

Date: 15 July 2017

## **RHB MUDHARABAH FUND**

### **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 Mudharabah Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

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

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

## PRODUCT HIGHLIGHTS SHEET

### RHB MUDHARABAH FUND

<b>Name of Fund</b>	RHB Mudharabah Fund.
<b>Manager</b>	RHB Asset Management Sdn Bhd.
<b>External Investment Manager</b>	RHB Islamic International Asset Management Berhad.
<b>Trustee</b>	CIMB Islamic Trustee Berhad.
<b>Fund Category</b>	Balanced (Shariah-compliant) fund.
<b>Commencement Date</b>	9 May 1996.
<b>Financial Year End</b>	28 or 29 February.

#### PRODUCT SUITABILITY

This Fund is suitable for investors who:

- (i) want an investment that complies with the principles of Shariah;
- (ii) want a professionally managed portfolio of Shariah-compliant equities, sukuk and Islamic debt securities;
- (iii) want to have a balanced portfolio that provides both income and capital growth; and
- (iv) want to invest in shares but do not have the time to manage their own portfolio.

#### KEY PRODUCT FEATURES

##### INVESTMENT OBJECTIVE

To provide a balanced mix of income and potential for capital growth by investing in stocks listed on the Bursa Malaysia or on any other stock exchanges, unlisted stocks and Islamic debt securities and other non-interest bearing assets acceptable under principles of Shariah. The Fund's activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah committee of the Fund.

##### INVESTMENT STRATEGY

This Fund seeks to achieve its investment objective by structuring a portfolio as follows:

- Up to 60% of NAV will be invested in Shariah-compliant equities.
- Minimum of 40% of NAV will be invested in Islamic debt securities ("sukuk"), Islamic money market instruments and/or liquid assets acceptable under Shariah principle.

Although the Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities.

The Fund is geared towards investors who look for Shariah based investments that provide a mixture of income and capital appreciation. The Fund's objective is to achieve returns from sukuk's income stream, the dividend income stream, as well as capital appreciation. The adjustments of asset allocation between equity and sukuk are formulated based on the economic analysis and valuations of securities.

Equity investments of the Fund are limited to those in the list of Shariah-compliant securities as determined by the SACSC which is updated and published twice a year. These investments generally focus on companies that have healthy prospective earnings growth, reasonable valuations and preferably yielding dividend that are superior to the fixed deposit rates.

For sukuk, the Fund seeks investments amongst the Shariah principled sukuk that are of investment grade. The investments will be a duration led strategy depending on the yield curve movement.

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 equity investments into other asset classes such as fixed income securities, money market instruments and deposits with financial institutions, which are defensive in nature. These are deposits that are not embedded with or linked to financial derivative instruments (structured deposits) and (where applicable) these are current accounts, short term money market deposits and short term deposits with financial institutions.

##### BENCHMARK

Weighted average of FTSE Bursa Malaysia Emas Shariah Index (50%) and Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i (IFD-i) rate (50%).

##### DISTRIBUTION

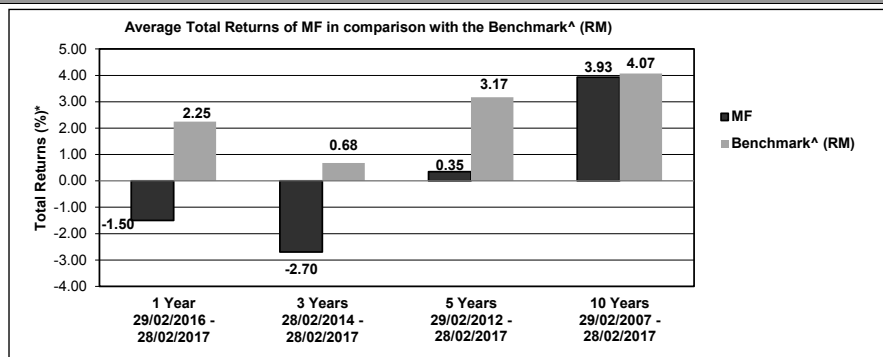
<b>Distribution Policy</b>	Income, if any, will be distributed during the financial year.
<b>Distribution Mode</b>	Distribution (if any) which is less than or equal to the amount of RM300.00, will be automatically reinvested into the Fund based on the Net Asset Value per Unit seven (7) Business Days after the ex-dividend date. No Sales Charge or costs shall be incurred or payable by the Unit Holders for the reinvestment. Distribution (if any) which is more than the amount of RM300.00, will be automatically paid out to the Unit Holders via cheque, unless the Unit Holder specifically requests for the distribution to be reinvested into the

