietary research as well as selected research from major research and stock broking houses in conducting the security selection. The Manager will employ a multi-step investment process, combining a bottom-up investment process that involves rigorous company research to seek companies meeting its criteria of growth potential, quality and valuation with top down process to review the industry outlook, management quality, franchise value and corporate governance considerations. The key strategy is to invest in securities of Shariah-compliant companies that are trading below their intrinsic values and to sell them when the security price has passed their intrinsic values.

When investing in foreign markets, the Fund will invest in Shariah-compliant securities listed in Asia Pacific ex-Japan markets such as Australia, China, Hong Kong, India, Indonesia, New Zealand, Philippines, Singapore, Vietnam, South Korea, Sri Lanka, Taiwan and Thailand including Shariah-compliant securities of Asia Pacific ex-Japan companies that are listed in non-Asia Pacific ex-Japan markets such as the New York Stock Exchange and the London Stock Exchange. In undertaking these foreign investments, the Manager may invest in securities from Shariah approved indices such as FTSE Shariah Asia Pacific Index, Dow Jones Islamic Market World Index and MSCI South East Asia Islamic Index – Shariah Indices and/or may invest through other Islamic collective investment schemes, where appropriate.

This Fund's portfolio will be structured as follows:

70% to 98% of NAV - Investments in Shariah-compliant securities of emerging companies with market capitalisation of not more than RM3 billion<sup>^</sup> at the point of purchase.

2% - 30% of NAV - Investments in liquid assets including Islamic money market instruments and placements of cash.

<sup>^</sup>Note: When the market capitalisation of a company grows beyond RM3 billion after the point of purchase, the Fund will not increase its holdings of such Shariah-compliant security, but the Fund is allowed to hold the Shariah-compliant security of such company for another one (1) year before investing in other Shariah-compliant security of a company that meets the market capitalisation restriction.

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 and countries. Generally, the assets of the Fund will be invested over a medium to long term period<sup>1</sup> 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 over a prolonged rise in equity values and the available alternative investment may present cheaper valuations and potential higher returns. For investments in foreign market, country risk and currency risk will be managed through active management and constant review of the economic and political developments of the countries invested drawing on the resources and infrastructure of its parent company, RHB Asset Management Sdn Bhd. The portfolio's foreign currency exposure may be hedged against the Malaysian Ringgit, if deemed appropriate. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. 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 (including Shariah requirements) as set out in the deed of the Fund.

<sup>1</sup>medium to long term period here refers to a period of between 3 to 7 years.

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 the Fund's equity investments into other asset classes such as sukuk, Islamic money market instruments and placements of cash, which are defensive in nature. In its reallocation, the level of equity investments would normally not be below 20% of the NAV.

#### BENCHMARK

FTSE Bursa Malaysia Small Cap Shariah Index.

#### DISTRIBUTION

**DISTRIBUTION POLICY** - The Fund will declare distributions, if any, to Unit Holders of the Fund ("Unit Holder(s)") depending on the level of income generated at each relevant period. Distributions, if any, after deduction of taxation and expenses (i.e. net distributions) are declared annually.

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

#### KEY RISKS

**RISK ASSOCIATED WITH INVESTMENTS IN EMERGING COMPANIES** - Emerging companies are commonly referred to as small to medium sized companies in terms of its market capitalisation. The acquisition or disposal of securities of small to medium size companies may require a longer time period as there are generally less ready buyers or sellers as compared to the securities of larger, more established companies. Hence there is a risk that securities may not be sold at or near fair value depending on the volume traded on the market.

**EQUITY RISK** - The performance of the equities held by the Fund is also dependent on company specific factors like the company's business situation. If the company-specific factors deteriorate, the price of the specific equity may drop significantly and permanently. Such event could possibly occur even in a positive equity market trend. The risk will be managed via portfolio diversification of the Fund's investments in terms of its exposure to equity from various industries, sectors and countries. In addition, where necessary, exposure to a particular equity will also be reduced in the event of an anticipated weakness in that particular equity.

**EQUITY RELATED SECURITIES RISK** - The Fund may also invest in equity related securities such as warrants provided that the underlying securities comply with Shariah requirements. As warrants are linked to the particular equity securities from which they are derived, the warrants inherit the risks linked to that underlying equity security such as market risk, currency risk, country risk, industry risk and liquidity risk. Thus, the value of investments in warrants is also subject to the day to day movement in the prices of its underlying equity securities. Warrants also have a limited life and if they are not exercised at the maturity, they will expire and become worthless causing the value of the Fund's investments to fall. Like any other investments, the fall in the value of the Fund's investments will 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 Ringgit Malaysia, the investment in the Fund may face currency loss in addition to the capital gains or losses. This may lead to a lower NAV.

