

RHB-OSK AUD STRUCTURED INCOME FUND (formerly known as RHB AUD STRUCTURED INCOME FUND)

This Fund aims to seek to provide regular income distributions over an investment horizon of 3 years.

INVESTOR PROFILE

This Fund is suitable for Investors who:

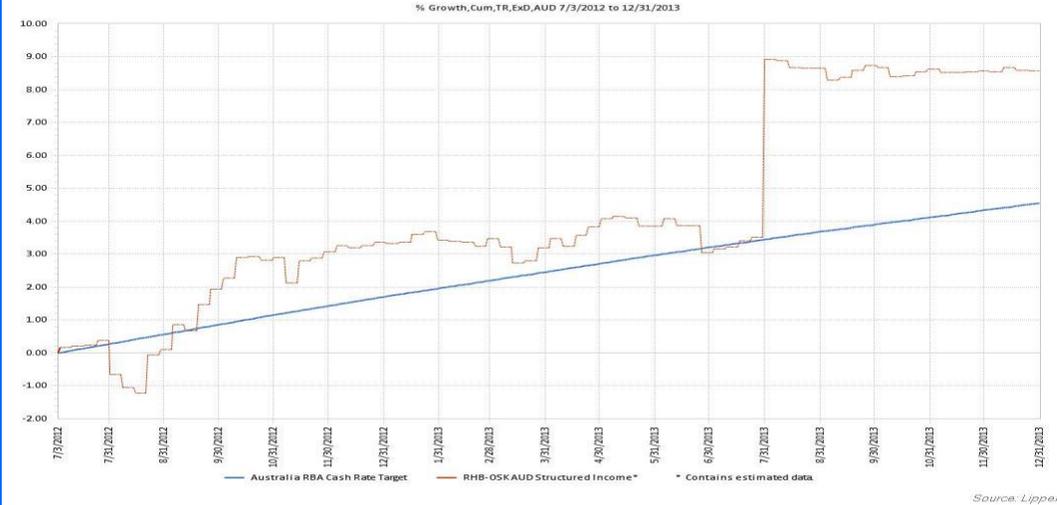
- are seeking for regular income distributions over an investment horizon of 3 years.

INVESTMENT STRATEGY

- Minimum 95% and up to 100% of NAV: Investments in Fixed Rate Note (FRN).
- Maximum 5% of NAV: Investments in cash and/or cash equivalent.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.01	-0.15	5.35	5.04
Benchmark	0.21	0.63	1.31	2.80

	1 Year	Since Launch
Fund	5.04	8.57
Benchmark	2.80	4.56

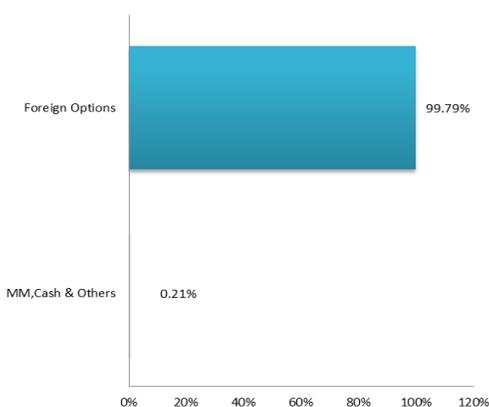
Calendar Year Performance (%)*

	2013
Fund	5.04
Benchmark	2.80

*Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

AUD 3 YEARS FIXED RATE NOTE	34.07
-----------------------------	-------

*As percentage of NAV

FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn Bhd)
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Wholesale Fixed Income Fund (Closed-Ended)
Fund Type	Income Fund
Launch Date	16 May 2012
Maturity Date	18 July 2015
Unit NAV	AUD1.03
Fund Size (million)	AUD40.25
Units In Circulation (million)	38.90
Financial Year End	31 July
MER (as at 31 Jul 2013)	0.09%
Min. Initial Investment	AUD5,000.00
Min. Additional Investment	AUD5,000.00
Benchmark	Reserve Bank of Australia Cash Rate
Sales Charge	Up to 2.50% of NAV per unit
Redemption Charge	1.00% of NAV per unit before Maturity Date
Annual Management Fee	None
Annual Trustee Fee	0.03% p.a. of NAV, subject to a min. of AUD8,500 p.a.*
Switching Fee	Not available
Redemption Period	Within 10 days after receipt the request to repurchase
Cooling-Off Period	Within 6 business days from the date of receipt of application
Distribution Policy	Annually, if any

