FUND FACTSHEET – DECEMBER 2013

All data expressed as at 29 November 2013 unless otherwise stated

3-year Fund Volatility 21.1 very high Lipper Analytics 15 NOVEMBER 2013

RHB-OSK FLEXIFUND EQUITY CHINA "A" (formerly known as OSK-UOB FLEXIFUND EQUITY CHINA "A")

The Fund is to invest in the target fund which aims to provide its investors with the highest possible value for the capital invested at the same time as offering them a broad spread of risks by investing primarily in shares or partnership shares in the capital of companies based in the People's Republic of China, or in divisions of shares, fully or partially paid up, in registered or bearer form, issued by such companies.

INVESTMENT STRATEGY

- At least 90% of NAV: Investments in the EURO denominated, Class I shares of the FLEXIFUND Equity China "A".
- Up to 10% of NAV: Investments in liquid assets comprising money market instruments, cash and deposits with financial institutions.

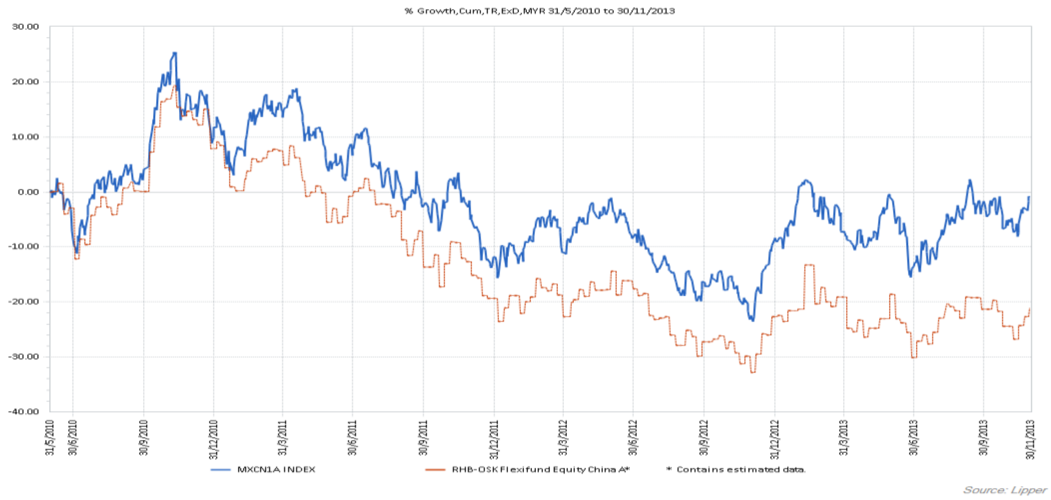
INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

- are "Qualified Investors" as defined in the Information Memorandum.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**4.46**	**2.41**	**-3.00**	**1.99**
Benchmark	5.58	3.73	0.08	8.32

	1 Year	3 Years	Since Launch
Fund	**17.41**	**-31.18**	**-21.10**
Benchmark	27.75	-14.31	-0.87

Calendar Year Performance (%)*

	2012	2011
Fund	**-4.04**	**-25.25**
Benchmark	3.83	-19.78

**Source: Lipper IM*

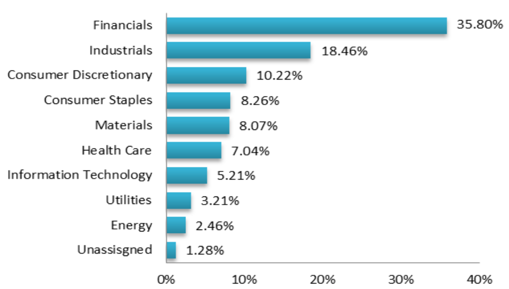
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn. Bhd.)
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Wholesale- Feeder Fund (Equity)
Fund Type	Growth Fund
Launch Date	11 May 2010
Unit NAV	RM0.7890
Fund Size (million)	RM5.69
Units In Circulation (million)	7.22
Financial Year End	31 May
MER (as at 31 May 2013)	0.67%
Min. Initial Investment	RM50,000.00
Min. Additional Investment	RM50,000.00
Benchmark	MSCI China "A" Net Return Index (RM)
Sales Charge	Up to 5.00% of investment amount
Redemption Charge	None
Annual Management Fee	0.50% p.a. of NAV*
Annual Trustee Fee	0.08% p.a. of NAV, subject to a minimum of RM18,000 p.a.*
Switching Fee	None
Redemption Period	Maybe from 1week - 6mths or longer if approval from the Chinese authorities for the realisation of FECA investments are not obtained.
Distribution Policy	Incidental

