

# RHB ISLAMIC BOND 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, 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 Islamic Bond Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

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

RHB Islamic Bond Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund i.e. RHB Islamic Bank Berhad.

## PRODUCT HIGHLIGHTS SHEET

**This Product Highlights Sheet only highlights the key features and risks of RHB Islamic Bond Fund. Investors are advised to request, read and understand the Fund's prevailing prospectus and its supplementary(ies) (if any) before deciding to invest.**

<b>Name of Fund</b>	RHB Islamic Bond Fund ("Fund").	<b>Fund Category</b>	Bond (Shariah-compliant) fund.
<b>Manager</b>	RHB Asset Management Sdn Bhd.	<b>Fund Type</b>	Income.
<b>Trustee</b>	CIMB Islamic Trustee Berhad.	<b>Launch Date</b>	25 August 2000.
<b>Financial Year End</b>	30 September.		

## PRODUCT SUITABILITY

This Fund is suitable for investors who:

- |   |  |
|---|--|
| (i) are risk averse;  | (iv) want a professionally managed portfolio of sukuk and Islamic fixed income securities; and |
| (ii) want an investment that complies with the principles of Shariah; | (v) require higher returns than Islamic fixed deposits at an acceptable level of risk.         |
| (iii) want to have regular income from their investment;              |  |

## KEY PRODUCT FEATURES

### INVESTMENT OBJECTIVE

To provide regular income to investors through investments in Islamic debt securities and bonds which are acceptable investment under the principles of Shariah.

### INVESTMENT STRATEGY

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

- Minimum of 60% and up to 95% of the Fund's net asset value ("NAV") will be invested in sukuk.
- Minimum of 5% of the Fund's NAV will be invested in Islamic liquid assets acceptable under the 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 will invest in sukuk. Investments must carry a minimum long term or short term credit rating of **investment grade** as assigned by any domestic rating agencies. To contain credit risk, the Manager will ensure that the diversification of credit rating (and duration standing) in the sukuk portfolio mitigate the overall risk position of the portfolio.

The Manager may also take temporary defensive measures that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse market conditions, economics, political or any other conditions which the Manager deem detrimental to the Fund. The defensive measures that the Manager may undertake are in no way to be deviated from the mandates or breaching any laws and regulations. The Fund's strategies in yield enhancement for the portfolio will also be balanced with other investment needs of the Fund, such as liquidity and risk management. On liquidity management, the Fund will maintain sufficient amount of portfolio in liquid sukuk to accommodate redemption. As for risk management, the portfolio duration is kept at optimal level where yield enhancement can be optimised on risk adjusted basis, and at the same time, balanced with the need for containing portfolio's volatility.

Hence, during the temporary defensive period, the Manager may choose to increase the asset allocation by allocating more investment into risk free investments which are Islamic money market instruments and Islamic deposit in adverse market condition.

### BENCHMARK

RHB Islamic Bank Berhad's 12-month Commodity Murabahah Deposit-i rate.

### DISTRIBUTION

**DISTRIBUTION POLICY** - Income, if any, will be distributed during the financial year.

**DISTRIBUTION MODE** - 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 NAV 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 of the Fund ("Unit Holder(s)") 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 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 NAV 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.

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. 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.

## KEY RISKS

**CREDIT AND DEFAULT RISK** - 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.

**ISSUER RISK** - 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.

**INTEREST RATE RISK** - 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. 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. However, this does not in any way suggest that the Fund will invest in conventional fixed income securities where 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.

**LIQUIDITY RISK** - 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.

**SHARIAH SPECIFIC RISK** - 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.

*Note: If your investments are made through an institutional unit trust scheme adviser ("IUTA") which adopts the nominee system of ownership, you would not be deemed to be a Unit Holder under the deed of the Fund and as a result, you may not exercise all the rights ordinarily conferred to a Unit Holder (e.g. the right to call for Unit Holders' meetings and the right to vote at a Unit Holders' meeting). Accordingly, the Manager will only recognise the IUTA as a Unit Holder and the IUTA shall be entitled to all the rights conferred to it under the deed of the Fund.*

## FUND PERFORMANCE

The Fund has been in operation since 25 August 2000 and the Fund's financial year end is on 30 September. Effective from 1 January 2016, the Fund's benchmark was changed from Maybank Islamic Berhad's 12 months general investment account-i rate to Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i rate 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 benchmark are as follows:

- (a) Maybank Islamic Berhad's 12 months general investment account-i rate from 30 September 2007 to 31 December 2015;
- (b) Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i rate from 1 January 2016 to 29 September 2023; and
- (c) RHB Islamic Bank Berhad's 12-month Commodity Murabahah Deposit-i rate with effect from 30 September 2023.

The new performance benchmark is used in all performance reporting.

