FUND FACTSHEET - OCTOBER 2020

All data expressed as at 30 September 2020 unless otherwise stated

RHB MALAYSIA INCOME FUND

The Fund aims to provide investors with regular income returns over the medium to long term^ investment horizon.
Note: ^ “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.

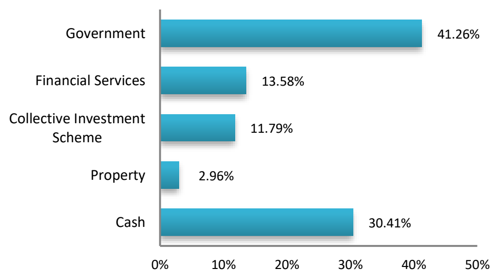
FUND DETAILS

Manager	RHB Asset Management Sdn Bhd
Trustee	CIMB Commerce Trustee Bhd
Fund Category	Bond fund
Fund Type	Income fund
Launch Date	10 October 2019
Base Currency	RM
Unit NAV	RM1.0488
Fund Size (million)	RM1,509.18
Units In Circulation (million)	1438.95
Financial Year End	31 January
MER	Not available
Min. Initial Investment	RM10,000.00
Min. Additional Investment	RM5,000.00
Benchmark	RHB Bank Bhd’s 6 months fixed deposit rate
Sales Charge	None
Redemption Charge	None
Dilution fee	None
Annual Management Fee	Up to 0.50% p.a. of NAV*
Annual Trustee Fee	0.03% p.a. of NAV*
Switching Fee	RM25.00 per switch*
Distribution Policy	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	11.79
MGS 3/2007 3.502% (31/05/2027)	5.65
GII MURABAHAH 6/2019 4.119% (30/11/2034)	4.41
MGS 5/2019 3.757% (22/05/2040)	3.50
GII MURABAHAH 1/2020 3.422% (30/09/2027)	2.83

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0510	N/A	1.0521
Low	1.0453	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") cruised the month with nervous moment as yields seen higher with three of the auctions held during the month ended-up with weak bid-to-cover ("BTC") ratio of circa 1.5 times and lower. Bond market sentiment has been weak since the no Overnight Policy Rate ("OPR") cut decision by Bank Negara Malaysia ("BNM") on 10 September 2020. The weak sentiment has further been shown from the subdued bid-to-cover ("BTC") ratio during the month with curve steepened on auction tails for the 30-year GII which garnered low BTC of 1.36 times, with successful yields averaged 4.18% and ended high at around 4.35%. Looking ahead, curve steepening pressure might prevail on supply dynamics point of view following additional MYR10 billion fiscal stimulus from Bantuan Prihatin Nasional 2.0. With that, economists seen revising the budget deficit forecast slightly up to circa -6.7% for 2020 and -6.0% for 2021 from -6.5% and -5.9% respectively previously. Nonetheless, we remain opportunistic as the correction in yields will attracts good entry level as policy remain far from tightening cycle.

On top of that, investors were also seen positioning defensively ahead of FTSE Russell decision towards the end of the month. In its most recent September annual review, FTSE Russell has maintained Malaysia in the World Government bond Index ("WGBI") but remaining on watch-list for possible exclusion from the index. Even with recent measures placed by BNM to boost liquidity and accessibility in the Malaysia's bond market, FTSE Russell would likely want to see longer term impact of the measures before its next course of action. We view this as positive development as it reflects the willingness of the index provider to further evaluate potential positive impact on the measures implemented by BNM. We expect lesser impact on local government space as investors weigh on attractive safe-haven and risk-free yield-carry options compared to the low and to some extent negative-yielding global debt rate.

Month-on-month, MGS space was bear-steepened with yields roughly being corrected higher along the curve with exception of 20-year space that closed the month lower by 11 basis points ("bps"). Overall, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 2.00% (Aug-2020: 1.83%), 2.24% (2.08%), 2.42% (2.30%), 2.65% (2.59%), 3.04% (3.08%), 3.37% (3.48%) and 3.84% (3.75%) respectively. On the other hand, action on the GII – the Shariah compliant version of MGS, appeared to also been in a same trend of higher yields during the month especially on the 30-year space that closed around 32 bps higher. At month end, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII were reported at 2.04% (Aug-2020: 1.84%), 2.22% (2.06%), 2.37% (2.35%), 2.64% (2.58%), 3.15% (3.14%), 3.57% (3.37%) and 4.05% (3.73%) respectively.

On the local economic front, Malaysia's Consumer Prices Index ("CPI") report for August 2020 was still in deflationary mode at a lower rate of -1.4%, following a reading of -1.3% in July 2020. CPI dropped for the sixth consecutive month in August 2020 since March 2020's 0.2% decline. The decrease in the overall index was attributed to declines in transport (-9.9%), housing, water, electricity, gas and other fuels (-3.0%), clothing and footwear (-0.6%), and furnishing and household equipment (-0.1%) which overall contributed about 45.7% of overall weight in CPI basket. For now, headline CPI forecasted to be staying in negative territory for the rest of the year and only rising through for the first half of 2021 on base effects. 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 previous stimulus package. To recap, 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.

On the other note, Malaysia reported a narrower trade surplus of MYR13.2 billion in August 2020 as exports unexpectedly fell 2.9% year-over-year against +4.9% consensus and +3.1% in July 2020, contrary to expectations for an increase, as shipments to key markets tumbled and demand for manufacturing, agriculture and mining goods dropped. Imports fell for the sixth straight month, at -6.5% though smaller than -8.7% in August 2020. The drop in exports number for the period was mainly contributed by worse off performance in LNG exports (-49.1%), manufactured goods of metals (-30.8%) and petroleum products (-15.9%). We expect Malaysia's exports to continue to struggle for the rest of the year given slowdown in overall global growth though seem to pick-up recently by the improvement in key indicator numbers.