

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:

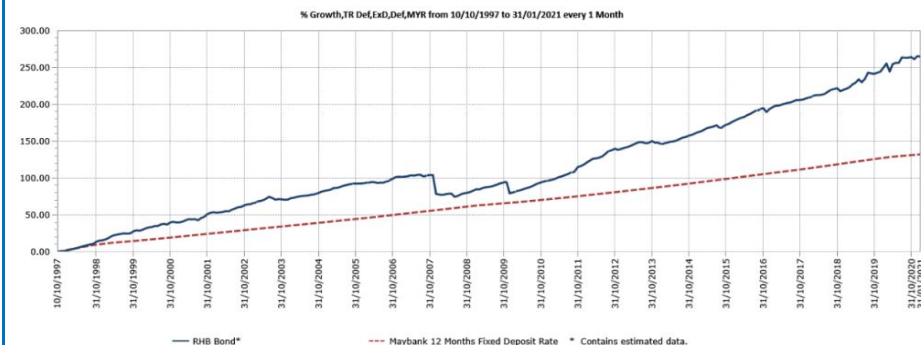
- are risk averse;
- want to protect the purchasing power of their wealth against inflation;
- want to enjoy a relatively more predictable income on a yearly basis; and
- want to diversify their overall investment portfolio by including bonds as an asset class.

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	-0.16	0.20	0.31	-0.16
Benchmark	0.16	0.47	0.93	0.16

	1 Year	3 Years	5 Years	Since Launch
Fund	4.44	17.93	31.53	264.94
Benchmark	2.11	8.88	15.84	132.04

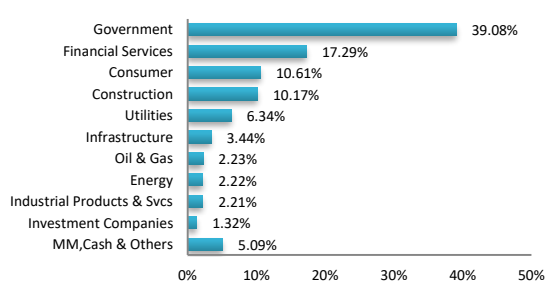
Calendar Year Performance (%)*

	2020	2019	2018	2017	2016
Fund	6.32	7.74	3.54	5.11	6.49
Benchmark	2.21	3.19	3.33	3.09	3.21

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

DRB-HICOM IMTN 5.080% (30/08/2030)	6.43
MALAYSIAN GOVERNMENT SECURITIES 2/2019 (15/08/2029)	5.04
GII MURABAHAH 5/2017 4.755% (04/08/2037)	4.98
WCT IMTN 6.000% 27/09/2119 (SERIES 1 TRANCHE 2)	4.47
MALAYSIAN GOVERNMENT SECURITIES 4.893% (08/06/2038)	4.06

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9460	0.9834	1.1454
Low	0.9399	0.9144	0.8682

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
25 Sep 2020	3.8000	4.02
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

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

On the local rates, both Malaysia's sovereign papers that are Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") curve started the early days of the new year in a very good prospect on upbeat emerging market risk appetite which saw local government securities being demanded and curve shifted downwards especially in the long-tenor space as valuation looks attractive. Nevertheless, the rise in United States Treasury (UST) yields on higher fiscal stimulus expectation after Democrat won the congress has negatively impacted the sentiments on fixed income space. Further, front-end and belly of the curve bearing the brunt with 5 basis points ("bps") to 10 bps higher after Bank Negara Malaysia ("BNM") at their first Monetary Policy Committee ("MPC") meeting this year announced an unchanged policy rate with statement sound less dovish compared to market expectation. This unwinding of rate-cut positioning appeared to be stabilized going towards month-end as auctions held after MPC meeting still seeing solid demand with bid-to-cover ratio of at least 2 times, indicating market strong support on widening spreads value since interest/profit rate is expected to stay low. The likelihood of a dovish BNM is still in play especially during times when infection rate is still a concern where the impact of the lockdown will be more severe and hurt domestic growth. Furthermore, we think that with moderate inflation and positive real interest/profit rate at this juncture will provide emphasis buffer for BNM to be accommodative and flexible in term of its monetary policy following downside risk to domestic growth.