	<p>Fund by selecting the appropriate option in the application form. Unit Holders who opt for their distribution to be reinvested into the Fund will have their distribution reinvested into the Fund based on the Net Asset Value per Unit seven (7) Business Days after the ex-dividend date. No Sales Charge or costs shall be incurred or payable by the Unit Holders for the reinvestment.</p> <p>In the absence of the Unit Holder's written instructions, income distribution from the Fund will be automatically paid out to the Unit Holders via cheque.</p> <p>A Unit Holder must notify the Manager in writing seven (7) Business Days prior to each date fixed for the distribution of any change in his distribution instructions.</p>
<b>KEY RISKS</b>	
Stock market risk	<p>Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investors' sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities. The market price of securities owned by the Fund might go down or up, sometimes rapidly or unpredictably.</p>
Individual stock risk	<p>The performance of each individual stock that the Fund invests in is dependent upon the management quality of the particular company and its growth potential. Hence, this would have an impact on the Fund's prices and its dividend income. The Manager aims to reduce all these risks by using diversification that is expected to reduce the volatility as well as the risk for the Fund's portfolio. In addition, the Manager will also perform continuous fundamental research and analysis to aid its active asset allocation management especially in its stock selection process.</p>
Liquidity risk	<p>Liquidity risk exists when particular investments are difficult to sell, possibly preventing the Fund from selling such illiquid securities at a favourable price. The Fund's principal investment strategies that involve derivatives or securities with substantial market and/or credit risk tend to have greater exposure to liquidity risk. As part of its risk management, the Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.</p>
Issuer risk	<p>The value of each individual sukuk that the Fund invests in may decline for a number of reasons which is directly related to the issuer, such as, the management performance, financial leverage and reduced demand for the issuer's goods or services. The Manager aims to reduce all these risks by using diversification that is expected to reduce the volatility as well as the risk for the Fund's portfolio.</p>
Interest rate risk	<p>Generally, sukuk prices move in the opposite direction of interest rates; a rise in interest rates will generally cause a fall in sukuk prices and vice versa. The Fund will experience a capital loss or capital gain should the sukuk be sold before maturity. The interest rate risk here refers to the general interest rate risk of the country which may affect the value of the Fund's investments even if the Fund does not invest in interest bearing instruments.</p> <p>The sukuk indicative rate is influenced by the yield curve of the conventional interest rates. Thus, any movement in the conventional interest rates may be reflected in the indicative rates of sukuk as well.</p> <p>However, this does not in any way suggest that the Fund will invest in fixed income securities where conventional interest rates apply. All the investments carried out for the Fund will be in accordance with Shariah principles. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.</p>
Credit and Default risk	<p>This refers to the likelihood that the company issuing the sukuk and/or financial institution where liquid assets of the Fund are deposited may default. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Shariah-compliant municipal sukuk are subject to the risk that litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of an issuer could have a significant effect on the issuer's ability to make payments of principal and/or profit. The Fund could lose money if the issuer or guarantor of a sukuk, or the counterpart to a derivatives contract, repurchase agreement or a financial institution, is unable or unwilling to make timely principal and/or profit payments, or to otherwise honour its obligations. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer and/or financial institution. This risk refers to the possibility that the issuer of an instrument and/or financial institution will not be able to make timely payments of profit or principal repayment on the maturity date, where applicable. This may lead to a default in the payment of principal and profit and ultimately a reduction in the value of the Fund.</p>
Shariah specific risk	<p>The risk that the investments do not conform to the principle of Shariah may result in those investments being not Shariah-compliant. Should the situation arise, the Manager will need to take the necessary steps to dispose of such investments in accordance with the rules of divestment of non Shariah-compliant investments. If this occurs, the Fund could suffer losses from the disposal and thus, adversely affecting the value of the Fund.</p>

## FUND PERFORMANCE

The Fund has been in operation since 9 May 1996 and its financial year end is on 28/29 February. Effective from 1 January 2016, the Fund's composite benchmark comprising 50% of FTSE Bursa Malaysia Emas Shariah Index and 50% of Maybank Islamic Berhad's 12 months general investment account-i rate changed to 50% of FTSE Bursa Malaysia Emas Shariah Index and 50% of Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i because Maybank Islamic Berhad's general investment account-i benchmark uses a Shariah principle (Mudharabah) which is no longer deemed as deposits, thus, leaving the Fund with an inappropriate benchmark. The Fund's performances are as follows and where applicable is based on 50% of FTSE Bursa Malaysia Emas Shariah Index and 50% of Maybank Islamic Berhad's 12 months general investment account-i rate from 28 February 2011 – 31 December 2015; and 50% of FTSE Bursa Malaysia Emas Shariah Index and 50% of Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i from 1 January 2016 to 28 February 2017.

