

### RHB-OSK CAPITAL FUND (formerly known as RHB CAPITAL FUND)

This Fund aims to achieve long term growth through capital appreciation with all income including profits on realisation of investments being automatically reinvested for its compounding effect.

#### INVESTOR PROFILE

**This Fund is suitable for Investors who:**

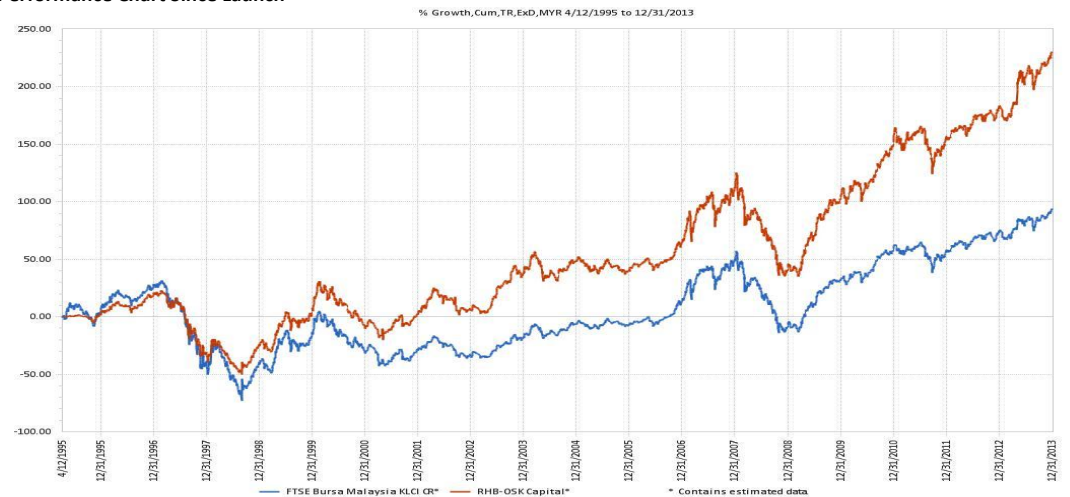
- want a professionally managed portfolio of shares and fixed income securities;
- have a medium to long term investment horizon of 3 to 5 years or more;
- want to achieve potential capital growth (accumulation) at an acceptable level of risk; and
- want to invest in shares but do not have the time to manage their own portfolio.

#### INVESTMENT STRATEGY

- Up to 95% of NAV: Investments in equities.
- Minimum of 5% of NAV: Investments in fixed income securities and/or liquid assets.

#### FUND PERFORMANCE ANALYSIS

##### Performance Chart Since Launch\*



##### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	3.03	5.95	6.90	16.36
Benchmark	2.99	5.56	5.27	10.54

	1 Year	3 Years	5 Years	Since Launch
Fund	16.36	32.39	135.15	229.43
Benchmark	10.54	22.91	112.94	93.27

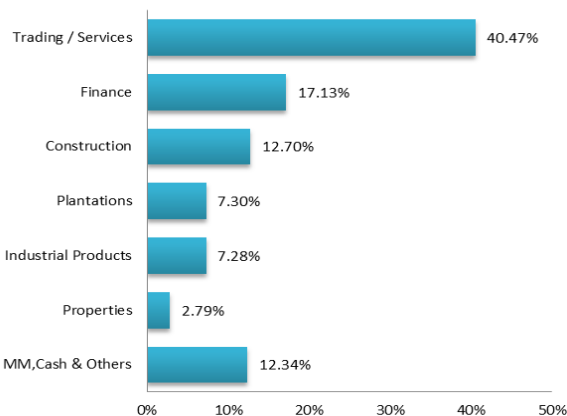
##### Calendar Year Performance (%)\*

	2013	2012	2011	2010	2009
Fund	16.36	10.06	2.76	22.82	44.62
Benchmark	10.54	10.34	0.78	19.34	45.17

\*Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



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

TENAGA NASIONAL BHD	8.64
CIMB GROUP HOLDINGS BERHAD	5.90
MALAYAN BANKING BHD	5.76
PUBLIC BANK BHD	5.46
TH HEAVY ENGINEERING BERHAD	4.71

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.4456	1.4456	1.4456
Low	1.3983	1.2426	0.4012

Source: Lipper IM

##### Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)
30 Apr 2013	7.7466
30 Apr 2012	6.7757
29 Apr 2011	5.2115
30 Apr 2010	-
30 Apr 2009	-

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

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**MANAGER'S COMMENTS****MARKET REVIEW**

