RHB Asset Management

FUND FACTSHEET – JUNE 2020

All data expressed as at 31 May 2020 unless otherwise stated

3-year Fund Volatility 0.1 very low Lipper Analytics 10 MAY 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

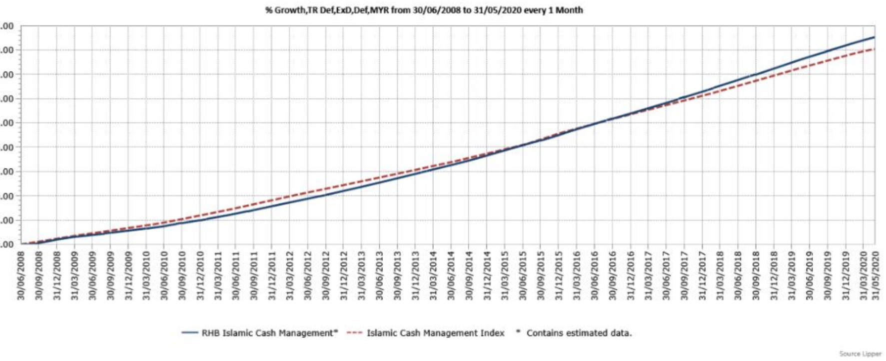
• At least 90% of NAV: Investments into Islamic money market instruments and Islamic deposits with licensed financial institutions that are not more than 365 days maturity.
• Up to 10% of NAV: Investments in Islamic money market instruments and Islamic deposits with licensed financial institutions that 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	**0.23**	**0.72**	**1.52**	**1.25**
Benchmark	0.17	0.58	1.28	1.03

	1 Year	3 Years	5 Years	Since Launch
Fund	**3.18**	**10.76**	**18.87**	**42.64**
Benchmark	2.75	9.27	16.70	40.20

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

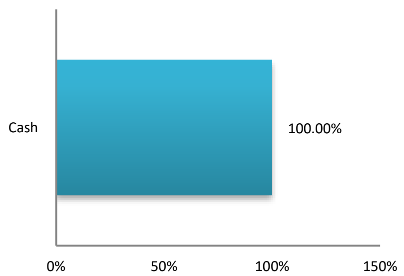
FUND DETAILS

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)	RM3,199.47
Units In Circulation (million)	3199.47
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 May 2020	0.2300	2.70
30 Apr 2020	0.2400	2.92
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

Source: RHB Asset Management Sdn. Bhd.

RHB ISLAMIC CASH MANAGEMENT FUND

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MANAGER'S COMMENTS

MARKET REVIEW

The US Treasuries (UST) traded range bound for most of the month of May following very weak data on United States (US) labour market which lost a staggering 20.5 million jobs in April as the giant economy received a hard hit from the coronavirus pandemic. The recent heated trade disagreement between US and China also brought back concerns on the US-China trade war. 10-year UST continue to hover around 0.62% to 0.72% as investors are monitoring the economic reopening efforts. While the 2-year and 5-year UST yield have hit a new all-time low on at 0.13% and 0.21% respectively, inching closer to zero as more economic data pointed to the ominous impact from the coronavirus pandemic but have since bounced back to 0.18% and 0.34%. Nevertheless, the long end 30-year UST yield closed higher amidst expected larger supply risk.

US government bonds ended the last Friday of month May with gains with benchmark papers closing 1-4 basis points (bps) lower. Demand for safer haven UST came as US-China tensions escalate further. US players were also reacting to remarks from President Trump saying that the US is terminating its ties with the World Health Organization (WHO) and said his administration is to eliminate policy exemptions that give Hong Kong special treatment. At the end of May 2020 close, the benchmark 2-, 5-, 10- and 30-year UST were last traded at 0.17% (April 2020: 0.195% -2.5bps), 0.34% (0.36%; -2bps), 0.69% (0.64%; +5bps) and 1.45% (1.28%; +17bps) respectively.

Back to the Malaysian market, following the widely expected 50 bps Overnight Policy Rate (OPR) cut by Bank Negara Malaysia (BNM) during May Monetary Policy Committee (MPC) meeting, we saw profit taking activities by mostly local Banks particularly on the long end of the curve. That resulted to pressurized yield movement upward on 15 and 20 year Malaysia Government Securities (MGS) and Government Investment Issue (GII) by 5 to 15bps, while the shorter end of the curve bull steepened in favour of 3 years and below accumulated by Banks upon BNM's announcement on flexibility in the usage of MGS and GII to meet the Statutory Reserve Requirement (SRR) compliance. The Malaysian Ringgit market was also a tad pressured by a weaker Chinese Yuan Renminbi (CNY) and worries over Malaysia's expected budget deficit this year, as the country needed fiscal stimulus and revenue is at risk amid low global oil prices. This came upon news that, PETRONAS reported a 68% reduction in profit for 1Q2020, and announced its plan to cut its capex by 21%.

Month-on-month (MoM), Govvies space was widely range bound on the belly of the curve with profit takers meeting some interests from foreign players, while the longer end of the curve closed steeper and at higher yield. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.28% (April 2020: 2.28%), 2.47% (2.48%), 2.64% (2.63%), 2.81% (2.77%), 3.16% (3.07%), 3.42% (3.33%) and 3.80% (3.63%) respectively. While similar pattern was noted in GII space, 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 1.96% (April 2020: 2.41%), 2.47% (2.51%), 2.70% (2.69%), 2.72% (2.95%), 3.25% (3.09%), 3.46% (3.24%) and 3.79% (3.68%) respectively.

MARKET OUTLOOK AND STRATEGY

As the world economy is grappling with the effect of COVID-19, Malaysia like other countries will also be affected on its economic growth as the country rely heavily on trade and commodities exports. BNM projects 2020 Gross Domestic Product (GDP) at between -2.0% to +0.5%, assuming COVID-19 cases peaked in April and the resumption of economic activity normalizes in 2H20. Malaysia recorded 1Q2020 GDP growth at a low 0.7% as the Coronavirus Disease 2019 (COVID-19) impact took hold. BNM forecasted inflation to be muted this year with average headline inflation to be negative on account of substantially lower global oil prices. BNM has guided that inflation to be around -1.5% to +0.5% in 2020.

In response to overcome the impact of COVID-19, the Government and BNM had announced heavy and huge monetary and fiscal accommodation which may have an impact to the local bond/sukuk market direction. On monetary policies, BNM has reduced a total of 100bps on the OPR rate since the start of the year. The central bank had also cut SRR rate by 100 bps and further announced the usage of MGS and MGII by banking institution to meet the SRR compliance starting from 16 May 2020. This will inject an additional liquidity to the financial market estimated at circa RM16 billion on top of the RM30 billion released in effect of the SRR cut. This should bring a total of liquidity infused into the banking system totalling RM46 billion.

While on the fiscal policy, the government had released a stimulus plan of RM250 billion which is expected to increase fiscal deficits and a larger amount of government debt issuances, hence may negatively affect sentiment in the bond/sukuk market. However, demand will be aided by outlook for lower profit rate and ample liquidity in the system.

We do not discount of further rate cut by BNM in the next quarter if economic data far weaker than expected. At the time of writing, the 5-year profit rate swap (IRS) is currently traded below the 5-year MGS which reflecting pricing in another rate cut. Hence, we see the bond/sukuk market will remain supportive despite larger bond/sukuk issuances in the coming months. Nevertheless we shall be more conservative in duration positioning and execute opportunistic trading as we are approaching the trough in profit rate.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 May 2020, 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 3.2 (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 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2020.

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. This update does not amount to indicate that the SC has recommended or endorsed the Fund. 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.