

### RHB BOND FUND

This Fund aims to provide investors with higher than average income returns compared to fixed deposits over the medium to long term through investments in bonds and other fixed income securities with minimum risk to capital invested.

#### INVESTOR PROFILE

This Fund is suitable for investors who:

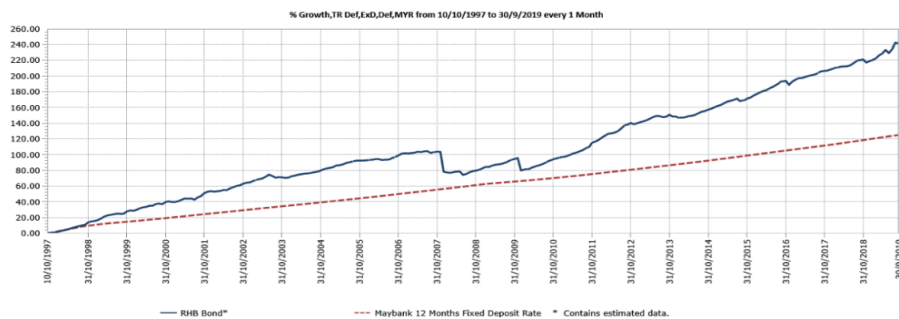
- are risk averse;
- want to protect the purchasing power of their wealth against inflation;
- want to enjoy a relatively more predictable income on a yearly basis; and
- want to diversify their overall investment portfolio by including bonds as an asset class.

#### INVESTMENT STRATEGY

- Up to 95% of NAV will be invested in bonds and other fixed income securities, of which at least 60% of NAV will be invested in bonds.
- Minimum of 5% of NAV will be invested in liquid assets.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	-0.30	3.63	4.57	6.98
Benchmark	0.25	0.78	1.58	2.41

	1 Year	3 Years	5 Years	Since Launch
Fund	6.64	16.37	33.57	241.36
Benchmark	3.26	9.94	17.27	124.92

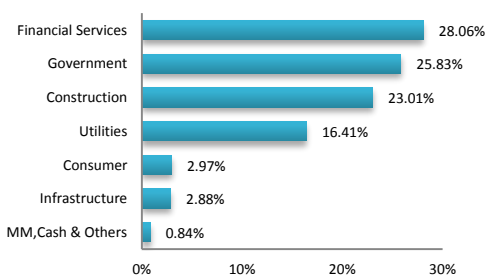
##### Calendar Year Performance (%)\*

	2018	2017	2016	2015	2014
Fund	3.54	5.11	6.49	5.73	4.88
Benchmark	3.33	3.09	3.21	3.30	3.20

Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Top Holdings (%)\*

WCT IMTN 6.000% (27/09/2119) SERIES 1 TRANCHE 2	8.82
CIMB GROUP HOLDINGS BHD 5.800% (25/05/2116)	7.07
TENAGA IMTN 4.980% (27/08/2038)	4.96
MGS 4.642% (07/11/2033)	4.89
WCT IMTN 5.800% (27/09/2119) SERIES 1 TRANCHE 1	4.41

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9897	0.9910	1.1454
Low	0.9148	0.9143	0.8682

Source: Lipper IM

##### Historical Distributions (Net)

	Distribution (sen)	Yield (%)
26 Sep 2019	6.8000	7.21
26 Sep 2018	6.8000	7.05
20 Sep 2017	6.7000	6.79
27 Sep 2016	6.7000	6.72
28 Sep 2015	6.7000	6.59

Source: RHB Asset Management Sdn. Bhd.

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### MANAGER'S COMMENTS

#### MARKET REVIEW

Malaysian Ringgit ("MYR") appreciated slightly against the United States Dollar ("USD"), USDMYR rallied from 4.2203 at the start of the month to close the end of the month of September at 4.1877, and representing a +0.43% total spot return. This was mainly due to correction of USD strength seen last August.

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") curve bear-steepened during the month as United States Treasury (UST)-led bond rout that saw developed-market bond yields broadly higher impacted local sentiment at the time when yields were generally lower and warrant cautiousness among the local investors. The sharp correction in UST probably prompted some local investors to lock-in their year-to-date gains given the event risk from FTSE-Russell's decision on Malaysia's status in World Government Bond Index ("WGBI") towards the end of the month. Local government traded weaker as investors prefer to stay on the sidelines. Approaching the event risk, liquidity was thin and eventually resulted in lower bid-to-cover ratio of government auction in 7-year space ie MGS 7/26 which weighted on weaker market sentiment locally. The MGS and GII curve were sold off 15 basis points ("bps") to 30 bps higher at one point but yields have since retraced partially lower as some were probably attracted to buy on the cheapened levels.