### AVERAGE TOTAL RETURNS OF THE FUND



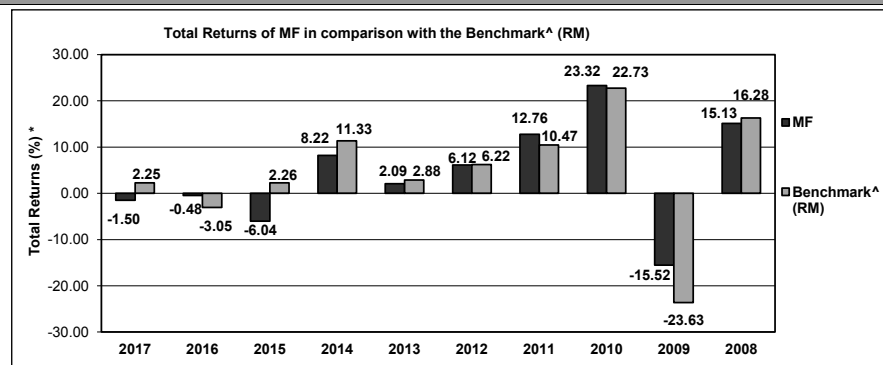
Source: Lipper IM.

<sup>^</sup> Weighted average of FTSE Bursa Malaysia Emas Shariah Index (50%) and Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i (IFD-i) rate (50%) (01/01/2016-28/02/2017) and weighted average of FTSE Bursa Malaysia Emas Shariah Index (50%) and Maybank Islamic Berhad's 12 months general investment account-i rate (50%) (28/02/2011-31/12/2015).

\* 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.

For the latest financial year, the Fund has registered a loss of 1.50% against its benchmark gain of 2.25%. Over the longer terms, i.e. 5 years and 10 years period, the Fund has registered positive return of 0.35% and 3.93% against the benchmark's returns of 3.17% and 4.07%.

### ANNUAL TOTAL RETURNS OF THE FUND



Source: Lipper IM.

<sup>^</sup> Weighted average of FTSE Bursa Malaysia Emas Shariah Index (50%) and Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i (IFD-i) rate (50%) (01/01/2016-28/02/2017) and weighted average of FTSE Bursa Malaysia Emas Shariah Index (50%) and Maybank Islamic Berhad's 12 months general investment account-i rate (50%) (28/02/2011-31/12/2015).

\* 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.

For the latest financial year, the Fund has registered a loss of 1.50% against its benchmark gain of 2.25%. During the latest financial year, the Fund has maintained a steady and defensive investment strategy.

PORTFOLIO TURNOVER RATIO			
Portfolio Turnover Ratio ("PTR")	Financial Year Ended 28 / 29 February		
	2017	2016	2015
	0.84 times	1.24 times	1.14 times
The PTR for the financial year was lower compared with the previous financial year due to lesser investment activities during the financial year.			
ASSET ALLOCATION			
As at the latest financial year end (i.e. 28 February 2017), the Fund has invested 52.76% in Shariah-compliant equities, 43.36% in sukuk and the balance of 3.88% in liquid assets and other net current assets.			
	As at 28/02/2017 %	As at 29/02/2016 %	As at 28/02/2015 %
<b>Equities</b>			
Construction	1.47	2.25	9.33
Consumer Products	11.64	10.80	2.22
Finance	-	-	2.02
Industrial Products	17.69	24.02	1.57
Infrastructure Project Companies	1.19	-	2.33
Plantations	-	-	-
Properties	-	-	7.19
Technology	4.34	2.93	4.51
Trading/Services	16.43	15.09	22.17
ACE Market	-	3.21	1.53
TSR / Warrants	-	-	0.12
Real Estate Investment Trust (REITs)	-	-	1.53
	52.76	58.30	54.52
<b>Sukuk</b>	43.36	38.92	37.42
<b>Liquid assets and other net current assets</b>	3.88	2.78	8.06
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
DISTRIBUTION RECORD			
	Financial Year Ended 28 / 29 February		
	2017	2016	2015
	Gross distribution per unit (sen)	-	-
Net distribution per unit (sen)	-	-	-
For the latest financial year, no distribution had been proposed by the Fund.			
<b>PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE.</b>			
FEES & CHARGES			
<i>This table describes the charges that you may directly incur when you buy or redeem units of this Fund:</i>			
<b>Charges</b>			
<b>Sales charge<sup>1</sup> by distribution channels</b>			
Institutional Unit Trust Adviser (IUTA)	Up to 6.00% of NAV per unit.		
Tied (Retail) Agent	Up to 6.00% of NAV per unit.		
Direct Sales (Direct Investment with the Manager)	Up to 6.00% of NAV per unit.		
Note: Investors may negotiate for a lower sales charge. Investments via the EPF Members' Investment Scheme will be levied a sales charge of up to 3.00% of NAV per unit (or such other rate that may be determined by the EPF from time to time).			
<b>Repurchase charge</b>	None.		
<b>Dilution fee or transaction cost factor</b>	None.		