**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. Further, there are countries which may require prior approvals before investments can be made in such countries. For example, if and when the Fund invests in countries such as China, Taiwan, South Korea and India, such countries require the application of an investment licence or registration of an investor code before investments can be made in these countries. As such, if investments in such countries are undertaken, there may be a risk that such registration or licence may be revoked or not renewed by the relevant authority and the Fund's investments in these countries may be affected. The effect on the Fund's investments will depend on the regulatory requirements of the respective countries. For example, if a country requires the Fund to obtain an investment licence which is subject to renewal and if such investment licence is not renewed in a timely manner, this may result in the Fund's investment account in that country being frozen by the regulator resulting in investment activities for the Fund in that country being suspended. To mitigate this, the Manager will monitor closely the adherence of investment regulatory requirements in such countries.

**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.

#### FUND PERFORMANCE

##### AVERAGE TOTAL RETURNS OF THE FUND

Average total returns for the following periods ended 28/29 February 2018

	1 Year	Since Launch (02/02/2016* - 28/02/2018)
RHB Islamic Emerging Opportunity Unit Trust (%)	9.21	4.63
Benchmark <sup>^</sup> (%)	5.00	4.76

## ANNUAL TOTAL RETURNS OF THE FUND

Annual total returns for the following financial years ended 28/29 February

	2018	Since Launch (02/02/2016* – 28/02/2017)
RHB Islamic Emerging Opportunity Unit Trust (%)	9.21	0.54
Benchmark <sup>^</sup> (%)	5.00	4.53

Source: Lipper IM, 16 March 2018. \* The last day of the Fund's initial offer period. <sup>^</sup> The benchmark of the Fund is FTSE Bursa Malaysia Small Cap Shariah Index. The abovementioned Fund performance is computed on NAV to NAV basis and has been adjusted to reflect distributions payments and unit splits, if any.

For the latest financial year, the Fund recorded a gain of 9.21% whilst its benchmark recorded a gain of 5.00%.

## PORTFOLIO TURNOVER RATIO ("PTR")

PTR (times)	Financial Year Ended 28/29 February	
	2018	2017
	1.38	1.57

These are not comparable as the current financial year and last financial period covered for 12 months and 14 months period respectively.

## DISTRIBUTION RECORD

	Financial Year Ended 28/29 February	
	2018	2017
Gross distribution per unit (sen)	2.5000	-
Net distribution per unit (sen)	2.5000	-

For the latest financial year, the Fund has declared a total gross distribution of 2.5000 sen per unit.

## PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE.

## FEES & CHARGES

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

Charges	
<b>Sales charge<sup>1</sup> by distribution channels</b>	
Institutional Unit Trust Adviser (IUTA)	Up to 5.26% of the investment amount.
Direct sales (Direct investment with the Manager)	Up to 5.26% 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.	
<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 which is deductible from the redemption amount of the units to be switched, where applicable.
Transfer fee <sup>1</sup>	RM5.00 per transfer.

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

Fees and Expenses	
Annual management fee <sup>1</sup>	1.50% per annum of NAV before deducting the Manager's and Trustee's fees for that particular day.
Annual trustee fee <sup>1</sup>	0.06% per annum of NAV 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, commissions or fees paid to brokers, transaction costs and taxes.
Other fees payable indirectly by an investor (if any)	None.

<sup>1</sup> 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.

**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 and/or investors) or specifically (for any particular Unit Holder and/or investor) and for any period or periods of time at its absolute discretion.

## TRANSACTION INFORMATION

Minimum initial investment	RM200.00 or such other amount as the Manager may from time to time accept.
Minimum additional investment	Any amount.
Minimum repurchase units	Any number of units.
Minimum investment balance	100 units or such other lower quantity as the Manager may from time to time accept.
Redemption period	Redemption monies to 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.

Switching facility	<ul style="list-style-type: none"> <li>▪ Available.</li> <li>▪ Minimum amount for a switch is RM1,000.00.</li> <li>▪ There are no restrictions as to the number of switches a Unit Holder may perform or the frequency of switching.</li> <li>▪ Minimum investment balance at all times must be one hundred (100) units or such other lower quantity as the Manager may from time to time decide after the switch.</li> </ul>
Transfer facility	Available. In the event of a partial transfer, both the transferor and the transferee must each hold a minimum investment balance (100) units or such other lower quantity as the Manager may from time to time decide after the transfer.
Business day	A day on which Bursa Malaysia is open for trading.
Dealing hours	9:00a.m. to 4:00p.m. (Malaysia time) on any Business Day or such later time as the Manager may determine provided always the 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. 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

The repurchase price shall be the NAV per unit 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 will not impose any redemption charge on the redemption amount.

For partial redemption, the balance of units after the redemption must be at least one hundred (100) 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 participating IUTAs on any day other than Saturdays, Sundays and public holidays before their respective cut-off times.

Redemption monies to 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 [rhbiiam.enquiry@rhbggroup.com](mailto:rhbiiam.enquiry@rhbggroup.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:** [rhbiiam.enquiry@rhbggroup.com](mailto:rhbiiam.enquiry@rhbggroup.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.