

RHB ISLAMIC CASH MANAGEMENT FUND

This Fund aims to provide liquidity and a regular stream of income by investing in Shariah-compliant money market instruments.

INVESTMENT STRATEGY

- At least 90% of NAV: Investments into Islamic money market instruments and Islamic deposits with licensed financial institutions that are not more than 365 days maturity.
- Up to 10% of NAV: Investments in Islamic money market instruments and Islamic deposits with licensed financial institutions that is more than 365 days but fewer than 732 days maturity.

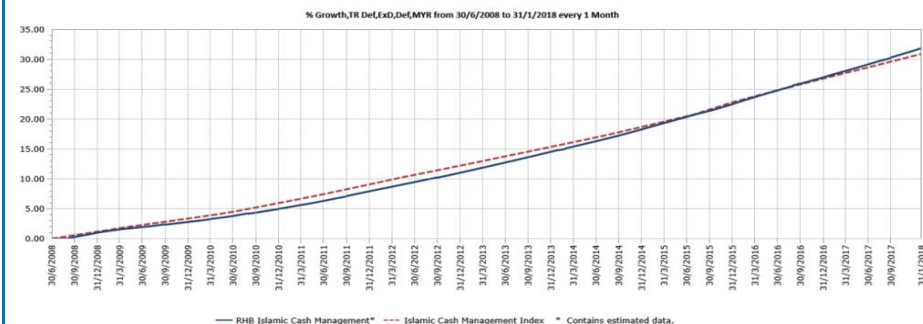
INVESTOR PROFILE

This Fund is suitable for Investors who:

- want to earn returns higher than savings deposits while maintaining a high degree of liquidity.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.30	0.89	1.77	0.30
Benchmark	0.25	0.75	1.50	0.25

	1 Year	3 Years	5 Years	Since Launch
Fund	3.51	11.13	18.42	31.81
Benchmark	3.00	10.01	16.37	30.88

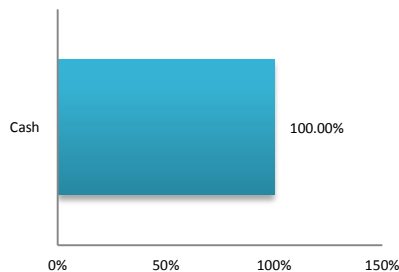
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	3.50	3.61	3.63	3.25	3.15
Benchmark	3.01	3.22	3.47	2.89	2.78

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Asset Allocation*



*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0000	1.0000	1.0027
Low	1.0000	1.0000	0.9998

Source: Lipper IM

Historical Distributions (Last 6 Months) (Net)

	Distribution (sen)	Yield (%)
30 Jan 2018	0.3000	3.55
31 Dec 2017	0.3010	3.54
30 Nov 2017	0.2900	3.52
31 Oct 2017	0.2963	3.49
29 Sep 2017	0.2830	3.44
31 Aug 2017	0.2925	3.44

Source: RHB Asset Management Sdn. Bhd.

FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Money market fund (Shariah-compliant)
Fund Type	Income Fund
Launch Date	30 June 2008
Unit NAV	RM1.0000
Fund Size (million)	RM5,147.82
Units In Circulation (million)	5147.82
Financial Year End	30 November
MER (as at 30 Nov 2017)	0.34%
Min. Initial Investment	Institutional - RM100,000.00 Retail - RM50,000.00
Min. Additional Investment	Institutional - RM50,000.00 Retail - RM25,000.00
Benchmark	MIB 1 mths Islamic FD-i
Sales Charge	None
Redemption Charge	None
Annual Management Fee	Up to 0.30% p.a. of NAV*
Annual Trustee Fee	0.025% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Redemption Period	Within 1 days after receipt the request to repurchase
Distribution Policy	Monthly, if any

*The implementation of GST will be effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.

*For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

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MANAGER'S COMMENTS

MARKET REVIEW

Concentration of the market was mainly on the first major central bank meetings of the year, the Bank of Japan (“BOJ”), European Central Bank (“ECB”) and Federal Reserve (“the Fed”). As expected, respective policymakers maintained their benchmark rates where BOJ and ECB were seen cautious, attributed to soft inflation, while both showed little signs of immediate withdrawal from their accommodation stance. The Fed also left its short-term rates unchanged at Janet Yellen’s final Federal Open Market Committee (“FOMC”) meeting as chair. Nevertheless, gradual tightening path remains unlikely to deviate under new Fed Chair Jerome Powell while prospect for a March rate hike seems certain at this juncture (Fed funds futures trading implied higher probability of a rate hike up from 86.7% to 90.4%). United States Treasury (“UST”) surged by more than 20 basis points (“bps”) in January 2018, led by short dated 2 year UST before eventually flowing into longer dated papers. Sell-off was partially driven by higher inflationary pressure on top of worries over ballooned US budget deficit in 2019 boosted by the tax cut plan. In summary UST 2-, 5-, 10- and 30-year closed the month at 2.14% (December 2017: 1.88%), 2.51% (2.20%), 2.71% (2.41%) and 2.93% (2.74%) respectively.