<b>Any 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.
Transfer fee	None.
<i><b>This table describes the fees that you may indirectly incur when you invest in the Fund:</b></i>	
<b>Fees and Expenses</b>	
Annual management fee <sup>1</sup>	Up to 1.50% per annum of Net Asset Value before deducting the Manager's and Trustee's fees for that particular day.
Annual trustee fee <sup>1</sup>	Up to 0.09% 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, shariah adviser's fees, custodial charges, other relevant professional fees, cost of distribution of interim and annual reports, tax certificates, reinvestment statements, distribution cheques (where applicable) and other notices to Unit Holders, commissions of fees paid to brokers, other transaction costs and taxes.
Other fees payable indirectly by an investor (if any)	None.
<sup>1</sup> 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.	

### **TRANSACTION INFORMATION**

Minimum Initial Investment	RM1,000 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.
Minimum Repurchase Units	Any number of units.
Restriction on Frequency of Repurchase	No restrictions.
Switching Facility and Frequency of Switching	Available. Following a switch transaction, if the quantity of holdings of a Unit Holder in the Fund falls below its minimum holding, the Manager can withdraw the entire investment and forward the proceeds to the Unit Holder.
Minimum Investment Balance	1,000 units or such other lower quantity as the Manager may from time to time decide.
Transfer Facility	Available. Following a transfer transaction, if the quantity of holdings of a Unit Holder in the Fund falls below its minimum holding, the Manager can withdraw the entire investment and forward the proceeds to the Unit Holder.
Redemption Period	Unit Holder may receive the repurchase proceeds within ten (10) days from the date the Manager is in receipt of the duly completed repurchase forms. 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 <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.
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.

Accordingly, the valuation of the Fund for a Business Day will be conducted at the close of Bursa Malaysia for that Business Day. Thus, the daily price of the Fund for a particular Business Day will be published in the major newspapers on the next day.

Investors may however obtain the most current computed price by contacting the Manager directly or visiting our website, [www.rhbgroup.com](http://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/principal office or any of its branch offices, or to any of its participating Institutional Unit Trust Advisers (IUTAs) or to any other authorised distributors before their respective cut-off times.

The Manager does not impose any minimum amount for any repurchase transaction but subject to the minimum holding requirement.

There are no restrictions on the number of units of the Fund 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 one thousand (1,000) units or such other lower quantity as the Manager may from time to time decide (the "minimum investment balance"). For the avoidance of doubt, the Manager will deem an automatic request for a full repurchase of units to have been made by the Unit Holder should a request for partial redemption leave the balance of units held after the redemption less than

the applicable minimum holding.

Unit Holders may receive the repurchase proceeds within ten (10) days from the date the Manager is in receipt of the duly completed repurchase forms.

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 [rhbam@rhbgroup.com](mailto:rhbam@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 : [rhbam@rhbgroup.com](mailto:rhbam@rhbgroup.com)
  - (e) via website at : [www.rhbgroup.com](http://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](mailto: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](mailto:aduan@seccom.com.my)
  - (d) via online complaint form available at : [www.sc.com.my](http://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](mailto:complaints@fimm.com.my)
  - (d) via online complaint form available at : [www.fimm.com.my](http://www.fimm.com.my)
  - (e) 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

## GLOSSARY

Business Day	A day on which either the Bursa Malaysia is open for trading or banks in Kuala Lumpur are open for business.
Disclosure Documents	The Fund's prevailing prospectus and its supplementary(ies) (if any).
EPF	Employees Provident Fund.
Fund	RHB Mudharabah Fund ("MF").
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)	In relation to the Fund, the person(s) registered as the holder(s) of a unit (including person(s) who are jointly registered) in the Fund.