On the much awaited announcement of watchlist results by FTSE-Russell on 26 September 2019, the index provider has revealed that Malaysia's position on WGBI remains at least for the next review in March 2020. The MYR open stronger versus USD in early trading while the 10-year benchmark as well as off-the runs saw higher prices, suggesting markets welcomed the news positively. The market accessibility measures will remain under assessment by FTSE-Russell for review by March 2020 but the fact that Malaysia was maintained in the index suggests that the steps taken are in the right direction. Additional time to address FTSE-Russell concerns and the likelihood of further proactive measures by Bank Negara Malaysia (BNM) would bode well for Malaysian financial markets. Alongside the quarter-end rebalancing and positioning, the curves continued to remain supported and erased some losses occurred during the month. Month-on-month, the MGS yields seen supported up to the belly of the curve and softer at the longer tenor by up to 5 bps. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 3.11% (August 2019: 3.15%), 3.23% (3.23%), 3.33% (3.28%), 3.36% (3.32%), 3.54% (3.48%), 3.57% (3.56%) and 3.89% (3.78%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS also mirroring the yield movement of MGS with the 15-year sell-off by 15 bps during the period. The outperformer being the 5-year GII which rallied 3 bps compared to previous month's closed. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 3.12% (August 2019: 3.13%), 3.22% (3.25%), 3.37% (3.31%), 3.39% (3.35%), 3.64% (3.51%), 3.71% (3.62%) and 3.85% (3.84%) respectively.

In the MYR corporate bond/sukuk space, overall monthly trading volume remain supported as investors were skewed towards profit taking and switching to the upcoming primary issuances for absolute yield preservation. Overall trading volume recorded MYR10.05 billion, slightly lower compared to MYR11.20 billion recorded in previous month as investors prefer to stay sidelined ahead of FTSE-Russell decision. The average daily volume closed higher at approximately MYR558 million in August 2019, compared to MYR509 average daily volume recorded in corresponding month. Overall during the month, a combination of Government Guaranteed ("GG") and AAA space top the transaction activities at 49% followed by AA space by 48% and single A or lower by 3%.

Within the GG/AAA space, Danainfra Nasional Berhad top the transaction volume with MYR1.49 billion recorded across the tenors which saw the yield closed more than 10 bps higher month-over-month especially on the longer-tenor maturity. Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN") recorded the second highest transaction volume in GG category with MYR500 million changing hands across the tenors. On average, the yield closed 8 bps to 10 bps upwards compared to the prior month. In AAA space, Pengurusan Air SPV Berhad ("PASB") successfully garnered secondary market interest with MYR440 million transactions during the month for an average moved of 7 bps higher. Elsewhere in AA-rated space, Edra Energy top the trading activities with MYR265 million transacted across the tenor with yield adjusted higher especially in the 2034 maturity. In A-rated space, Bank Islam Malaysia Berhad ("BIMB") Sukuk attracted some MYR80 million transaction activity during the month. The yields transacted tighter by 6 bps.

In the primary issuance space, total issuances in August 2019 have been encouraging as issuers tapped the market at a low financing rate, raising a total issue size of MYR13.2 billion compared to MYR4.15 billion size issued in previous month. Danainfra Nasional Berhad raised MYR2.5 billion for the Pan Borneo Highway project in multiple tranches of 7-year (MYR250 million/3.34%), 10-year (MYR400 million/3.47%), 15-year (MYR350 million/3.62%), 20-year (MYR400 million/3.69%), 25-year (MYR500 million/3.80%), 30-year (MYR600 million/3.90%) at spreads of 10 bps to 18 bps over the equivalent tenor MGS. Kuala Lumpur Kepong Berhad ("KLK") which currently rated AA1 gathered strong interest on its two-tranche deal. KLK upsized its issuance of 10-year and 15-year to MYR2 billion from MYR1.5 billion expected at a final yield of 3.75% and 3.95% respectively. In the single A category, WCT Berhad raised MYR620 million for its Perpetual Sukuk Musharakah Programme. The two-tranche deal closed at 5.80% yield for its non-callable 5-year and at 6.00% yield for its non-callable 7-year.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 September 2019, the Volatility Factor (VF) for this fund is 2.6 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 1.9 but not more than 6.5 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 30 June 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2019.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 15 July 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are interest rate risk, credit / default risk, liquidity risk and issuer risk. These risks and other general risks are elaborated in the Master Prospectus.

This factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide to future performance. Returns may vary from year to year.