Over in Malaysia, Bank Negara Malaysia (“BNM”) raised Overnight Policy Rate (“OPR”) by 25bps to 3.25% as part of normalisation plan. The reason cited for this increase was a pre-emptive move to prevent the build-up of risk that could arise from low interest rates for a prolonged period of time. Malaysian Ringgit (“MYR”) surged as Malaysia Government Securities (“MGS”) consolidated in line with global yield curves that were pressured upwards, especially in the belly of the curve. Government bonds underperformed over the month at 0.16% with other segments seeing stronger performances. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-years MGS last traded at 3.35% (December 2017: 3.32%), 3.64% (3.53%), 3.93% (3.88%), 3.96% (3.91%), 4.40% (4.39%), 4.61% (4.54%) and 4.86% (4.86%) respectively. Government Investment Issue (“GII”) closed mix compared to MGS levels with the 3-, 5-, 7-, 10-, 15-, 20- and 30 years closed at 3.57% (December 2017: 3.43%), 3.88% (3.79%), 4.08% (4.10%), 4.17% (4.19%), 4.53% (4.65%), 4.78% (4.77%) and 4.95% (4.98%) respectively.

Foreign ownership of Malaysian bonds/ sukuk rose MYR2.65 billion in December 2017 with government debt saw a stronger inflow of MYR4.69 billion. This brings the foreign ownership of MGS up to 45.1% from 44.3% and the GII to 6.9% from 6.8%. Total foreign ownership in government debt climbed by MYR2.2 billion to MYR182.9 billion (up to 28.9% from 28.4% previously).

On economic data releases, the Nikkei Malaysia manufacturing Purchasing Managers Index (“PMI”) fell to 49.9 in December 2017 from 52.0 in November 2017. The goods production sector was reported to show weak demand for the month from the domestic markets though international demand for Malaysian goods continued to improve. Malaysia exports grew 14.4% year-on-year (“YoY”) in November 2017 albeit easing from 18.8% the previous month. The stronger Malaysian Ringgit translated into lower export values, contributing to the slower growth. Imports on the hand slowed to 15.2% YoY November 2017 from 20.9% the previous month. As imports outpaced exports on a month-on-month (“MoM”) basis, the trade surplus narrowed to MYR9.9 billion in November 2017 from MYR10.4 billion the previous month. BNM announced its international reserves grew to USD103 billion as at 15 Jan 2018 against USD102.4 billion as at 29 December 2017, sufficient to finance 7.1 months of retained imports and 1.1x the short term external debt. Malaysia headline Consumer Price Index (“CPI”) rose to 3.5% YoY in December 2017 in line with Reuters poll forecast (November 2017: 3.4%) on higher cost of transport, food and non-alcoholic beverages. This brings 2017 full year inflation at 3.7% within BNM’s forecast range of 3-4%.

The year 2018 started with a strong primaries where we saw a combined MYR9.56 billion issuances for the month compared to MYR1.5 billion in January 2017. The first bond issued for the year by WCT Holdings Berhad (AA-) with MYR100 million of 7 year sukuk at 5.55%, 167bps over 7y benchmark MGS at issuance. This is followed by Edra Energy Sdn Bhd (AA3) issuing MYR5.085 billion sukuk with maturities ranging from 4 to 20 years. The sukuk issued at profit rates between 5.61% to 6.71%. We also saw Perbadanan Tabung Pendidikan Tinggi Nasional (“PTPTN”) (Government Guaranteed) issued a 15 year MYR500 million sukuk at 4.90%, 45bps above 15 year MGS benchmark. Danga Capital (AAA) also issued MYR1.5 billion 15 year sukuk at 4.94%, 50bps over 15 year benchmark at issuance.

KLIBOR 1-, 3-, 6-, and 12-months closed higher reflecting 25bps OPR hike on 25th Jan 2018, closing at 3.42% (December 2017: 3.18%), 3.69% (3.44%), 3.80% (3.56%) and 3.90% (3.64%). Liquidity in local market remained ample.

MARKET OUTLOOK AND STRATEGY

We are not expecting major sell-off despite OPR rate hike as Malaysian sovereign bonds were generally well-supported although we did not see much upside from the current levels as further selloff in UST may eventually weigh on MYR bonds, but the selloff may present buying/trading opportunities.

We remain comfortable in tactically adding duration to the portfolio since OPR has been increased by 25bps. To remain overweight in corporate bond on healthy credit spreads and yield premium.

DISCLAIMER:

Based on the fund’s portfolio returns as at 15 January 2018, the Volatility Factor (VF) for this fund is 0.1 and is classified as “Very Low”. (source: Lipper) “Very Low” includes funds with VF that are above 0.0 but not more than 1.8 (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 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2018.

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, inflation risk and shariah specific 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.