### AVERAGE TOTAL RETURNS

Average total returns for the following periods ended 30 September 2024

	1 Year	3 Years	5 Years	10 Years
RHB Islamic Bond Fund (%)	7.68	-1.22	-2.00	1.77
Benchmark^ (%)	2.70	2.55	2.40	2.86

### ANNUAL TOTAL RETURNS

Annual total returns for the following Financial Year Ended 30 September

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
RHB Islamic Bond Fund (%)	7.68	-15.93	6.48	-10.51	4.76	4.51	4.95	3.53	9.55	6.08
Benchmark^ (%)	2.70	2.93	2.02	1.85	2.53	3.26	3.29	3.16	3.55	3.42

For the latest financial year, the Fund recorded a return of 7.68% outperforming its benchmark return of 2.70%.

*Source: Lipper IM, 14 October 2024. ^The benchmark of the Fund is Maybank Islamic Berhad's 12 months general investment account-i rate from 30/09/2007 to 31/12/2015, Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i rate from 01/01/2016 to 29/09/2023 and RHB Islamic Bank Berhad's 12-month Commodity Murabahah Deposit-i rate from 30/09/2023 onwards. The abovementioned performance is computed on NAV to NAV basis and has been adjusted to reflect distribution payments and unit splits, if any, and are annualised.*

### PORTFOLIO TURNOVER RATIO ("PTR")

Financial Year Ended 30 September

	2024	2023	2022
PTR (times)	0.62	0.08	0.27

The PTR for the latest financial year was higher compared with the previous financial year due to more investment activities during the latest financial year.

### DISTRIBUTION RECORD

Financial Year Ended 30 September

	2024	2023	2022
Gross distribution per unit (sen)	3.3000	2.9500	9.0000
Net distribution per unit (sen)	3.3000	2.9500	9.0000

For the latest financial year, the Fund has declared a total net distribution of 3.3000 sen per unit. Distribution was in the form of cash and units.

**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 the Fund:***

Charges	
Sales charge	None.
Repurchase charge <sup>1</sup>	Up to 1.00% of NAV per unit. The repurchase charge of up to 1.00% of NAV per unit is payable by a Unit Holder if he redeems his investments on or before the first year of investment. After one year period, no repurchase charge will be levied. Investors may negotiate for a lower repurchase charge. All repurchase charge will be rounded up to two (2) decimal places and will be retained by the Manager.
Dilution fee or transaction cost factor	None.
Other charges payable directly by the investors	
Switching fee <sup>1</sup>	RM25.00 per switch or the difference in sales charge between switching funds, where applicable. The Manager reserves the right to vary this switching fee or to vary the terms of the switching facility.
Transfer fee	None.

***This table describes the fees that you may indirectly incur when you invest in the Fund:***

Fees and Expenses	
Annual management fee <sup>1</sup>	Profit sharing scheme between the Manager and the Fund in the ratio of 15:85 respectively based on the net investment income, which is the income of the Fund less of the Trustee's fee and all permitted or allowable expenses under the deed of the Fund.
Annual trustee fee <sup>1</sup>	0.10% per annum of the NAV calculated on a daily basis, subject to a minimum of RM35,000 per annum before deducting the Manager's and Trustee's fees for that particular day.
Expenses directly related to the Fund	Auditors' fees and other relevant professional fees, custodial charges, cost of distribution of semi-annual 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.

<sup>1</sup> All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.

Note: Any bank charges imposed by the relevant financial institutions will be borne by the Unit Holders.

## TRANSACTION INFORMATION

Minimum Initial Investment	RM100.00 or such other lower amount as the Manager may from time to time decide.
Minimum Additional Investment	RM100.00 or such other lower amount as the Manager may from time to time decide.
Minimum Investment Balance	100 units or such other lower quantity as the Manager may from time to time decide.
Minimum Redemption of Units	Any number of units.
Frequency of Redemption of Units	No restriction.
Switching Facility and Frequency of Switching	Available. Unit Holders may switch to units of any unit trust fund under the management of the Manager that are of the same currency units and that allow for switching. There is no restriction as to the number of switches a Unit Holder may perform or the frequency of switching. The minimum investment balance must be at least one hundred (100) units or such other lower quantity as the Manager may from time to time decide after the switch. Following a switching transaction, if the quantity of units held by a Unit Holder in the Fund falls below its minimum investment balance, the Manager can switch the entire investment and forward the proceeds to the fund that the Unit Holder intends to switch into. The Manager however, reserves the right to vary these terms.
Transfer Facility	Available. Unit Holders may transfer their holdings of units to another investor by forwarding the completed form of transfer to the Manager's registered/principal office or any of its branches, or to any of its participating IUTAs and any other authorised distributors before their respective cut-off times on any Business Day. However, the Manager may refuse to register any partial transfer of units if the registration would result in the transferor or the transferee holding less than the minimum investment balance of the Fund or such other lower quantity as the Manager may from time to time decide. The Manager may also refuse an entry of transfer during the fourteen (14) days preceding an income distribution date.

An investor may request for a lower minimum initial investment, lower minimum additional investment or lower minimum investment balance which the Manager may accept at its absolute discretion from time to time.