**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 (%)*

INDUSTRIAL BANK CO	4.13
CHINA MINSHENG BAN	3.84
ZTE CORP	3.43
CHINA VANKE CO	3.13
POLY REAL ESTATE G	3.06

**As percentage of NAV*

**Source: BNP Paribas Investment Partners, 29 November 2013. Exposure in Flexifund Equity China A Fund - 95.35%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7890	0.8667	1.1941
Low	0.7322	0.6720	0.6720

Source: Lipper IM

Historical Distributions (Last 3 Years) (Net)

	Distribution (sen)	Yield (%)
31 May 2013	-	-
31 May 2012	-	-
31 May 2011	-	-

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

RHB OSK
RHB Asset Management

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MANAGER'S COMMENTS

MARKET REVIEW

The MSCI China A index gained 3.34% in November in local currency terms. It underperformed offshore Chinese shares by 1.48% in local currency terms, but outperformed Asia ex-Japan by 3.27% in USD terms. The A-shares market rebounded on the back of the reform plan outlined by the government. The Third Plenary session of the 18th CPC Central Committee approved a number of reforms including softening the one child policy and introducing market-based pricing for some utility services. As such, reforms-related stocks (securities, insurance, defence and media) and stocks benefiting from the free trade zone and land transfers were among the top performers. However, defensive sectors such as food & beverage underperformed. Overall for the index, returns in USD terms paralleled those in CNY as the Chinese currency was flat this month. However, returns in EUR were slightly higher as the euro depreciated by 0.05% against the US dollar.

China's October macro indicators showed continuing improvement, implying a positive momentum. Industrial production was up 10.3% YoY, which was higher than the market had anticipated. Retail sales were up by 13.3% YoY, the same rate of increase as was reported in September. Meanwhile, fixed asset investment rose by 19.4% YoY, which was lower than the 19.6% in September but lower than the 21.4% in August. CPI inflation rose to 3.2% YoY, breaching 3% for the second time since March. PPI deflation deepened modestly to -1.5% YoY in October from -1.3% YoY in September, extending the deflationary period that began in March 2012.

The official PMI for November was unchanged from October, standing at 51.4 on the back of strong production. The result was higher than that of consensus of 51.1 and indicated that the economy continues to expand at a steady pace. The November production sub-index rose for the fifth consecutive month to 54.5, up slightly from 54.4 in October, and hitting a 19-month high as the main contributor to the headline PMI index together with the employment sub-index. However, forward-looking sub-indices such as new orders and raw materials inventory weakened, which will likely weigh on future investment and growth momentum.

On the policy front, the Third Plenary session that ended on 12 November outlined ambitious and broad reform plans for the next five to ten years. The priority economic reform areas include administration, finance, land and resource pricing. The report highlighted that resource allocation should be more market-oriented, which is the first time the Chinese leadership has used suchwords; the role of the market switched from "basic" to "decisive". These measures will help to promote China's economic restructuring in the medium/long-term, improving economic efficiency and supporting GDP growth. The market's confidence in China's structural reforms will likely increase as clear signs of implementation and results emerge over time.

FUND PERFORMANCE

Flexifund Equity China A gained 3.83% gross of fees in EUR terms in November, compared to a gain of 3.21% in its benchmark index. The valuation snapshot, due to the difference between the FX rates used for the benchmark and the fund prices, added 1.45% to relative performance. Stock selection detracted 0.44% from relative performance and allocation detracted 0.05%.

Allocation in industrials added to relative performance. Aerospace companies rallied on the back of the reforms. The selection of China Avic Electronic (600372 CH) contributed as this plane manufacturer and aerospace engine maker's revenue growth accelerated in the third quarter.

Stock-picking in materials added to relative performance as Zhejiang Longsheng (600352 CH) rose 15.43%. This dye manufacturing company has reached an agreement with its main competitor, which should stabilise prices in the future. In addition, we expect textile and apparel demand to continue to recover in the months to come, supporting the demand for dye.

Financials were the main detractor from performance. Property companies such as China Merchants Property (200024 CH), Poly Real Estate (000069 CH) and China Vanke (200002 CH) lost 13.40%, 6.52% and 4.88% respectively. They were affected by the tightening of real estate policies. Several cities have restricted the sale of properties to safeguard the property price increase they targeted earlier this year. In the future, we expect market forces and public housing construction to replace demand control by local government in dealing with the problem of high property prices. Currently valued at 6x 2014 earnings, we believe the coming reforms may trigger a re-evaluation of the real estate sector.

