RHB Asset Management

FUND FACTSHEET – MARCH 2020

All data expressed as at 29 February 2020 unless otherwise stated

3-year Fund Volatility 0.1 very low Lipper Analytics 11 FEB 2020

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

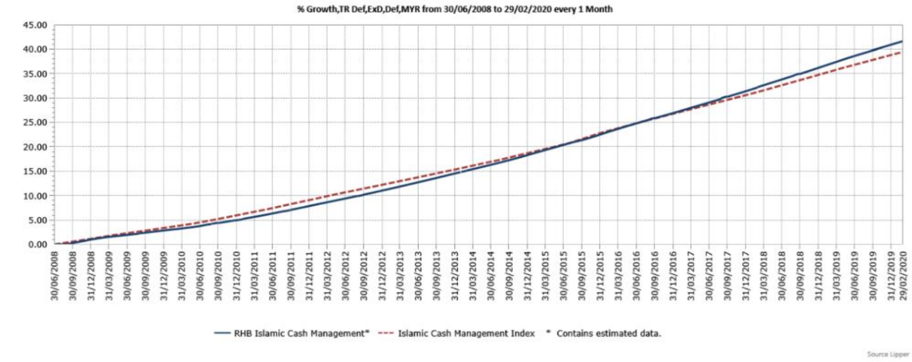
• At least 90% of NAV: Investments into Islamic money market instruments and Islamic deposits with licensed financial institutions that are not more than 365 days maturity.
• Up to 10% of NAV: Investments in Islamic money market instruments and Islamic deposits with licensed financial institutions that 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	**0.25**	**0.79**	**1.60**	**0.52**
Benchmark	0.21	0.70	1.43	0.45

	1 Year	3 Years	5 Years	Since Launch
Fund	**3.37**	**10.92**	**19.07**	**41.61**
Benchmark	2.97	9.45	16.91	39.40

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**3.44**	**3.63**	**3.50**	**3.61**	**3.63**
Benchmark	3.03	3.18	3.01	3.22	3.47

Source: Lipper IM

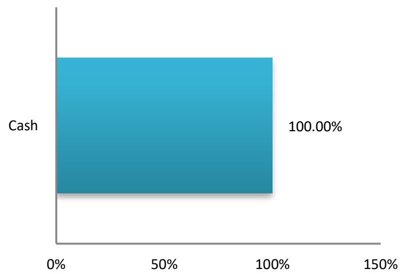
FUND DETAILS

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)	RM3,374.91
Units In Circulation (million)	3374.91
Financial Year End	30 November
MER (as at 30 Nov 2019)	0.32%
Min. Initial Investment	Institutional - RM100,000.00 Retail - RM50,000.00
Min. Additional Investment	Institutional - RM50,000.00 Retail - RM25,000.00
Benchmark	Maybank Islamic Bhd's 1-month Islamic Fixed Deposit-i rate
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 (Net)

	Distribution (sen)	Yield (%)
29 Feb 2020	0.2500	3.10
31 Jan 2020	0.2800	3.26
31 Dec 2019	0.2700	3.14
30 Nov 2019	0.2600	3.18
31 Oct 2019	0.2700	3.18
30 Sep 2019	0.2700	3.23

Source: RHB Asset Management Sdn. Bhd.

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RHB Asset Management Sdn Bhd (174588-X)