Note: If the Fund is an Employees Provident Fund ("EPF") Members' Investment Scheme ("MIS") approved fund and you invest via EPF-MIS, the minimum initial investment shall be RM1,000.00 (or any other amount as may be determined by EPF).

Subscription Settlement	Payment must be made on the subscription date.
Redemption Settlement	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 branches, or to any of its participating IUTAs and any other authorised distributors before their respective cut-off times on any Business Day. All redemption requests will be processed in accordance with the redemption conditions for the Fund. The redemption monies will be paid within seven (7) Business Days after receipt by the Manager of the request to repurchase. Note: If you have invested via the EPF-MIS, the redemption monies will be credited back into your EPF accounts.
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. Note: If you have invested via the EPF-MIS, the cooling-off period shall be subject to EPF's terms and conditions.
Business Day	A day (other than a Saturday, Sunday and public holiday) on which the stock exchange managed and operated by Bursa Malaysia Securities Berhad ("Bursa Malaysia") is open for trading and/or banks in Kuala Lumpur are open for business; and the markets in which at least 50% of the Fund's NAV (in aggregate) is invested therein, are also open for trading.
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. The Manager may also vary the dealing hours as it may deem appropriate. Investors will be notified on the change of dealing hours via email or notification published on the Manager's website.

## TRANSACTION INFORMATION

### Other Information

- US Person is not eligible to subscribe to the units of the Fund. If a Unit Holder is a US Person or subsequently becomes a US Person, the Manager will issue a notice to that US Person requiring him/her to either redeem all the units of the Fund or transfer all the units of the Fund to a non-US Person, within thirty (30) days from the date of the notice. The Manager shall have the right to compulsorily redeem all the units held by the said US Person after thirty (30) days from the date of notice if the US Person fails to redeem or transfer his/her units within the stipulated period.
- If the Fund is eligible to be invested via the EPF-MIS and you transfer your moneys from your EPF account to invest in the Fund, the investments made by the Fund as well as your investment in the Fund from your EPF account will be subject to the EPF's requirements. Please refer to the website at <http://www.kwsp.gov.my> for updated information.

**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 price of the Fund for a particular Business Day will be published online on the Manager's website on the next day. Investors may obtain the most current computed prices by contacting the Manager directly or visiting the Manager's website, [www.rhbgroup.com](http://www.rhbgroup.com).

### EXITING FROM THIS INVESTMENT

The repurchase price shall be the NAV per unit as at the next valuation point of the Fund's relevant Business Day after the request for repurchase of units is received by the Manager ("forward pricing"). A repurchase charge<sup>1</sup> of up to 1.00% of the NAV per unit will be levied if a Unit Holder redeems his investments on or before the first year of investment. Thereafter, no repurchase charge will be imposed.

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 branches, or to any of its participating IUTAs and any other authorised distributors before their respective cut-off times on any Business Day. All redemption requests will be processed in accordance with the redemption conditions for the Fund. The redemption monies will be paid within seven (7) Business Days after receipt by the Manager of the request to repurchase. Where applicable, if you have invested via the EPF-MIS, the redemption monies will be credited back into your EPF accounts.

For partial redemption, the balance of units of the Fund 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 is no restriction on the number of units a Unit Holder can redeem out of the Unit Holder's investments or the frequency of redemptions in a year. If the balance of units held after the redemption is less than the minimum investment balance, the Manager can withdraw the entire investment and forward the proceeds to the Unit Holder.

*Note: <sup>1</sup>All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.*

## CONTACT INFORMATION

To contact the Manager or to find out about the distribution channels of the Fund, you may call us at 03-9205 8000 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:

❖ **via Unit Holders Services Toll-Free Hotline at:** 1-800-88-3175

❖ **via phone to:** 03-9205 8000

❖ **via fax to:** 03-9205 8100

❖ **via e-mail to:** [rhbam@rhbgroup.com](mailto:rhbam@rhbgroup.com)

❖ **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):

❖ **via phone to:** 03-2276 6969

❖ **via e-mail to:** [info@sidrec.com.my](mailto:info@sidrec.com.my)

❖ **via letter to:** Securities Industry Dispute Resolution Center (SIDREC), Level 25, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 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 Consumer & Investor Office:

❖ **via phone to the Aduan Hotline at:** 03-6204 8999

❖ **via fax to:** 03-6204 8991

❖ **via online complaint form available at:** [www.sc.com.my](http://www.sc.com.my)

❖ **via e-mail to:** [aduan@seccom.com.my](mailto:aduan@seccom.com.my)

❖ **via letter to:** Consumer & Investor Office, Securities Commission Malaysia, No 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur.

4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

❖ **via phone to:** 03-7890 4242

❖ **via online complaint form available at:** [www.fimm.com.my](http://www.fimm.com.my)

❖ **via e-mail to:** [complaints@fimm.com.my](mailto:complaints@fimm.com.my)

❖ **via letter to:** Legal & Regulatory Affairs, Federation of Investment Managers Malaysia, 19-06-1, 6<sup>th</sup> Floor, Wisma Capital A, No. 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.