

### 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

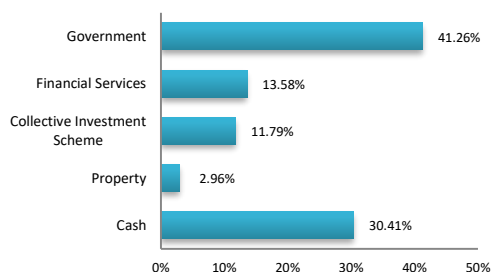
<b>Manager</b>	RHB Asset Management Sdn Bhd
<b>Trustee</b>	CIMB Commerce Trustee Bhd
<b>Fund Category</b>	Bond fund
<b>Fund Type</b>	Income fund
<b>Launch Date</b>	10 October 2019
<b>Base Currency</b>	RM
<b>Unit NAV</b>	RM1.0488
<b>Fund Size (million)</b>	RM1,509.18
<b>Units In Circulation (million)</b>	1438.95
<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	11.79
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.

**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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