*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 STATISTICS

Historical NAV (RM)			
	1 Month	12 Months	Since Launch
High	1.0359	1.0414	1.0414
Low	1.0347	1.0273	0.9878

Source: Lipper IM

Historical Distributions (Last 1 Year) (Net)

Distribution (sen)	
31 Jul 2013	-

Source: RHB Asset Management Sdn. Bhd. (Formerly known as RHB Investment Management Sdn. Bhd.)

RHB-OSK AUD STRUCTURED INCOME FUND (formerly known as RHB AUD STRUCTURED INCOME FUND)

This Fund aims to seek to provide regular income distributions over an investment horizon of 3 years.

MANAGER'S COMMENTS**U.S. TREASURIES**

As widely expected by the investment community, the Federal Open Market Committee ("FOMC") has decided to reduce the pace of monthly asset purchase by USD10 bln, to USD75 bln, in January 2014. Market reaction to this announcement was somewhat muted, as "tapering talk" has been a common conversation since late May 2013. At close, the 2-, 5-, 10- and 30-year UST printed at 0.38% (November: 0.29%), 1.74% (1.38%), 3.03% (2.75%) and 3.97% (3.83%) respectively.

Most of the economic data released in December was positive. Real GDP growth for 3Q2013 came in stronger than consensus at 4.1% annualized (2Q2013 annualized 2.5%), mainly due to higher inventory growth. ISM Manufacturing Index for November also came in stronger at 57.3 (56.4 in October), suggesting that growth momentum is likely to sustain to 2014. Employment situation continues to show gain in November with unemployment rate further eased to 7.0%, a commendable drop from 7.3% reported a month ago. On the other hand, Consumer Price Index ("CPI") in November posted a flat reading MoM after dipping 0.1% in October, mainly due to the softening energy price in the North America.

RINGGIT SOVEREIGN BOND

Malaysia Government Securities ("MGS") performance in December was mostly bearish bias as investors took profit for the year. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.33% (November: 3.09%), 3.69% (3.61%), 3.98% (4.04%), 4.08% (4.07%), 4.50% (4.27%), 4.55% (4.45%) and 4.92% (4.75%) respectively. Similarly, the Government Investment Issues ("GII") yields also traded higher with 3-, 5-, 7-, 10-, 15-year and 20-year benchmark yields crossed at 3.38% (November: 3.32%), 3.95% (3.88%), 4.06% (4.18%), 4.41% (4.40%), 4.66% (4.52%) and 4.79% (4.61%). Average daily trading volume for December was RM946 mln, notably lower than RM1.95 bln reported in November.

The final 2 auctions of the year - new issuance of 15-year GII (GII 12/28, RM2.0 bln, average yield 4.943%) and reopening of 3-year MGS (MGS 07/16, RM3.5 bln, 3.286%) - received strong to moderate bid-to-cover ratio of 2.87x and 1.568x respectively. Total issuance for 2013, including SPK, stood at RM96.9 bln, slightly higher than RM90 – 95 bln estimated by most of the research houses in the beginning of the year.

On the domestic economic front, trade surplus narrows slightly as import outpaced exports. October exports accelerated to 9.6% YoY (September: 5.6% YoY) - mainly led by Electrical & Electronics ("E&E") and LNG export - while imports surged 13.9% YoY (Sep: 2.8% YoY). Trade surplus thus narrowed marginally to RM8.23 bln (September: 8.66 bln). October Industrial Production ("IP") also up sequentially to 1.7% YoY (September: 1.0% YoY) on higher manufacturing and mining activities, in line with strong export demand. While it is still too early to be sure, the October data does hint at a pick-up in 4Q2013 GDP. Lastly, November CPI ticks up to 2.9% YoY (October: 2.8%), mainly led by food and non-alcoholic beverages. This comes as no surprise as sugar subsidies was removed in the 2014 Budget announcement.

