

RHB ASIA ACTIVE ALLOCATION FUND

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of RHB Asset Management Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, 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 Asia Active Allocation Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the RHB Asia Active Allocation Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the RHB Asia Active Allocation 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 RHB Asset Management Sdn Bhd responsible for the RHB Asia Active Allocation 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 Asia Active Allocation Fund. Investors are advised to request, read and understand the Master Prospectus before deciding to invest.

PRODUCT HIGHLIGHTS SHEET

RHB ASIA ACTIVE ALLOCATION FUND

Name of Fund	RHB Asia Active Allocation Fund ("Fund").
Fund Category	Equity/Bond fund.
Fund Type	Growth and income fund.
Commencement Date	23 October 2007.
Capital Protected	No.

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR?

This Fund is suitable for investors who:

- (i) wish to participate in the fast growing Asian markets;
- (ii) seek a flexible investment mandate capable of capitalising and adapting to prevailing market conditions; and
- (iii) are willing to accept moderate risk in their investments in order to achieve long term* capital growth and income.

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

KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN?

This Fund aims to maximise total returns through a combination of long term* growth of capital and current income.

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

Investment Strategy

The Fund seeks to achieve its investment objective through a diversified portfolio of primarily Asian core/large companies¹ securities, Asian small companies² securities and Asian fixed income securities and money market instruments³.

The Manager will generally invest approximately 50% of the Net Asset Value ("NAV") in the securities of and securities relating to Asian core/large companies, 30% of the NAV in the securities of and securities relating to Asian small companies and 20% of the NAV in Asian fixed income securities or money market instruments.

The Fund's investments in the securities of Asian core/large companies and Asian small companies are those companies that are listed on the Asian stock exchanges (inclusive of the Australian and New Zealand Stock Exchanges) and have at least 50% of its business operations located in Asia and/or have at least 50% of its revenues derived from Asia.

¹Companies that are not belonging to the below criteria set for the definition of Asian smaller companies and may be constituent or non-constituent stocks of the MSCI AC Far East ex Japan equities Index.

²Companies with a market capitalisation lower than the market capitalisation of the 50th percentile constituent (i.e. the median point of the index constituents market capitalisation) company (the "Cap") of the MSCI AC Asia Pacific Ex Japan Index or other recognised Asia Pacific ex Japan index ("Index"); and which may be constituent or non-constituent stocks of the Index.

* Investors should note that the Fund will only observe the Cap at the time of investment in a company. If the Fund invests in a company and the market capitalisation of the company is subsequently higher than the current Cap, the Fund may continue to hold the stock in the company.

⁴ Investors should note that the Index used may be different from the benchmark against which the performance of the Fund is measured, namely, the MSCI AC Asia Pacific ex Japan Mid Cap Index.

³Asian fixed income securities and money market instruments are defined as debt securities issued by Asian corporations, financial institutions, governments and their agencies (including money market instruments).

For the purposes of its tactical asset allocation, the Manager will have the discretion to allocate 20% to 60% of the NAV for investments in the securities of Asian core/large companies and/or up to 40% of the NAV in the securities of Asian small companies and/or 20% to 60% of the NAV in fixed income securities or money market instruments from the various segments which represents the asset allocation.

The Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities. The asset allocation decisions will be made by the Manager who will examine the case for small cap, large cap and fixed income securities at different market and business cycles every quarter. Besides the quarterly strategy meeting to determine the asset allocation, the Manager will also meet monthly to ensure that the quarterly strategy asset allocation remains relevant. Asset allocation decisions are based on their respective performance, valuation, market/sector exposure and liquidity. This active allocation of assets therefore reflects the tactical asset allocation strategy that is adopted by the Fund, hence the name RHB Asia Active Allocation Fund.

This Fund's portfolio will be structured as follows:

20% - 60% of Net Asset Value

- Investments in securities of and securities relating to Asian core/large companies.

Up to 40% of Net Asset Value

- Investments in securities of and securities relating to Asian small companies.

20% - 60% of Net Asset Value

- Investments in Asian fixed income securities and money market instruments including cash and deposits with financial institutions.

In determining the asset allocation, the Manager will observe the stipulated minimum and maximum percentage holdings of the various segments which represent the asset allocation.

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, countries and asset classes and/or type of investments (i.e. equity, 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 optimize 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. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission Malaysia. 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 as set out in the deed of the Fund.

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

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 debt securities, money market instruments and deposits with any 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

Composite Benchmark comprising:

- 40% MSCI AC Far East Ex Japan Index (RM);
- 20% MSCI AC Asia Pacific ex Japan Mid Cap Index (RM);
- 40% JP Morgan Asia Credit Index Total Return (RM).

Distribution Mode

Distributions, 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.

Distribution Policy

Consistent with the Fund's objective to maximise total returns through a combination of long term* growth of capital and current income, the Fund will distribute a portion of its returns to Unit Holders. Distributions, if any, are generally declared annually and will be reinvested, after deduction of taxation and expenses.

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

Parties Involved

WHO ARE YOU INVESTING WITH?

Manager	RHB Asset Management Sdn Bhd.
Trustee	HSBC (Malaysia) Trustee Berhad.
Trustee's delegate (local)	HSBC Nominees (Tempatan) Sdn Bhd.
Trustee's delegate (foreign)	HSBC Institutional Trust Services (Asia) Limited.
Tax adviser	KPMG Tax Services Sdn Bhd.
Auditors of the Manager and the Fund	PricewaterhouseCoopers.
Solicitor	Wei Chien & Partners.

