RHB OSK
RHB Asset Management

FUND FACTSHEET – DECEMBER 2013

All data expressed as at 29 November 2013 unless otherwise stated

3-year Fund Volatility 6.9 low Lipper Analytics 15 NOVEMBER 2013

RHB-OSK FLEXIFUND MONEY MARKET RMB (formerly known as OSK-UOB FLEXIFUND MONEY MARKET RMB)

The objective of 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 in money market instruments, Chinese government bonds, both denominated in Chinese Renminbi (RMB) and cash.

INVESTMENT STRATEGY

• At least 90% of NAV: Investments in the EURO denominated, Class I shares of the FLEXIFUND Money Market RMB.
• 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	**2.94**	**-0.81**	**5.99**	**8.22**
Benchmark	2.30	-1.27	5.13	8.27

	1 Year	3 Years	Since Launch
Fund	**9.26**	**16.16**	**13.20**
Benchmark	8.89	12.79	12.42

Calendar Year Performance (%)*

	2012	2011
Fund	**-1.17**	**7.78**
Benchmark	-2.13	5.40

**Source: Lipper IM*

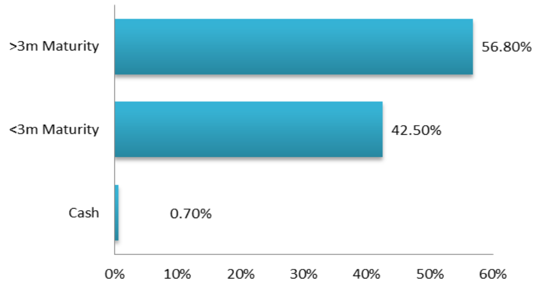
FUND DETAILS

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 (Money Market)
Fund Type	Income Fund
Launch Date	11 May 2010
Unit NAV	RM1.1320
Fund Size (million)	RM1.21
Units In Circulation (million)	1.07
Financial Year End	31 May
MER (as at 31 May 2013)	0.94%
Min. Initial Investment	RM10,000.00
Min. Additional Investment	RM10,000.00
Benchmark	Official rate for demand deposits, as published by the People's Bank of China (RM)
Sales Charge	Up to 2.00% 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	Up to 3% of redemption proceeds
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 (%)*

CGTB 0PCT 031014	28.27
CGB 2.81 170114	16.09
CGB 3.48 040714	15.88
CGTB 0PCT 170214	15.77
CGTB 0PCT 0114	10.69

**As percentage of NAV*
**Source: BNP Paribas Investment Partners, 29 November 2013. Exposure in Flexifund Short Term RMB - 99.72%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.1320	1.1623	1.1623
Low	1.0997	1.0253	0.9427

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.)

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MANAGER'S COMMENTS

MARKET REVIEW

Chinese onshore bond market liquidity remained tight and credit spreads rose again strongly during November. The recent reforms agenda released during the Third Plenary session raised fears in the bonds market of more policy tightening in future. The entire yield curve rose by some 20bp, with both short and long maturities increasing further. One-year and five-year government bonds are now trading at yields of around 3.97% and 4.26%, respectively. The Shanghai Treasury Bond index rose 0.14% over the month, while the Shanghai Corporate Bond index lost by 0.32% in local currency terms. 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 September macro indicators showed continuing improvement. Industrial production rose to 10.2% YoY and retail sales reached 13.3% YoY, albeit slightly below the 13.4% YoY increase in August. Meanwhile, FAI increased 19.6% YoY in September versus 21.4% YoY in August. The CPI rose to 3.1% from 2.6% YoY in August, beating market consensus. While the holiday season impact may have eased in October, the cumulative effect of fuel price hikes in recent months may last. PPI deflation continued to ease marginally to -1.3% YoY in September, with producer output prices recording two MoM inflation rises in a row (0.2% MoM in September and 0.1% MoM in August), roughly in line with market expectations. The National Energy Administration announced that power consumption grew 10.4% YoY in September, which was down on the 13.7% YoY recorded in August. The slowdown came largely from the manufacturing and construction industries, whose growth slowed to 8.1% YoY in September, 4ppt down on August growth.

The official PMI saw a fourth consecutive monthly rise to 51.4 in October versus 51.1 in September, beating the consensus and confirming that the economy continues to expand following the rebound in Q3. The improvement was primarily driven by stronger production while new orders and business expectations weakened from September levels. The October production index increased by 1.5 to 54.4, its highest since April 2012. On the demand side, there were signs of weakening external and domestic demand, with both the new order index and the new export order index edging down by 0.3ppt while the import index fell by 0.4ppt. The purchasing price index cooled from 54.5 in September to 53.3 in October, implying a slower increase in input prices.

On the policy front, investors were waiting for the November Plenum to provide a high-level roadmap. It will likely include further streamlining of government, fiscal, urbanisation and pricing reforms. These plans will have an impact on social welfare, medical, public housing, food safety and environmental protection.

FUND PERFORMANCE

The fund increased in value by 1.42% gross of fees in EUR terms during the period under review, compared to a decrease of 0.1% for the cash benchmark in EUR. In USD terms, the fund increased in value by 0.16% gross of fees, compared to an increase of 0.05% for the cash benchmark in USD. Returns in EUR were higher as the euro appreciated against the USD.

PORTFOLIO ACTIVITY

There were no changes to the strategy in November. The strategy continues to invest in China government bonds with a remaining maturity of less than 12 months. We replaced maturing investments with new holdings of exchange-traded government bonds. Government bonds in the portfolio have a yield to maturity from 3.70% to 5%, for duration of about 100 days.

OUTLOOK & POSITIONING

The central bank was even calmer this month than last. Liquidity remained tight in the Chinese onshore bond market and is likely to stay that way until at least the end of Q1 2014, especially if the economy continues to improve. We believe the central bank will continue to support large liquidity needs towards each month end and quarter end, but as long as the economic momentum is improving we should not see any change in monetary policies.

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, awaited by investors 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 lower 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 think more details should be announced soon in terms of the specific industries to be reformed and a more detailed 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.

Financial reforms will be key in the next few years and we should see more announcements about reforms in the coming months following the recent Third Plenum. We continue to think that greater financial liberalisation is expected following the removal of the lending rate floor and the announcement of the Shanghai Free Trade Zone. The government will continue to regulate bank and wealth management products. Combined with this, interest-rate liberalisation and the internationalisation of the RMB should lead to further widening of short-term credit spreads.

RMB appreciation should continue to be stable this year and next. How strongly it will do so will depend on how aggressive QE tapering is in the US. If China's GDP growth can be sustained next year and the monetary policy remains conservative, appreciation should continue. We retain a structurally positive outlook and expect the currency to appreciate over the long term on the back of RMB internationalisation and China's economic rebalancing.