FUND FACTSHEET – APRIL 2020

All data expressed as at 31 March 2020
unless otherwise stated

3-year Fund Volatility 0.1 very low Lipper Analytics 10 MAR 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.

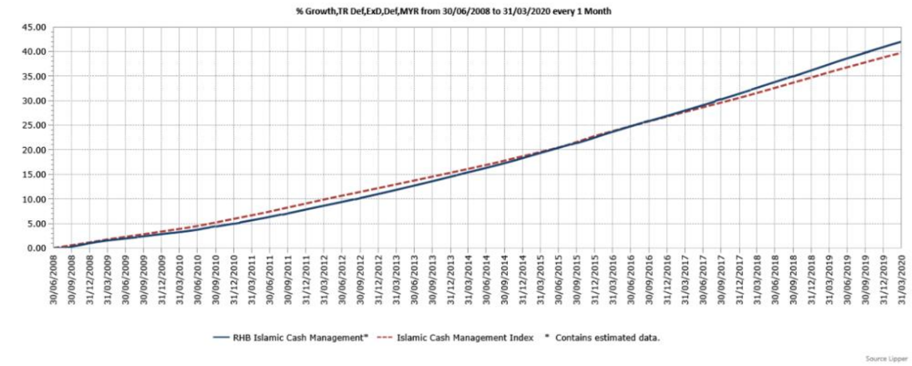
INVESTOR PROFILE

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**	**0.78**	**1.58**	**0.78**
Benchmark	0.21	0.66	1.39	0.66

	1 Year	3 Years	5 Years	Since Launch
Fund	**3.32**	**10.88**	**19.00**	**41.97**
Benchmark	2.91	9.41	16.85	39.69

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

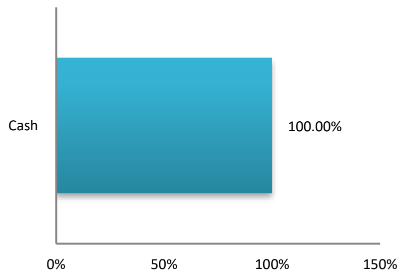
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Money market fund (Shariah-compliant)
Fund Type	Income Fund
Launch Date	30 June 2008
Unit NAV	RM1.0000
Fund Size (million)	RM3,227.01
Units In Circulation (million)	3227.00
Financial Year End	30 November
MER (as 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 (%)
31 Mar 2020	0.2500	2.98
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

Source: RHB Asset Management Sdn. Bhd.

3-year Fund Volatility 0.1 very low Lipper Analytics 10 MAR 2020

RHB ISLAMIC CASH MANAGEMENT FUND

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MANAGER'S COMMENTS

MARKET REVIEW

Amid massive selloff in the global financial markets arising from heightened concerns over negative impact from Covid-19, global central banks have since swiftly responded with well synchronized quantitative easing measures and stimulus to boost liquidity as responses to ensure financial markets remain well supported. Apart from a total of 150 basis points (bps) cut in Fed Fund Rate within a span of 1 week, the US Federal Reserve also pledged to bring back asset purchases (bond buying) with a combined size of USD700 billion while the Federal Government had announced USD2 Trillion in stimulus package. The European Central Bank (ECB) announced additional bond-buying programme worth EUR750 billion, to buy public and private sector securities running until at least end of 2020. While the Bank of England announced it will increase the bond buying programme with additional GBP200 billion as well as cutting its key interest rate to a record low of 0.10%.

10-year US Treasury (UST) yields rallied further in March 2020, from 1.16% at the start of the month to eventually close the month at 0.67%. UST yields swung in a 60 bps range throughout the month, as illiquidity began to set in. It traded above 1.2% and below 1% intraday at one point amidst continued flight to safe haven as the Covid-19 pandemic cases appeared outside China. At the close, the benchmark 2-, 5-, 10- and 30-year UST were last traded at 0.2455% (February 2020: 0.91% -66bps), 0.38% (0.94%; -56bps), 0.67% (1.15%; -48bps) and 1.32% (1.675%; -35.5bps) respectively.

