

Date: 3 August 2017

RHB INCOME FUND 2

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of RHB Asset Management Sdn Bhd ("RHBAM") 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 Income Fund 2 and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the RHB Income Fund 2 and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the RHB Income Fund 2 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 RHBAM responsible for the RHB Income Fund 2 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.

This Product Highlights Sheet only highlights the key features and risks of RHB Income Fund 2. Investors are advised to request, read and understand the Disclosure Documents before deciding to invest.

PRODUCT HIGHLIGHTS SHEET

RHB INCOME FUND 2

Name of Fund	RHB Income Fund 2 ("Fund").
Manager	RHB Asset Management Sdn Bhd.
Trustee	HSBC (Malaysia) Trustee Berhad.
Fund Category	Bond fund.
Commencement Date	26 February 2003.
Financial Year End	31 March.

PRODUCT SUITABILITY

This Fund is suitable for conservative investors who seek a steady income stream from their investments and have a low to moderate risk tolerance with a medium to long term* investment horizon.

*Note: "medium to long term" in this context refers to a period of between 3 - 7 years.

KEY PRODUCT FEATURES

INVESTMENT OBJECTIVE

This Fund aims to provide investors with higher than average income[^] returns compared to fixed deposits over a medium to long term* period through investments in a portfolio of predominantly quality fixed income securities with minimum risk to capital invested.

Note:**"medium to long term" in this context refers to a period of between 3 - 7 years.

[^]The income is in the form of units. Please refer to the Fund's distribution mode.

INVESTMENT STRATEGY

This Fund seeks to achieve its investment objective by investing substantially all of its assets in fixed income securities (comprising amongst others of convertible debt securities, redeemable debt securities, bonds/securities that are issued and/or guaranteed by the government or quasi-government agencies, corporate bonds carrying at least BBB ratings by RAM Rating Services Berhad or its equivalent rating by any other rating establishment and fixed income collective investments schemes), money market instruments, cash and deposits with any financial institutions. At least 60% of Net Asset Value will be invested in bonds. Although the Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities.

For investments in foreign markets, the Manager in managing the principal risks such as country risk and currency risk will always take into consideration 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.

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 asset classes and/or type of investments (i.e. fixed income, money market instruments). Financial derivatives may also be used for 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. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. Adherence to these 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.

BENCHMARK

12-month fixed deposit rate by Maybank Berhad.

Note: The risk profile of the Fund is different from the risk profile of the benchmark.

DISTRIBUTION

Distribution Policy	Consistent with the Fund's objective to provide investors with higher than average income [^] returns compared to fixed deposits, the Fund will distribute a substantial portion of its returns to Unit Holders. Distributions, if any, after deduction of taxation and expenses, are generally declared annually and will be reinvested. [^] Note: The income is in the form of units. Please refer to the Fund's distribution mode.
Distribution Mode	Distribution, if any, after deduction of taxation and expenses (i.e. net distribution), will be reinvested to purchase additional units of the Fund based on the Net Asset Value per unit as at the first Business Day when units in the Fund are quoted ex-entitlement. Allotment of such units shall be within two (2) weeks thereafter.

KEY RISKS

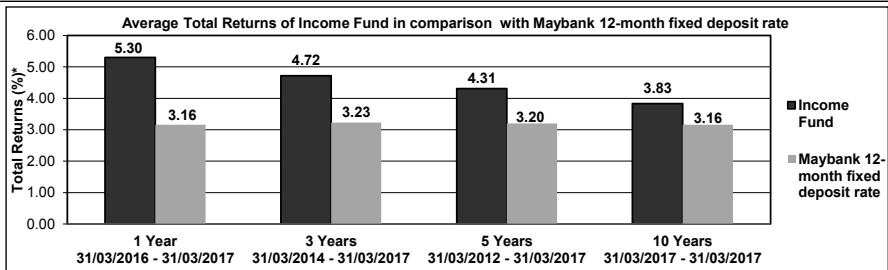
Interest rate risk	Prices of fixed income securities and debentures generally move in opposite direction with interest rates. When interest rates rise, prices of fixed income securities and debentures will generally fall. This rise in interest rate would cause the investor to face the risk of capital loss. But when interest rates fall, prices of fixed income securities and debentures would generally increase, therefore, investors would see capital gains.
Credit / Default risk	This refers to the creditworthiness of the fixed income securities and debentures issuer and its expected ability to repay debt. Default happens when the issuer is not able to make timely coupon payments and/or repay or pay the principal in a timely manner thus lowering the value of the Fund's investments and subsequently the value of Unit Holders' investments.
Liquidity risk	Liquidity is the ability to convert an investment portfolio to cash without suffering a noticeable loss in value. The Malaysian fixed income securities and debentures market is not as liquid as the equity market and this may affect the price of any fixed income securities and debentures.
Inflation / Purchasing power risk	Inflation can be defined as increases of the price level of goods and services and is commonly reported using the consumer price index as a measure. Inflation is one of the major risks to investors and results in uncertainty over the future value of the investments. Inflation reduces purchasing power of money. In an inflationary environment, fixed income securities are exposed to higher inflation risks than equities due to its fixed returns nature as compared to equities whose returns are variable.