Month-on-month, MGS space was bull-steepened with the long-end yields adjusted higher by average of 10 bps during the month especially in a 20-year bucket. Overall, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.84% (December 2020: 1.86%), 2.08% (2.10%), 2.45% (2.37%), 2.70% (2.62%), 3.31% (3.22%), 3.55% (3.37%) and 3.92% (3.83%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to also been in a same trend of bull-steepening bias on softer overall local bond market. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 1.87% (December 2020: 1.92%), 2.01% (2.06%), 2.48% (2.49%), 2.74% (2.78%), 3.43% (3.32%), 3.60% (3.55%) and 4.06% (3.93%) respectively.

In the Malaysian Ringgit (MYR) corporate bond/sukuk space, overall monthly trading volumes in secondary market has improved during the month, in line with the positive movements seen in the government securities space. Most of the trading activities appeared to be skewed towards AA segment which improved by 8.60% during the period. Overall, secondary corporates trading volume recorded MYR10.6 billion, higher compared to MYR8.98 billion recorded in previous month amid less trading days due to public holidays. The average daily volume recorded approximately around MYR558 million in January 2021, compared to MYR409 average daily volume recorded in corresponding month. In summary, during the month, a combination of Government Guaranteed ("GG") and AAA space top the transaction activities at 57% followed by AA space by 42% and single-A or lower by 1%.

Within the GG/AAA space, Danainfra Nasional Berhad top the transaction volume with over MYR1.06 billion recorded across the tenors which saw the yield closed in average around 6 bps lower month-over-month. The maturity of 2033 garnered the highest trading activities for Danainfra at MYR150 million. Prasarana Malaysia Berhad recorded the second highest transaction volume in GG category with MYR630 million changing hands across the tenor. On average, the yields closed 2 bps lower compared to the prior month. Meanwhile in AAA space, Manjung Island Energy Berhad successfully garnered secondary market interest/profit with over MYR630 million transaction volumes for an average moved of 1 bps lower, with maturity 2031 being the focus as MYR390 million successfully transacted. Elsewhere in AA-rated space, Jimah East Power top the trading activities with MYR890 million transacted with yields seen closed 1 bps lower. Meanwhile, in A-rated space, IJM Land Berhad paper attracted some MYR60 million transaction activity for its perpetual issuances. The yields transacted lower by 1 bps during the month.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") declined further to -1.4% in December 2020, following reading of -1.7% in November 2020. CPI has dropped for the tenth-consecutive month in December 2020 since March 2020's 0.2% decline. Although the year-on-year CPI decreased, the CPI in monthly basis increased by 0.5% as compared to a month before. The surge in Coronavirus Disease 2019 ("COVID-19") cases over the past month has somehow resulted in a pullback of Malaysia's CPI as demand weakened. The decrease in the overall index was attributed to declines in transport (-8.4%), housing, water, electricity, gas and other fuels (-3.3%), clothing and footwear (-0.5%). The CPI's transport segment declined on cheaper petrol and diesel retail price compared to a year ago. In the statement, the Department of Statistic Malaysia ("DOSM") said the average price of unleaded petrol RON95 decreased to RM1.74 per litre compared to RM2.08 in November 2019 amid persistently soft global crude oil prices. Year to date, the CPI for the period of January 2020 to November 2020 decreases by -1.2%. Going forward, overall inflation is expected to pick up on improvement in global oil prices coupled with low base effect. The upward pressure from demand side is expected to be muted as the pace of recovery in domestic consumption will be patchy and uneven. To recap, official forecast remains to be optimistic that expect a rebound back to the usual 2%-3% levels for 2021.

DISCLAIMER:

Based on the fund's portfolio returns as at 14 January 2021, the Volatility Factor (VF) for this fund is 3.7 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 3.6 but not more than 10.8 (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 31 December 2020 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2021.

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 contents of the PHS and Master Prospectus dated 15 July 2017 and its supplementary(ies) (if any) ("collectively known as the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia ("SC") who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Master Prospectus should not be taken to indicate that the SC has recommended the fund. 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. If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

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 Fund 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.

This Fund Factsheet has not been reviewed by the SC.