Malaysia's financial markets were not spared from the heavy selling pressure as investors clamored to sell all financial assets in all emerging markets in order to raise cash. According to the Bank Negara Malaysia (BNM) Annual Report released last Friday, shown a total of RM18 billion worth of capital outflows for the month of March alone. As foreign net sell in equities amounted to MYR5.6 billion, hence the foreign holdings of MYR bonds/sukuk might have declined by MYR12.4 billion in March. On a year to date basis, total foreign outflows for MYR bonds/sukuk amounting to RM17.0 billion.

The extent of foreign capital outflows resulted to the onslaught of selling pressure to the MYR bond/sukuk market in the month of March. Yields jumped to a high of 80 bps before settling lower by 15- 20 bps across the curve towards end of the month. Month-on-month, Malaysia Government Securities (MGS) space bear-steepened with yields collapsing roughly about 40 bps to 60 bps across the tenors after some stabilizing towards the month end. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.74% (February 2020: 2.60%), 3.07% (2.63%), 3.22% (2.77%), 3.37% (2.81%), 3.62% (3.05%), 3.71% (3.22%) and 4.00% (3.58%) respectively. On the other hand, action on the Government Investment Issue (GII) – the Shariah compliant version of MGS, mirroring the same pattern with yield sold-off before stabilizing towards the end of the month. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.88% February 2020: 2.65%), 2.99% (2.67%), 3.31% (2.76%), 3.37% (2.86%), 3.72% (3.06%), 3.77% (3.27%) and 4.07% (3.61%) respectively.

MARKET OUTLOOK AND STRATEGY

In addressing the market liquidity, BNM's decided to reduce the statutory reserve requirement ratio by 100 bps to 2% from 3% which augurs well for the MYR bond/sukuk market. The central bank will allow principal dealers to use government bonds/sukuk and Islamic notes of up to MYR1.0 billion as part of reserve requirement compliance which is expected to release MYR30 billion of liquidity into the banking system. We view this as a positive catalyst for the MYR bond/sukuk market, boosting liquidity given the additional demand from local banking institutions for MGS/GII, however we must also be cognizant of potential further foreign capital outflows in the months ahead which may affect market liquidity.

Malaysia's economic environment took a turn for the worst in 1Q20 with the onset of Covid-19. Domestic economic activity is facing an abrupt stop due to the Movement Control Order (MCO) while the country's external sector is set to weaken further as the virus extends its global reach. Despite the calamity, government support during these times is extensive. Malaysia has pushed a substantial stimulus package amounting to RM250.0 billion representing a 17.6% of Gross Domestic Product (GDP) of 2019 in order to address the impact of Covid-19. Weakening global demand, disruption in supply chain, low crude oil prices arising from pandemic global lockdown, have impacted the fundamental of our economy which is increasingly tilted towards a recession. The Government's push for an aggressive stimulus fiscal and BNM's ease in monetary policies should provide a degree of respite and mitigation to the economic stress. Weaker aggregate demand, coupled with low commodity prices, should see inflation to moderate further. With lesser inflationary pressure and weak growth environment, we anticipate BNM to cut its Overnight Policy Rate (OPR) by 50 bps in 2020 to complement the fiscal stimulus spending.

In view of a recessionary period in the coming months ahead, we opine that the current bond/sukuk yields versus deposit rates are at levels which had not been seen before whereby a 10-year GII yields at more than 100 bps higher than the deposit rates. In anticipation of further OPR cut by BNM, hence deposit rates are expected to be much lower thus create value in bond/sukuk investing.

Other factor worth considering, FTSE Russel in its latest interim report has maintained Malaysia in the watch-list for possible downgrade or exclusion from its World Government Bond Index as per its earlier stance last April 2019. We opine that initial fears are overblown over the reduction in weightage or even removal of Malaysia entirely from the FTSE Fixed Income Country Classification March 2020 Interim Update. This would mean that the FTSE Russell team is confident that the Malaysian government is still in the midst of taking strong initiatives and measures to ensure it remains anchored in the index by September 2020.

In conclusion, we opine under such dislocation in bond/sukuk prices attracts opportunities to accumulate and increase bond/sukuk investment and duration positioning in the medium term whereby MYR bond/sukuk yields much more favorable comparative to regional valuation. Nevertheless, in the short term horizon, we feel that the market will still remain uncertain hence we shall take a more cautious stance in portfolio duration.