As this Fund may invest up to 30% of its Net Asset Value in foreign markets, it may be subject to further risks, such as currency risk and country risk, when compared to a portfolio which concentrates its holdings in a single market or economy.

FUND PERFORMANCE

The Fund has been in operation since 26 February 2003 and its financial year end was previously 28 February. Effective year 2008, the Fund's financial year has been changed to 31 March. For ease of comparison, the Fund's performance has been re-computed based on the new financial year end. The Fund's performances are as follows:

AVERAGE TOTAL RETURNS OF THE FUND

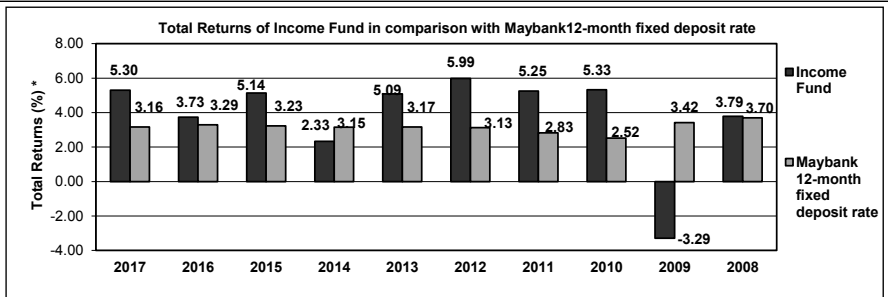


Source: Lipper IM.

* The abovementioned Fund performance is computed on Net Asset Value to Net Asset Value basis and has been adjusted to reflect distributions and unit splits, if any and are annualised.

In the latest financial year, the Fund recorded an annual return of 5.30% whilst the benchmark recorded an annual return of 3.16%. Over the medium to longer term period (i.e. 3 years, 5 years and 10 years), the Fund has achieved positive returns and consistently outperformed its benchmark. The Fund has met its objective of providing investors with higher than average income returns compared to fixed deposits over the medium to long term period (3 – 7 years).

ANNUAL TOTAL RETURNS OF THE FUND



Source: Lipper IM.

*The abovementioned Fund performance is computed on Net Asset Value to Net Asset Value basis and has been adjusted to reflect distributions and unit splits, if any.

The Fund outperformed its benchmark in eight out of ten periods registering returns ranging from 3.73% to 5.99% with the two periods of underperformance registering returns of 2.33% (2014) and negative returns of 3.29% (2009).

PORTFOLIO TURNOVER RATIO

Portfolio Turnover Ratio ("PTR")	Financial Year Ended 31 March		
	2017	2016	2015
	0.48 times	0.75 times	0.83 times

The PTR for the financial year was lower compared with the previous financial year as there were lesser investment activities during the financial year.

ASSET ALLOCATION

As at the latest financial year end (i.e. 31 March 2017), the Fund was 97.43% invested in fixed income securities and the remaining 2.57% invested in deposits or held as cash.

	As at 31/03/2017 %	As at 31/03/2016 %	As at 31/03/2015 %
Fixed Income Securities			
Unquoted Bonds	97.43	86.66	86.14
Cash / Deposits	2.57	13.34	13.86
	100.00	100.00	100.00

The asset allocation of the Fund reflected the Manager's stance to risk manage the portfolio in the volatile markets.

DISTRIBUTION RECORD

	Financial Year Ended 31 March		
	2017	2016	2015
Gross distribution per unit (sen)	6.5000	6.2500	-
Net distribution per unit (sen)	6.5000	6.2500	-

All distributions were reinvested to purchase additional units of the Fund based on the Net Asset Value per unit as at the first Business Day when units in the Fund were quoted ex-entitlement.

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

Sales charge¹ by distribution channels

Institutional Unit Trust Adviser (IUTA)	Up to 2.00% of investment amount.
Tied (Retail) Agent	Up to 2.00% of investment amount.
Direct Sales (Direct Investment with the Manager)	Up to 2.00% of investment amount.

An investor can expect differing sales charge to be levied when buying units of the Fund 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.

Repurchase charge

None.

Dilution fee or transaction cost factor

None.

