

# RHB ISLAMIC BOND 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 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 RHBAM 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.

## 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>Launch Date</b>	25 August 2000.
<b>Trustee</b>	CIMB Islamic Trustee Berhad.	<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 Net Asset Value ("NAV") will be invested in Islamic debt securities and bonds (collectively referred to as "sukuk").
- Minimum of 5% of NAV will be invested in 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 will invest in sukuk. Investments must carry a minimum long term credit rating of BBB and above or a minimum short term rating of P3 as assigned by RAM Rating Services Berhad ("RAM") or its equivalent. 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 bond 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 money market instruments and deposit in adverse market condition.

### BENCHMARK

Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i (IFD-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 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.

**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.

## FUND PERFORMANCE

The Fund has been in operation since 25 August 2000 and its 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 performances below are benchmarked against Maybank Islamic Berhad's 12 months general investment account-i rate from 30 September 2007 to 31 December 2015 and against Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i rate from 1 January 2016 onwards.

### AVERAGE TOTAL RETURNS OF THE FUND

Average total returns for the following periods ended 30 September 2021

	1 Year	3 Years	5 Years	10 Years
RHB Islamic Bond Fund (%)	-10.51	-0.68	1.26	4.47
Benchmark^ (%)	1.85	2.54	2.81	3.05

### ANNUAL TOTAL RETURNS OF THE FUND

Annual total returns for the following financial years ended 30 September

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
RHB Islamic Bond Fund (%)	-10.51	4.76	4.51	4.95	3.53	9.55	6.08	4.45	20.36	-0.40
Benchmark^ (%)	1.85	2.53	3.26	3.29	3.16	3.55	3.42	3.21	3.21	3.21

Source: Lipper IM, 5 October 2021. ^ The benchmark of the Fund is Maybank Islamic Berhad's 12 months general investment account-i rate from 30/09/2007 – 31/12/2015 and Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i rate from 01/01/2016 onwards. The abovementioned Fund performance is computed on NAV to NAV basis and has been adjusted to reflect distributions payments and unit splits, if any.

For the latest financial year, the Fund recorded a return of -10.51% while its benchmark recorded a return of 1.85%.

### PORTFOLIO TURNOVER RATIO ("PTR")

PTR (times)	Financial Year Ended 30 September		
	2021	2020	2019
	0.36	0.44	0.70

The PTR for the financial year was lower compared with previous financial year due to lesser investment activities for the financial year under review.

### DISTRIBUTION RECORD

	Financial Year Ended 30 September		
	2021	2020	2019
Gross distribution per unit (sen)	9.0000	6.0000	7.6000
Net distribution per unit (sen)	9.0000	6.0000	7.6000

For the latest financial year, the Fund has declared a total net distribution of 9.0000 sen per unit.

## 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 this Fund:**

Charges	
Sales charge	None.

Please note that there may be changes to the status of the eligibility of the Fund under the Employees Provident Fund ("EPF") Members' Investment Scheme from time to time. Investors may refer to <http://www.kwsp.gov.my> for updated information on the eligibility of the Fund under the EPF Members' Investment Scheme.

## FUND PERFORMANCE

Repurchase charge <sup>1</sup>	Up to 1.00% of NAV per unit.
Note: Investors may negotiate for a lower repurchase charge. 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 1 <sup>st</sup> year of investment. After one year period, no repurchase charge will be levied. All repurchase charges will be retained by the Manager.	
Dilution fee or transaction cost factor	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.

## FEES & CHARGES

*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 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 NAV, subject to a minimum of RM35,000 per annum, before deducting the Manager's and Trustee's fee 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, 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 government from time to time.

## 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 EPF 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.
Business Day	A day on which either the Bursa Malaysia is open for trading or banks in Kuala Lumpur are 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 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 principal office or any of its branch offices, or to any of its participating 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 EPF 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@rhbggroup.com](mailto:rhbam@rhbggroup.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 email to:** [rhbam@rhbggroup.com](mailto:rhbam@rhbggroup.com)

❖ **via fax to:** 03-9205 8100

❖ **via website to:** [www.rhbggroup.com](http://www.rhbggroup.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:** 03-2282 2280

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

❖ **via fax to:** 03-2282 3855

❖ **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 Consumer & Investor Office:

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

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

❖ **via fax to:** 03-6204 8991

❖ **via online complaint form available at:** [www.sc.com.my](http://www.sc.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:** 03-2092 3800

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

❖ **via fax to:** 03-2093 2700

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

❖ **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.