FUND FACTSHEET – AUGUST 2018

All data expressed as at 31 July 2018
unless otherwise stated

RHB ISLAMIC CASH MANAGEMENT FUND

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

INVESTMENT STRATEGY

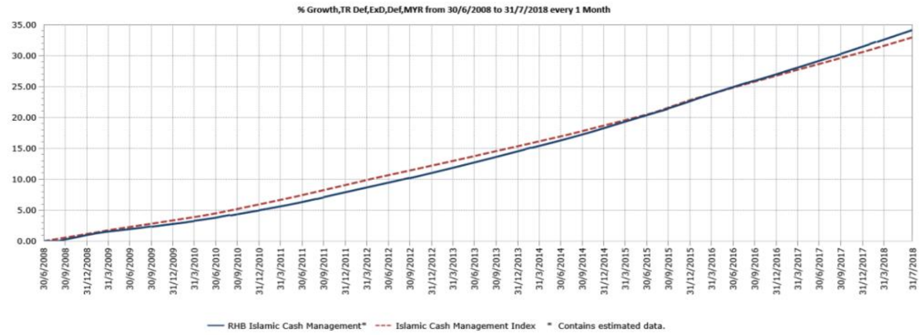
• At least 90% of NAV: Investments into Islamic money market instruments and Islamic deposits with licensed financial institutionas that are not more than 365 days maturity.
• Up to 10% of NAV: Investments in Islamic money market instruments and Islamic deposits with licensed financial institutions that 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	**0.31**	**0.90**	**1.77**	**2.08**
Benchmark	0.27	0.80	1.57	1.83

	1 Year	3 Years	5 Years	Since Launch
Fund	**3.58**	**11.15**	**18.69**	**34.14**
Benchmark	3.09	10.09	16.60	32.93

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

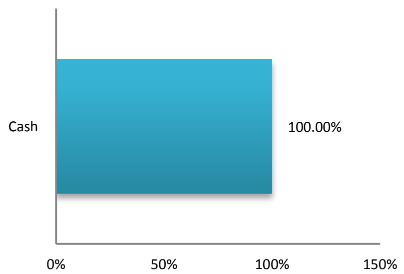
FUND DETAILS

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)	RM3,908.09
Units In Circulation (million)	3908.09
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

**All fees and charges payable to 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.*
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.

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 (%)
31 Jul 2018	0.3100	3.60
30 Jun 2018	0.2900	3.53
31 May 2018	0.3000	3.54
30 Apr 2018	0.2900	3.54
30 Mar 2018	0.3000	3.54
28 Feb 2018	0.2700	3.53

Source: RHB Asset Management Sdn. Bhd.

3-year Fund Volatility 0.1 very low Lipper Analytics 15 JUL 2018

RHB ISLAMIC CASH MANAGEMENT FUND

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MANAGER'S COMMENTS

MARKET REVIEW

Trade war escalation concerns are the highlight of the month and will continue to be watched closely in the coming months. Both United States (US) and China having locked in a trade tariffs on $34 billion of each other's goods earlier this month and market await the potential impact on further increase of tariffs from 10% to 25% on another $200 billion in Chinese imports. Global growth is expected to be constrained by i) persistent and rising trade protectionism risks, ii) shifting expectations of monetary policy normalization in advanced economies, iii) deleveraging cycle in China and iv) geopolitical tensions. The escalation of a tit-for-tat trade dispute grew as China and European Union have said they would retaliate against the planned tariffs by the US. Should the tariff dispute involve more major economies on a larger scale, the impact to global growth will be more significant. Based on an International Monetary Fund (IMF) study, protectionism in the global arena that raises tariff by 10% on imports would lead to lower global Gross Domestic Product (GDP) by approximately 1.75%. In addition, the US growing protectionist measures will lead to country's isolation in global stage and distort international trade order and framework. At the close, the US Treasury 2-, 5-, 10- and 30-year closed the month weaker at 2.67% (June 2018: 2.53%), 2.85% (2.74%), 2.96% (2.86%) and 3.08% (2.99%) respectively.

