

RHB-OSK MUDHARABAH FUND (formerly known as RHB MUDHARABAH FUND)

This Fund aims to provide a balanced mix of income and potential for capital growth by investing in stocks listed on the Bursa Malaysia or on any other stock exchanges, unlisted stocks and Islamic debt securities and other non-interest bearing assets acceptable under principles of Shariah.

INVESTOR PROFILE

This Fund is suitable for investors who:

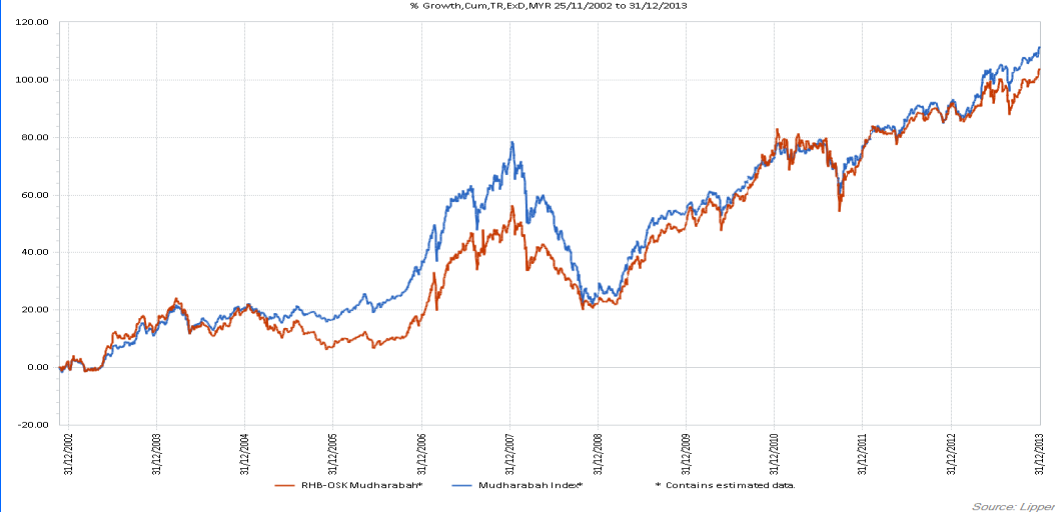
- want an investment that complies with the principles of Shariah;
- want a professionally managed portfolio of Shariah compliant equities, sukuk and Islamic debt securities;
- want to have a balanced portfolio that provides both income and capital growth; and
- want to invest in shares but do not have the time to manage their own portfolio.

INVESTMENT STRATEGY

- Up to 60% of NAV: Investments in equities.
- Minimum of 40% of NAV: Investments in sukuk, Islamic debt instruments, Islamic money market instruments and/or liquid assets acceptable under Shariah principle.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	2.11	5.13	3.73	6.06
Benchmark	1.73	3.89	4.57	9.65

	1 Year	3 Years	5 Years	Since Launch
Fund	6.06	16.86	66.29	73.23
Benchmark	9.65	22.20	68.29	N/A

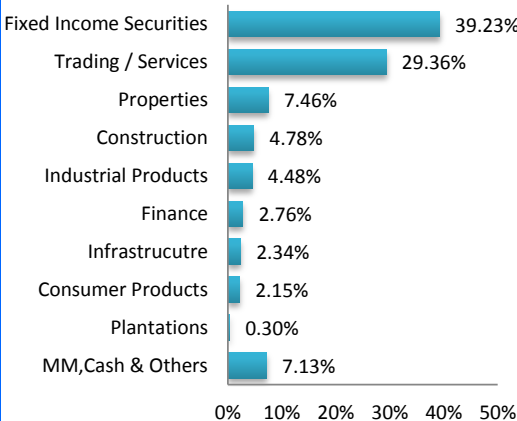
Calendar Year Performance (%)*

	2013	2012	2011	2010	2009
Fund	6.06	9.38	0.74	15.91	22.76
Benchmark	9.65	8.57	2.65	11.85	23.12

*Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

Projek Lebuhraya Usahasama Berhad (AAA)	8.81
Gamuda Berhad (AA3)	8.77
Alpha Circle Sdn Bhd (AA-)	6.53
SapuraKencana Petroleum Bhd (AA3)	4.36
Sarawak Hidro Sdn Bhd (GG)	4.32

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9106	0.9106	1.0388
Low	0.8886	0.8336	0.4095

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)
28 Feb 2013	3.5000
28 Feb 2012	-
28 Feb 2011	4.8131
31 Mar 2010	3.2377
28 Feb 2009	-

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

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MANAGER'S COMMENTS**MARKET REVIEW**

Dec was a strong month for the KLCI as it traditionally has been, as the index scaled new all-time highs on numerous occasions on the back of window dressing activities and investors building positions ahead of 2014 and the January effect. The announcement of a tapering of \$10 billion per month failed to cool down the local market in December. The tapering signaled the Fed's confidence in the underlying strength of the US economy and in the better economic prospect in 2014. Average daily value traded on Bursa in Dec was a whopping 58% higher mom at RM3.21bn, which includes a 4bn (volume) off-market transaction for Maxis.

For the month, the KLCI gained 2.99% to close at 1,866.97, near an all-time high of 1,872.52pts achieved on 30 December 2013. The broader market was also strong with FBM Emas gained 2.49% mom to close at 13051.60pts. RHB-OSK Mudharabah on the other hand gained 2.11% on strong performance from oil and gas sector. Its benchmark on the other hand rose 1.73%.

On the bond market, the investors are already priced in their belief the US Federal Reserve to start QE tapering beginning January 2014. As at 31 December 2013, US Treasury yields showed increases of up to 38 basis points month-on-month while the 10 years UST increased by 29 basis points to close at 3.03%, its highest level since July 2011.

Locally, the Islamic benchmark yield curve shifted upward moderately in December 2013 for shorter tenure after the sharp movement in the previous month. The yields for 3,5 and 7 years GII increased by 6 to 9 basis points to 3.44%, 3.96% and 4.13% respectively. The 10 years GII was unchanged at 4.41% while the 20 years GII increased by 36 basis points to close at 4.98%.

OUTLOOK AND STRATEGY

Going forward, we are expecting a slightly nervy trend as the new-year unfold. We will be looking to position our portfolio to take advantage of 2014 moderate outlook. We expect the market to be jittery in the short term on profit taking activities from strong December 2013 showing. We will take advantage on any dip to accumulate stocks expected to perform in 2014.

On our Sukuk strategy going forward, we will maintain our overweight strategy on local Sukuk. We would be cautious and selectively invest in good investment grade paper. With capital preservation in mind, we prefer the short end of the curve and avoid taking on excessive duration risk.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 December 2013, the Volatility Factor (VF) for this fund is 8.3 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, individual stock risk, liquidity risk, issuer risk, interest rate risk, credit / default risk and shariah specific 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.