KEY RISKS

WHAT ARE THE KEY RISKS OF THIS INVESTMENT?

- *Liquidity risk*

Investments in some Asian and/or emerging markets often involve a greater degree of risk due to the nature of such markets which do not have fully developed services such as custodian and settlement services often taken for granted in more developed markets. There may be a greater degree of volatility in such markets because of the speculative element, significant retail participation and the lack of liquidity which are inherent characteristics of these Asian and/or emerging markets.
- *Small capitalisation companies risk*

Investments in small capitalisation companies generally carry greater risk than is customarily associated with larger capitalisation companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies and less liquidity. The result may be greater volatility in the share prices.
- *Interest rate risk*

This Fund is also subject to interest rate risk. As prices of debentures generally move in opposite direction with interest rates, when interest rates rise, prices of 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 debentures will generally increase, therefore, investors will see capital gain.
- *Credit/Default risk*

In addition, this Fund is subject to credit/default risk. This refers to the creditworthiness of the debenture issuer and its expected ability to pay debt. Default happens when the issuer is not able to make timely coupon or profit 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.

As this Fund may invest up to 98% of its Net Asset Value in securities of 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. The country risk and currency risk are as elaborated below:

Currency Risk

Where a percentage of the value of the Fund is invested in foreign currency or assets denominated in a foreign currency, the Fund may be exposed to currency risk. Fluctuation in foreign exchange rates will affect the value of the Fund's foreign investments when converted into local currency and subsequently the value of Unit Holders' investments. This risk can be mitigated by investing in a wide range of foreign currency denominated asset thus diversifying the risk of single currency exposure. Hedging may be applied to mitigate the currency risk, if necessary.

Country Risk

In addition to currency risk, the Fund is also subject to country risk. The value of the assets of the Fund may also be affected by the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund may invest. Further, when investing in foreign markets, there are countries which may require prior approvals before investments can take place. For example, if and when the Fund invests in countries such as China, Taiwan, South Korea, India and Vietnam, such countries require the application of an investment licence or registration of an investor code before any investment 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 investment 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 foreign market 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.

Furthermore, share investments are susceptible to the movements of share prices which can rise or fall for a number of reasons such as industry trends, economic factors, changes in a company's operations, management and financial performance as well as market perception of that particular company. Other risks associated with investments in equities are as elaborated below:

Market Risk

Market risk is a risk that arises when the prices of investments in the marketplace are affected by circumstances such as political or economic events. These circumstances, which may be a local or global event can affect the markets where the Fund is invested in and subsequently the value of the Fund's investments.

Particular Security Risk

The fluctuation in the performance of each individual security that the Fund invests in will affect the price of the units of the Fund. Not all companies issuing these securities are successful. The success or failure of the companies will cause its securities value to rise or fall. Valued collectively, the performance of individual securities comprising the Fund's portfolio will cause the unit price of the Fund to rise or fall accordingly.

FEES & CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

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

Charges	
Sales charge ¹ by distribution channels	
Institutional Unit Trust Adviser (IUTA)	Up to 5.00 % of investment amount.
Tied (retail) agent	Up to 5.00 % of investment amount.
Direct sales (Direct investment with the Manager)	Up to 5.00 % 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/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	1.80% per annum of Net Asset Value before deducting the Manager's and Trustee's fees for that particular day.
Annual trustee fee ¹	Up to 0.08% per annum of Net Asset Value before deducting the Manager's and Trustee's fees for that particular day (excluding foreign custodian fee and charges).
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 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.

¹The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees or 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.

VALUATIONS AND EXITING FROM INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

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.

Accordingly, 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 newspapers on the next day but will instead be published the next following day (i.e. the price will be two (2) days old). This will be specifically indicated in the newspapers.

Investors may however obtain the most current computed price by contacting the Manager directly or visiting our website, www.rhbgroup.com.

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

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 authorised sales agents or participating IUTAs 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 of the Fund 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.

CONTACT INFORMATION

HOW CAN YOU CONTACT US?

To contact the Manager or to find out about the distribution channels of the Fund, you may call Unit Holders Services Toll-Free Hotline: 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 or visit our website, www.rhbgroup.com

HOW DO YOU LODGE A COMPLAINT?

1. For internal dispute resolution, you may contact:
 - (a) via phone to : 03-2164 3036
 - (b) via Unit Holders Services Toll-Free Hotline at : 1-800-88-3175
 - (c) via fax to : 03-2164 4226
 - (d) via e-mail to : rhbam@rhbgroup.com
 - (e) via website at : www.rhbgroup.com
 - (f) via letter to : RHB Asset Management Sdn Bhd
19th Floor, Plaza OSK,
Jalan Ampang,
50450 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 email 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

GLOSSARY

Business Day	A day in which Bursa Malaysia Securities Berhad / Bursa Malaysia and the foreign markets* are open for trading. * foreign markets in which investments of the Fund having in aggregate values amounting to at least 50% of the Fund's Net Asset Value are invested therein.
Fund	RHB Asia Active Allocation Fund.
GST	Goods and services tax
Master Prospectus	Master Prospectus for the Funds dated 3 September 2016 which expires on 2 September 2017 and its supplementary(ies) (if any).
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 of units of the Fund and includes person(s) jointly so registered, and where applicable includes the Manager.