

### RHB MALAYSIA INCOME FUND

The Fund aims to provide investors with regular income returns over the medium to long term<sup>^</sup> investment horizon.

Note: <sup>^</sup> "medium to long term" in this context refers to a period of between 3 – 7 years.

#### INVESTMENT STRATEGY

- Up to 100% of NAV - Investments in fixed income securities or instruments issued or guaranteed by Malaysian government or Bank Negara Malaysia and/or fixed income securities or instruments issued by financial institutions in Malaysia;
- Up to 50% of NAV - Investments in liquid assets including money market instruments, deposits in financial institutions and collective investment schemes investing in money market instruments and deposits in Malaysia.

#### INVESTOR PROFILE

This Fund is suitable for investors who:

- have low risk profile; and
- prefer a more predictable income in line with the investment strategies.

#### FUND PERFORMANCE ANALYSIS

There is no performance record as the Fund launched less than 1 year.

#### FUND DETAILS

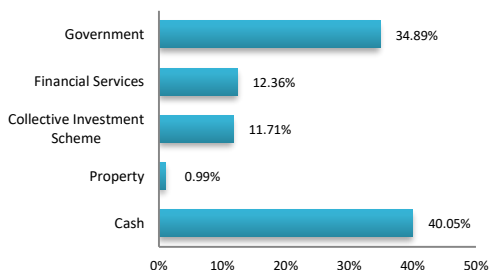
<b>Manager</b>	RHB Asset Management Sdn Bhd
<b>Trustee</b>	CIMB Commerce Trustee Bhd
<b>Fund Category</b>	Bond fund
<b>Fund Type</b>	Income fund
<b>Launch Date</b>	10 October 2019
<b>Base Currency</b>	RM
<b>Unit NAV</b>	RM1.0484
<b>Fund Size (million)</b>	RM1,516.65
<b>Units In Circulation (million)</b>	1446.35
<b>Financial Year End</b>	31 January
<b>MER</b>	Not available
<b>Min. Initial Investment</b>	RM10,000.00
<b>Min. Additional Investment</b>	RM5,000.00
<b>Benchmark</b>	RHB Bank Bhd's 6 months fixed deposit rate
<b>Sales Charge</b>	None
<b>Redemption Charge</b>	None
<b>Dilution fee</b>	None
<b>Annual Management Fee</b>	Up to 0.50% p.a. of NAV*
<b>Annual Trustee Fee</b>	0.03% p.a. of NAV*
<b>Switching Fee</b>	RM25.00 per switch*
<b>Distribution Policy</b>	Incidental

\*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

##### Sector Allocation\*



##### Top Holdings (%)\*

RHB CASH MANAGEMENT FUND 1	11.71
GII MURABAHAH 6/2019 4.119% (30/11/2034)	4.40
MGS 5/2019 3.757% (22/05/2040)	3.43
MGS 3/2007 3.502% (31/05/2027)	2.84
GII MURABAHAH 1/2020 3.422% (30/09/2027)	2.82

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0521	N/A	1.0521
Low	1.0484	N/A	1.0000

Source: Lipper IM

##### Historical Distributions (Net)

	Distribution (sen)	Yield (%)
28 May 2020	0.6000	0.59

Source: RHB Asset Management Sdn. Bhd.

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### MANAGER'S COMMENTS

#### MARKET REVIEW

On the local rates, both Malaysia's sovereign papers ie; Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") started the month with positive vibes that saw yield curve stayed supported on further dovish tone by the US Fed and increased possibility of another rate cut by BNM as well as the well-bid GII 7-year auction tendered in late July 2020, giving further boost to the local market sentiments. Nevertheless, the bullish run in Ringgit bonds came to a halt in mid-August 2020 at the back of selling flows and profit taking activities amid the adjustments of rates outlook by investors after BNM's Governor remarked at the Malaysia's 2nd Quarter Growth Domestic Product ("GDP") release that she is 'cautiously optimistic' that the worst has passed and projecting an economic recovery in the second half of the year. Therefore, we sense that the need for rate cut has decreased at this juncture as global economies are reopening gradually and central banks might prefer to leave some policy space for future use. The weak sentiment has further been shown from the subdued bid-to-cover ("BTC") ratio during the month with curve steepening on auction tails for both the 20-year MGS and 15-year GII which garnered a low BTC of 1.47 times and 1.42 times respectively. Nonetheless, we also remain opportunistic as the correction in yields will attracts good entry level as policy remain far from tightening cycle.

Month-on-month, MGS space was bear-steepened with yields roughly being well supported at the shorter-tenor up to 5-year while the longer-tenor impacted on overall repositioning of the curve after BNM seems upbeat on the economic recovery for the second half of the year. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 1.83% (July-2020: 1.93%), 2.08% (2.11%), 2.30% (2.23%), 2.59% (2.53%), 3.08% (2.96%), 3.48% (3.19%) and 3.75% (3.56%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to also been mirroring the bear- steepened curve as the MGS counterpart. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 1.84% (July-2020: 1.97%), 2.06% (2.07%), 2.35% (2.28%), 2.58% (2.56%), 3.14% (3.02%), 3.37% (3.31%) and 3.73% (3.66%) respectively.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") for July 2020 showed the economy was still in deflation, but at a lower rate of -1.3%, following a reading of -1.9% in June 2020. CPI dropped for the fifth consecutive month in July 2020 since March 2020's 0.2% decline. The decrease in the overall index was due to lower fuel prices and in line with the Bloomberg forecast. The decrease in the overall index was attributed by the decline in transport (-10.3%); housing, water, electricity, gas & other fuels (-2.6%); clothing & footwear (-0.6%) and furnishings, household equipment & routine household maintenance (-0.1%) which contributed 45.7% to overall weight. However, food prices continued their upward trend with Food & non-alcoholic beverages increased by 1.4% to 135.0 from 133.2 a year ago. This group contributes 29.5% of CPI weight. On top of that, low electricity prices will be the other driver for low inflation in 2020. Headline CPI could turn less negative in coming month with oil price trajectory pointing to further recovery in RON95 prices through year-end. Nevertheless, demand-pull pressures should remain muted given headwinds to consumer recovery from the continuing social distancing and further weakness in the labour market. Currently the average year-to-date Brent oil price is still hovering about USD46/barrel which is above the Government's assumption for average oil price at around USD35/barrel, indicated during the release of the recent stimulus package. We opine the Government's medium-term fiscal consolidation roadmap remains on track although the self-imposed ceiling of debt to GDP ratio of 55% to breach slightly above on temporarily basis. BNM's inflation rate forecast remains at -1.5% to 0.5% for 2020 and see the inflation could pick-up to 1.0% to 3.0% in 2021.

#### DISCLAIMER:

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 contents of the PHS and Prospectus dated 10 October 2019 and its supplementary(ies) (if any) ("collectively known as the Prospectus") before investing. The Prospectus has been registered with the Securities Commission Malaysia ("SC") who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Prospectus should not be taken to indicate that the SC has recommended 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 Prospectus relates will only be made on receipt of a form of application referred to in the Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Prospectus or collect one from any of our branches or authorised distributors. If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

The Manager wishes to highlight the specific risks factors of the Fund is interest rate risk, credit and default risk, liquidity risk and issuer risk. These risks and other general risks are elaborated in the Prospectus.

This Fund 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.

This Fund Factsheet has not been reviewed by the SC.

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