On the other hand, the much anticipated MGS/GII auction calendar for 2014 was officially released. In the coming 2014, there will be a total of 28 tenders (2013: 27 tender) with 16 being MGS and 12 for GII. In terms of SPK, 4 scheduled tenders will be featured in 2014 (2 in 2013).

RINGGIT CORPORATE BOND

Ringgit corporate bond flows further weakened to RM313 mln average daily trade in December, from RM408 mln reported last month. Secondary market saw interest mostly skewed towards the GG/AAA segment (49%), followed by AA (48%) and A segment (3%). Kesturi, PLUS, TBEI, Cagamas and Danainfra were the most actively traded names with yields ended mixed.

Major primary issuances seen in December were BGSM Management Sdn Bhd (AA-), Malaysia Building Society Berhad (AA1), Telekom Malaysia (AAA), Malakoff Power (AA-), Bank Rakyat's funding conduit - Imtiaz II (AA2) and AmBank Basel 3 paper (AA3).

OUTLOOK AND STRATEGY

The FOMC is trying to maintain policy accommodation even as it cuts back on QE. While monthly asset purchases will be cut back by USD10 bln, new forward guidance now indicates a lower expected Fed funds rate in 2015 and 2016. FOMC signaled a strengthening in its commitment to hold down Fed Funds as long as inflation is soft. Further cuts in QE are "likely" at future meetings as long as economic data on employment and inflation meet FOMC expectations. Fed Chairman Ben Bernanke indicated that a "measured reduction" would be roughly a USD10 bln cut in the pace of purchases at each FOMC meeting. We think a reasonable expectation is that the total QE program will end by 2014 and Fed will keep the front end of the yield curve anchored for longer than previously anticipated.

For the local market, by comparing the number of MGS/GII tenders in 2014 versus 2013, trends are generally quite similar with more frequencies of auction within the 10-year segment (6 tenders in 2014 compared with 5 in 2013). Higher UST yields in 2014 as US tapering talks unfolds combined with inflation concerns may potentially influence a steepening bias MGS curve in 2014. But we opine the impact of steepening however could be moderated by benign supplies in 2014. In 2014, given the higher concentration of maturities in April and Q3, there will be good liquidity window for new issuances. New supply during these periods will be well absorbed by the market as funds from maturing bonds would be returning back as investment to the local bond scene.

On strategy front, volatility should persist into 1H2014 and overall yields are expected to rise. Bond prices could face re-pricing risk in the face of healthy primary issuances. We remain tactically overweight in PDS over MGS/GII for better yield pick-up. Trading opportunity could also arise as market tends to overreact in downwards price adjustment.

DISCLAIMER:

As this is a close-ended fund, units are no longer available for sale on the basis of the Information Memorandum dated 16 May 2012. Investors are advised to read and understand the contents of the Information Memorandum dated 16 May 2012, which has been deposited with Securities Commission who takes no responsibility for its contents, before investing. Amongst others, investors should consider the fees and charges involved. 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 Information Memorandum relates will only be made on receipt of a form of application referred to in the Information Memorandum. The Fund is only offered to "qualified investors" as defined in the Information Memorandum. For more details, please call 1-800-88-3175 for a copy of the Information Memorandum or collect one from any of our branches or authorised distributors

Investment in the Fund should be regarded as high risk in nature and is only suitable for institutional and sophisticated investors who are aware of and understand the risk involved. Investor should be aware that the value of units, and the income from them, if any, may fall as well as rise. As any investment is subject to investment risks, including the possible loss of the principal amount invested.

Investment in the Fund involves significant risks and it is possible that an investor may lose a substantial proportion or all of its investment in the fund. No guarantee is given, express or implied, that investors will receive back their original investment. Whilst it is the intention of the manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. Performance is subject to changes in market forces, market liquidity, economic and political stability and developments in the relevant countries. As a result, each investor should carefully consider whether it can afford to bear the risk of investing in the Fund. The Manager wishes to highlight that the specific risks for the Fund are elaborated in the Information Memorandum.

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.