Other charges payable directly by the investors

Switching fee ¹	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 ¹	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 ¹	1.00% per annum of Net Asset Value before deducting the Manager's and Trustee's fees for that particular day.
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Annual trustee fee ¹	Up to 0.07% per annum of Net Asset Value before deducting the Manager's and Trustee's fees for that particular day.
Expenses directly related to the Fund	Auditors' fees, custodial charges, other relevant professional fees, cost of distribution of interim and annual reports, tax certificates, reinvestment statements or distribution cheques (where applicable) and other notices to Unit Holders, commissions paid to brokers, other transaction costs and taxes.
Other fees payable indirectly by an investor (if any)	None.

¹ The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees and charges payable are exclusive of GST.

Note: The Manager may, for any reason at any time, waive or reduce the amount of its management fee only or all 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	RM1,000 or such other amount as the Manager may from time to time accept.
Minimum Additional Investment	RM1,000 or such other amount as the Manager may from time to time accept.
Minimum Repurchase Units	Any number of units.
Restriction on Frequency of Repurchase	No restrictions.
Switching Facility and Frequency of Switching	The minimum amount for a switch to another fund is RM1,000. There are no restrictions as to the number of switches a Unit Holder may perform or the frequency of switching.
Minimum Investment Balance	100 units or such other lower quantity as the Manager may from time to time decide.
Transfer Facility	Available. In the event of a partial transfer, both the transferor and the transferee must each hold a minimum investment balance of one hundred (100) units after the transfer.
Redemption Period	Redemption monies to be paid within ten (10) days after receipt by the Manager of the request to repurchase. For EPF Unit Holders, the repurchase proceeds will be remitted to Kumpulan Wang Simpanan Pekerja ("KWSP") by crediting into the members' provident account.
Cooling-off Period	Unit Holders have the right to request for a refund of their investment within six (6) business days* which shall be effective from the date of receipt of the application by the Manager, subject to eligibility. *These are the working days when the Manager is open for business.
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 Fund must be valued at least once every Business Day. However, 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 before 5:00 p.m. on the following day in which the Manager is open for business, when the closing prices of the foreign markets for that Business Day would be available.

As such, the daily price of the Fund for a particular Business Day will not be published in the local 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 directly or visiting our website, www.rhbgroup.com.

EXITING FROM THIS INVESTMENT

Units of the Fund can be redeemed by forwarding the completed form of request to repurchase to the Manager's registered office or any of its branch offices, or to any of its participating IUTAs or to any other authorised distributors before their respective cut-off times.

The redemption monies will be paid within ten (10) days after receipt by the Manager of the request to repurchase.

For partial redemption, the balance of units held after the redemption must be at least one hundred (100) units or such other lower quantity as the Manager may from time to time decide (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.

For EPF Unit Holders, the repurchase proceeds will be remitted to KWSP by crediting into the members' provident account.

CONTACT INFORMATION

To contact the Manager or to find out about the distribution channels of the Fund, you may call us at 1-800-88-3175 at any time during office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. or e-mail your enquiries to rham@rhbgroup.com.

HOW DO YOU LODGE A COMPLAINT?

1. For internal dispute resolution, you may contact:
 - (a) via phone to : 03-9205 8000
 - (b) via Unit Holders Services Toll-Free Hotline at : 1-800-88-3175
 - (c) via fax to : 03-9205 8100
 - (d) via e-mail to : rham@rhbgroup.com
 - (e) via website at : www.rhbgroup.com
 - (f) via letter to : RHB Asset Management Sdn Bhd
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):
 - (a) via phone to : 03-2282 2280
 - (b) via fax to : 03-2282 3855
 - (c) via e-mail to : info@sidrec.com.my
 - (d) 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 Investor Affairs & Complaints Department:
 - (a) via phone to the Aduan Hotline at : 03-6204 8999
 - (b) via fax to : 03-6204 8991
 - (c) via e-mail to : aduan@seccom.com.my
 - (d) via online complaint form available at : www.sc.com.my
 - (e) via letter to : Investor Affairs & Complaints Department
Securities Commission Malaysia
No 3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:
 - (a) via phone to : 03-2092 3800
 - (b) via fax to : 03-2093 2700
 - (c) via e-mail to : complaints@fimm.com.my
 - (d) via online complaint form available at : www.fimm.com.my
 - (e) via letter to : Legal, Secretarial & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-1, 6th Floor Wisma Tune
No. 19 Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

GLOSSARY

Business Day	A day (other than Saturdays, Sundays and public holidays) in which Bursa Malaysia is open for trading.
Disclosure Documents	The Fund's prevailing prospectus and its supplementary(ies) (if any).
EPF	Employees Provident Fund.
Fund	RHB Income Fund 2 ("Income Fund").
GST	Goods and services tax.
Net Asset Value (NAV)	The net asset value of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point.
RM or Ringgit Malaysia	The lawful currency of Malaysia.
Unit Holder(s)	The person(s) for the time being registered under the provisions of the deed as the holder(s) of units and person(s) jointly so registered.