In Malaysia, Malaysian Ringgit (MYR) weaker by 0.7% versus the greenback month-on-month (MoM) while 3-year and 10-year Malaysian Government Securities (MGS) yields tightened 5-13 basis points. Bank Negara Malaysia (BNM) kept its OPR unchanged at 3.25% in July 2018 Monetary Policy Committee (MPC) but warned of increasing downside risks due to global developments. Outflows from Malaysian assets appear to set to continue, given various risk-off events over the month with foreign investors pulled RM6.0 billion out of MGS in the month of June 2018. But local govvies seemed supported mainly by local demand and we have also seen foreign investors started to come back to our shore. MGS benchmark issues ended the month better closing the 3-, 5-, 7-, 10-,15-, 20- and 30-year MGS at 3.57% (June 2018: 3.62%), 3.75% (3.85%), 3.97% (4.05%), 4.07% (4.20%), 4.53% (4.63%), 4.77% (4.87%) and 4.92% (4.95%) respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30 years Government Investment Issue (GII) followed suit closing at 3.55% (June 2018: 3.60%), 3.86% (4.00%), 4.05% (4.18%), 4.19% (4.31%), 4.61% (4.73%), 5.00% (5.00%) and 4.94% (4.98%) respectively.

On economic data front, consumer sentiment turns optimistic post 14th General Election as the government cancelled the Goods and Services Tax (GST) effective 1st June 2018 along with sound macroeconomic environment push up the sentiment to optimistic level at 132.9 point, highest in 21-year. Apart from GST, stable retail fuel prices will keep inflationary pressure at low level and thus supporting domestic demand. Both headline and core inflation decelerated sharply in June 2018 +0.8% year on year (YoY) and +0.1% YoY respectively. The headline inflation eased more than expected to 0.8% YoY (concensus: +1.3%, May 2018: +1.8% YoY) the smallest increase since February 2015 whereas core inflation moderated to 0.1% YoY (+1.5% in May 2018). External reserve fell marginally by –United States Dollar (USD) 0.1 billion to USD104.6 billion as at mid July 2018 from USD104.7 billion at end-June 2018, amid continued net foreign sells in Malaysian equities and bonds/sukuk. The latest external reserves figure is equivalent to 7.5 months of retained imports and 1.1 times of short-term external debt. 2Q 2018 recorded net foreign selling in the bond market (-RM24.3 billion), however the dips in MGS yields so far this month suggest some stabilization in the local bond market on easing foreign selling pressure plus local buying interest.

Export expanded by 3.4% YoY to RM82.1 billion in May 2018, following a double digit growth in the preceding month. Slowdown in exports was mainly due to continuous and larger contraction in agriculture goods. Meanwhile, imports still booked a growth however at a tepid pace of 0.1% YoY during the same month. Export growth continued to outperform import for the fifth consecutive month, resulting in a trade surplus of RM8.1 billion. Moving forward, Malaysia's export performance will maintain on upbeat momentum in upcoming months amid zero-rated GST, tax holiday period until Sales and Services Tax (SST) implementation in September 2018 and stable retail fuel price will which support our exports as it will reduce business cost and eventually increase competitiveness. Nevertheless, protectionism threats remain a concern to the economy.

Kuala Lumpur Interbank Offered Rate (KLIBOR) 1-,3-,6-, and 12-month closed unchanged at 3.43% (June 2018: 3.43%), 3.69% (3.69%), 3.80% (3.80%) and 3.90% (3.90%) as liquidity remained ample.

MARKET OUTLOOK AND STRATEGY

A few central banks meeting in the last week of July and early August 2018 – the Bank of Japan (BOJ) left rate unchanged offering some minor tweaks to its monetary policy, the Federal Reserve (the Fed) held fed fund rate steady and is expected to hike next month while the Bank of England (BOE) raised interest rate for the first time this year.

For our domestic market, despite the lingering concerns over further declines in foreign holdings in Malaysian Ringgit bonds, we opine the depth of the market and presence of strong institutional investors to remain supportive of the local bond market. Any excessive upward movement in bond yields will continue to attract renewed bargain hunting interest from local onshore real money investors. A strong case in point was when 10-year benchmark MGS tested a high of 4.25% before drifting back lower to 4.06-08%, anchored by onshore demand interest.

GST zerorisation and fixed fuel prices can be offset by SST reintroduction, higher oil revenue, higher dividends from Government-Linked Companies (GLCs) and expenditure cuts to meet government's unchanged 2018 budget deficit to GDP target of 2.8%. With inflation rate remaining below BNM forecast of 2-3%, we expect the central bank to leave OPR unchanged at 3.25% for the rest of 2018. With all these factors, we still have a positive long-term view for Malaysia and remain comfortable in tactically nimble around duration or buying on dips to the portfolio. We also remain overweight corporate bond on healthy credit spreads and yield premium.

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