The **FBM KLCI (KLCI)** added 2.99% in December to end at a record high of 1866.96 driven by local institutions banking on brighter economic outlook in 2014. KLCI heavyweight Tenaga was one of the best performers that drove up the benchmark as the national power distributor was allowed to raise electricity charges, adding to business and living costs as the government cuts subsidies. Tenaga will increase prices by an average of around 15% in Peninsular Malaysia from 1st January 2014 when the government reduce the gas subsidy provided to power producers which is positive in terms of fiscal improvements. During the month, gainers were led by Tenaga (+15.42%), SapuraKencana (+14.22%), PPB (+8.61%), TM (+7.98%), Public Bank (+5.55%); whilst laggards were led by IHH (-4.69%), UMW (-3.05%), IOI (-2.29%), AMMB (-2.16%), HLFG (-2.15%).

On the economic front, October exports and imports rose 9.6% and 13.9% respectively that beat the market expectation. Foreign reserves stood at US\$135.3 billion.

**MARKET OUTLOOK & OUTLOOK AND STRATEGY**

The OECD leading indicators suggest that the outlook of the global economy is improving and there may be a broadly synchronized recovery albeit moderate growth in 2014. The US economy is expected to grow at 2.6% in 2014 with unemployment rate down to 6.8% amid fiscal consolidation and the growth momentum to continue as business and manufacturing activities expand. Improvement in household wealth is expected to anchor consumer expenditure on real estate and automobiles. The European economy is showing signs of recovery with growth expectation of 1.1% by the ECB, supported by less austerity and continued strength in trade across the region. Nonetheless, the high unemployment rates, structural disparity between the core and peripheral European countries as well as the building deflationary forces remain a concern. The ECB will remain supportive with reflationary policies. The Asia Pacific economies remain solid and are well positioned to leverage on the uplift of global trade. China's new leaders have promised a bold blue print for reform in the Third Plenum and a successful implementation will determine China's next decade economy. The progress of the economic reforms hinges largely on the consolidation and further centralized of authority towards the central government. In Japan, rising inflation and weaker currency suggests that Abenomics is working which bodes well for Abe's goal to revive the third largest economy. Quality of growth remains a concern as a substantial portion of the corporate profits come from currency gain.

Global portfolio adjustments continue from bonds to equities, despite equities being fully valued, mainly supported by confident on global economic growth outlook whilst offsetting rising bond yields. Equities in developed markets and North Asia in particular are likely to outperform on solid recovery whilst the Fed tapering will take a toll on emerging markets earnings growth due to higher borrowing costs and currency fluctuation. Emerging markets equities are likely to suffer from high volatility in the short term, however, as developed markets growth accelerate, Emerging markets should enjoy the spillover effect.

ASEAN is in healthy shape with a superior debt position relative to many markets in the West and is, in our view, standing on the brink of a multi-year structural growth story. The OECD projects an average annual growth of 5.5% for ASEAN over the next five years. Over the last decade, ASEAN GDP growth was driven by the ex-Singapore renaissance. Strong GDP growth was the result of rising productivity, the burgeoning middle class, young demographics in a huge population, governments' pro-stimulus policies on large scale infrastructure projects and increasing intra-regional trade flows as FTA come to the force.

Malaysia is expected to achieve a GDP growth of 5-5.5% in 2014 driven by private investment and consumption as well as the turnaround in the external demand. Efforts to rationalize subsidy and operating costs also boost investors' confidence on government's determination to rein in fiscal deficit. The major concern in 2014, however, will be the higher inflation and slower growth as a result of weaker ringgit and subsidy rationalization where after the adjustment of electricity tariff effective in January 1<sup>st</sup> of 2014 and the reduction of gas subsidy reduction.

We remained focus on investing in good quality companies with resilient earnings while we continue to hold on to our main thesis of investing on urbanization, and government's initiative in economic transformation projects. The key strategy would be to be nimble at adding or initiating new positions in well-managed companies that demonstrate a sustainable business models and decent dividend payouts with competitive advantages during the downside of the market.

**DISCLAIMER:**

Based on the fund's portfolio returns as at 15 December 2013, the Volatility Factor (VF) for this fund is 10.2 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 8.0 but not more than 10.9 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 30 June 2013 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2013. Investors are advised to obtain, read and understand the Product Highlights Sheet ("PHS") and the contents of the Replacement Master Prospectus dated 1 December 2013 and its supplementary(ies)(if any) ("the Master Prospectus"), which has been registered with the Securities Commission who takes no responsibility for its contents, before investing. 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 Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are stock market risk, liquidity risk, individual stock risk and issuer risk. These risks and other general risks are elaborated in the Master Prospectus.

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.