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MANAGER'S COMMENTS

MARKET REVIEW

The local bond/sukuk market continued its bullish trend, amidst growing concerns of severe coronavirus outbreak upon it being announced as pandemic by World Health Organization which began affecting countries outside of China. Both benchmark and off the run Malaysia Government Securities (MGS) and Government Investment Issues (GII) yields dropped by 15-30 basis points (bps) across the curve as market longs dominated the entire trades for the month. However, on 24 February, the country was jolted by the sudden resignation of Prime Minister Tun Mahathir Muhammad which sent Malaysian Ringgit (MYR) govvies yields to retrace higher. We saw some knee jerk reaction on bond yields movement with the 10-year benchmark testing a high of 3.11% while MYR were sold off to a high of 4.2400. But the spike in bond yields appears rather transient when the King re-appointed Tun Mahathir as the interim Prime Minister, thus sending bond yields reversed back lower to 3.03% and closed the month at much lower level of 2.82%. The nation's deep Institutional demand plus foreign interest in the local bond/sukuk market despite the expected higher total issuance of circa RM3.2 billion arising from the RM20.0 billion economic stimulus helped to push sovereign yields lower. The appointment of Tan Sri Muhyiddin Yassin further defused political uncertainties which had earlier added to the existing headwinds.

Month-on-month (MoM), the MGS yields were bull-steepened with shorter end of the curve rallied the most amidst panic and fear of coronavirus that potentially impacting negatively to the local economy as well as expectation of another cut by Bank Negara Malaysia (BNM) at the March Monetary Policy Committee (MPC) meeting. Both MGS and GII rallied a further 15-32 bps across the curve. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.58% (January 2020: 2.87%), 2.63% (2.95%), 2.77% (3.03%), 2.82% (3.13%), 3.05% (3.23%), 3.22% (3.38%) and 3.58% (3.75%) respectively. On the other hand, action on the GII was mirroring the same yields movement as MGS with the shorter-tenor bucket lowered by 25 bps to 33 bps during the period. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.57% (January 2020: 2.89%), 2.68% (3.01%),2.76% (3.10%), 2.86% (3.19%), 3.06% (3.33%), 3.26% (3.47%) and 3.59% (3.75%) respectively.

On some economic data, Malaysia's real Gross Domestic Product (GDP) growth moderated to 3.6% year-on-year (YoY) in 4Q19 (3Q19: +4.4%) significantly lower than consensus (4.2%) estimates. The quarterly growth is the weakest rate since the global financial crisis in 2009. The decline was mainly due to lower net exports contribution although domestic demand strengthened. On a quarter-on-quarter (QoQ) basis, growth decelerated to +2.2% in 4Q19, from +3.8% in the previous quarter. Malaysia's annual GDP growth moderated to 4.3% in 2019.

Malaysia's Industrial Production Index (IPI) moderated to 1.3% YoY in December (November 2.1%), dragged by lower mining and electricity, although manufacturing production rose higher.

In the interest rates market, overall deposit rates continue to be well supported as liquidity remained ample and most Banks were quoting lower deposit rates in view of further cut in interest rates. At the close, KLIBOR 1-, 3-, 6-, and 12 months traded at 2.94%, 3.08%, 3.25%, 3.37% respectively.

MARKET OUTLOOK AND STRATEGY

Amid concerted monetary easing by regional central banks to support growth trajectory, we expect bond yields to remain supported with prospects of growth moderating lower as global economies embark on easing measures coupled with stimulus efforts to alleviate concerns over increased downside risk to growth from coronavirus epidemic.

Global economic recovery is likely to be affected, given the widespread impact of the outbreak. Although the Phase-1 agreement of United States-China trade negotiations briefly reduced global uncertainty, the outbreak is expected to depress the Chinese economy and hamper the sustainability of the global economic recovery, at least in 1Q20. The impact on financial markets has also been seen in affected countries.

Hence for local economy, given the new additional downside risk of the Coronavirus Disease 2019 (COVID-19) outbreak and its impact on tourism and production, we could likely see growth being kept lower in 1H20. However, the Government economic stimulus of RM20.0 billion should somewhat provide an offset, with recovery likely to be seen in 2H20.

Overall, we feel that the balance of risks is tilted towards the downside. The viral outbreak may not only cause lower tourist arrivals, but also lead to greater supply disruption in China and impact the rest of the world. As a result, we revise our GDP growth forecast to 4.0% for 2020 from 4.3%.

On that note, we expect further Overnight Policy Rate (OPR) and Statutory Reserve Requirement (SRR) cuts to be announced by BNM at the earliest in March MPC meeting. We therefore looking at extending duration on deposit placements.