PORTFOLIO ACTIVITY

In November, we shifted the balance of the portfolio to include more cyclicals, such as cement companies. Valuation has been attractive and as growth prospects are improving we believe such companies will benefit. We bought Jiangxi Wannianqi Cement (000789 CH), Huaxin Cement Co (900933 CH) and Tangshan Jidong Cement (000401 CH). We favour a positioning toward cyclicals as we anticipate a potential economic recovery. As the valuation is attractive we believe the downside risk is low. The fundamentals of the cement industry have improved and following the consolidation process pushed by the government over the last three years, the industry is now operating more equitably. Prices are now stabilising and as the utilisation rate is lower, we are focusing on companies that can deliver consistent margins as it will be they that benefit from further consolidation in the industry.

Following the rally in aerospace companies, we sold Aerospace Times Electronic (600879 CH) and China Avic Electronics (600372 CH) as we now see them as expensive in view of their growth prospects (47x 2014 earnings).

We sold Beijing E-Hualu (300212 CH). The company produces software used in the local government "smart city" scheme to improve city management in China. We think the audit being done at local government level might impact on the demand for such software in the future.

OUTLOOK & POSITIONING

Economic growth for Q3 was at 7.8% YoY versus 7.5% in Q2, a mild acceleration that investors had broadly anticipated. Investments remained the primary growth driver of the Chinese economy. Expectations for Q4 GDP growth are rising to around 7.9%-8.0% as the economic momentum that started in the summer continues. If inflation stays within the government's comfort zone, with CPI at around 3% and negative or low single digits PPI, the macro policy environment should remain stable. A higher PPI should be anticipated, though, given the stronger domestic and external demand.

However, China continues to be in the midst of rebalancing from growth quantity to growth quality. The Third Plenum in November did not reveal too many surprises. It covered most of the anticipated topics and confirmed some key points: (1) China will continue its economic growth through a more market-oriented model, which should imply further liberalisation and deregulation (interest rates, energy prices, private companies being now seen as the same level as SOEs, etc.); (2) A move to centralise some of the social responsibilities previously given to local governments, which will allow social reforms to be carried out at the national level and reduce the local government debt burden. Other reforms relating to the fiscal system, farmers' property rights, free trade zones, the hukou (housing registration) system and environmental policies were discussed. Overall, a high-level roadmap on reforms was set with a target date of 2020. We expect more details to be announced soon in terms of the specific industries to be reformed and the timeframe. Execution and coordination remain critical if a positive impact on the economy is to be achieved. One of the disappointments was that the Plenum communiqué did not highlight financial reforms, as investors are also awaiting clearer guidelines on these.

As the reforms and policy changes begin to be implemented from next year onwards, we believe there will be selective investment opportunities in those areas over the coming years. We are cautiously optimistic about the A-shares market over the coming months, and acknowledge that market sentiment may improve when the reforms become more explicit. The re-launch of the IPO process is still awaited over the first quarter of next year. This might drain some liquidity from the market, but we will wait to see if the first companies to issue stocks are successful before adjusting the positioning of the portfolio. The market is still at historical lows and Chinese A-shares are now trading at 9x 2014 earnings, which is around a 50% discount to their five-year historical average. We believe investors have already significantly downgraded earnings expectations for this year but earnings for 2013 may be better than expected, at around 12%-15% growth. Theme plays may outperform and we will continue to favour environmental players, health care, consumer, and technology. Over the short term, we are slightly repositioning the portfolio toward value as we believe value stocks have become very cheap and have limited downside risk.

Financials are now our main overweight as we repositioned the portfolio toward real estate in the belief that the coming reforms and the economic rebound will support a re-rating of valuations. We are more positive than the market's consensus is on the banking sector, although we remain underweight compared to the benchmark. We believe well-managed national banks should outperform. Our favourite picks benefit from credit card growth, SME exposure and models that integrate with insurance companies. We continue to be positive on industrials, from our exposure in environmental names. Information technology is favoured based on bottom-up stock-picking. We favour companies benefiting from 4G equipment investment and we believe electronics manufacturers will continue to grow, especially those of Smartphone components. We remain neutral consumer discretionary and underweight consumer staples, particularly due to rising concerns over food inflation. We continue to underweight energy due to overcapacity issues. Regarding materials, we are starting to be more neutral on industries that have a better outlook on the back of the government's push for consolidation. We remain selective, however, and prefer companies with sustainable margins.