RHB Asset Management

FUND FACTSHEET – JULY 2020

All data expressed as at 30 June 2020 unless otherwise stated

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

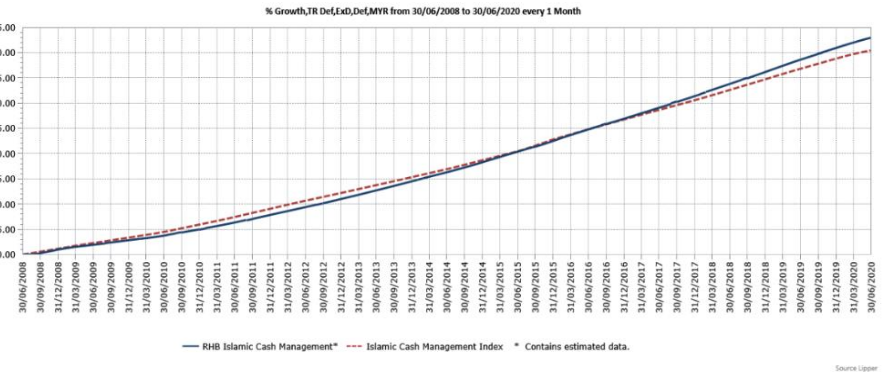
INVESTOR PROFILE

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	**0.21**	**0.67**	**1.46**	**1.46**
Benchmark	0.16	0.53	1.19	1.19

	1 Year	3 Years	5 Years	Since Launch
Fund	**3.11**	**10.68**	**18.78**	**42.93**
Benchmark	2.67	9.17	16.59	40.42

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

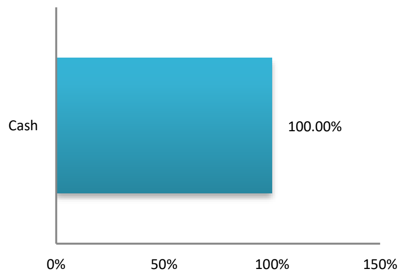
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Money market fund (Shariah-compliant)
Fund Type	Income Fund
Launch Date	30 June 2008
Unit NAV	RM1.0000
Fund Size (million)	RM4,635.77
Units In Circulation (million)	4635.76
Financial Year End	30 November
MER (as 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 purchase
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 (%)
30 Jun 2020	0.2100	2.51
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

Source: RHB Asset Management Sdn. Bhd.

RHB Asset Management Sdn Bhd (174588-x) **Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur** **General Line: 603-9205 8000**

RHB Asset Management

FUND FACTSHEET – JULY 2020

All data expressed as at 30 June 2020 unless otherwise stated

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

MANAGER'S COMMENTS

MARKET REVIEW

The number of coronavirus infections worldwide topped 10 million, with new infections in United States (US) hitting a record of over 42,000 in a single day on the last Friday of the month June. The resurgence in Coronavirus Disease 2019 (Covid-19) cases remains as a major driver of risk sentiment and support the demand for safe haven assets. On economic data front, US pending home sales fell 5.1% year-on-year in May 2020, but surged 44.3% on a monthly basis, suggesting a turnaround in housing market after being dampened by Covid-19 pandemic.

With slew of issuances particularly on the longer end of the curve resulted to bear steepening in US Treasuries (UST) curve at the early part of the month June. The 30-year UST yield rose by 22 basis points (bps) within the first week of the month. However, yield curve started to gradually flatten as the Federal Reserve (Fed) indicated of maintaining interest rates at current level through 2022 and the pace of asset purchase will remain at USD80.0 billion for UST and USD40 billion for Mortgage Backed Securities. The market further supported as Fed Chairman announced purchases of corporate bonds in the secondary market. The 10-year UST continued to hover around 0.62% to 0.75% and continue ending the month lower amidst lingering concerns over the second wave of Covid-19 and escalated cases in many states in the US. At the end of June 2020 close, the benchmark 2-, 5-, 10- and 30-year UST were last traded at 0.15% (May 2020: 0.17% -2bps), 0.29% (0.34%; -5bps), 0.66% (0.69%; -3bps) and 1.41% (1.45%; -3bps) respectively.

Back to Malaysian market, as the country emerges from months of lockdown and economy slowly reopens, investors were seen unloading positions in the first two weeks of the month. This was mainly due to the announcement of further stimulus package by the Prime Minister which indicated for bigger debt issuances by the government. Yields bear steepened and spiked up by 10bps led by longer dated Govvies. The selling pressure was further amplified by larger issuances from corporates taking advantage of low rates to issue bonds and sukuk. That resulted to pressurized yield movement upward of 15 and 20 year Malaysia Government Securities (MGS) and Government Investment Issue (GII) by 10-15bps.

However, market turned net buyers towards end of the month in view of further rate cut by Bank Negara Malaysia (BNM) in the coming Monetary Policy Committee (MPC) meeting scheduled early July albeit remained higher compared to end May closing. Month-on-month, yields on Govvies space rose by a circa 2 to 23bps with activities centered largely at the short end and belly of the curve. The longer end of the curve closed almost 20bps higher than the previous month. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.25% (May 2020: 2.28%), 2.46% (2.47%), 2.66% (2.64%), 2.88% (2.81%), 3.29% (3.16%), 3.62% (3.42%) and 4.02% (3.80%) 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 2.31% (May 2020: 1.96%), 2.53% (2.47%), 2.74% (2.70%), 2.87% (2.72%), 3.41% (3.25%), 3.73% (3.46%) and 4.03% (3.79%) respectively.

MARKET OUTLOOK AND STRATEGY

International Monetary Fund (IMF) projected an even deeper contraction in global growth for 2020. It however expects economic growth to recover to 5.4% moving into 2021, down from previous estimate of 5.8%.

In view of concerted monetary easing approach adopted by global central banks as an effort to support growth recovery, we expect global bond yields to stay low. The US Fed has since ruled out the prospect of negative interest rate but discussion on yield curve control remains open at upcoming Federal Open Market Committee (FOMC) meetings.

BNM cut its Overnight Policy Rate (OPR) by 25bps to 1.75% at its 6-7 July 2020 MPC. This is the fourth consecutive cuts in OPR this year and the lowest ever recorded since the last global financial crisis back in 2008 to 2009. We view the latest cut as a pre-emptive measure ahead of the 2Q2020 Gross Domestic Product (GDP) data which potentially be in contractionary mode due to disruption in economic activities during the pandemic outbreak. In the statement, BNM highlighted that with gradual and progressive reopening of the economy since early May, economic activities in the country have begun to recover. It said it will continue to monitor economic conditions and will use its policy ‘levers’ appropriately to aid a sustainable economic recovery. The latest reduction provides additional policy stimulus to accelerate the pace of economic recovery.

At this juncture, we do not discount for further monetary easing by BNM which will remain data dependent. Hence, we opine local bond yield is expected to remain supported given the depth and liquidity of the domestic bond/sukuk market as well as better yield spreads relative to developed market bond yields which should enticed foreign investors. Total foreign ownership of Malaysian Ringgit (MYR) government bonds/sukuk had increased to 22.2% in June. The current loose monetary policy landscape and subdued inflation outlook remains supportive for fixed income investments from a real yield perspective.