RHB OSK
RHB Asset Management

FUND FACTSHEET – SEPTEMBER 2014

All data expressed as at 31 August 2014
unless otherwise stated

RHB-OSK AGRICULTURE FUND (formerly known as OSK-UOB AGRICULTURE FUND)

The Fund aims to achieve long-term capital appreciation through an over-the-counter derivative investment in the form of a swap agreement that is linked to the agricultural commodities sector.

INVESTMENT STRATEGY

- Up to 100% of NAV: Investments in bonds, money market instruments, cash and deposits with financial institutions.
- Up to 10% of NAV: As capital payment for an investment in an OTC derivative instrument in the form of a swap agreement that will provide the Fund with exposure to the agricultural commodities sector. With this investment, the Fund can have a Notional Amount of up to 100% of its Net Asset Value exposed to a Contag Index.

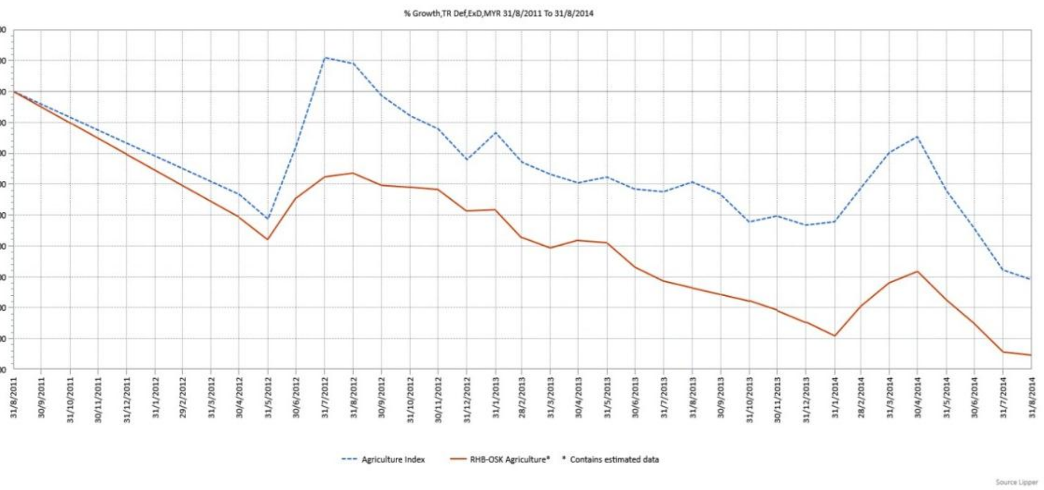
INVESTOR PRROFILE

This Fund Is Suitable For Investors Who:

- seek investment opportunities in the agricultural commodities sector;
- seek capital growth;
- have a long term investment horizon; and
- have an appetite for risk to gain higher returns.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**-0.90**	**-13.46**	**-12.05**	**-8.43**
Benchmark	-2.24	-17.25	-17.54	-11.28

	1 Year	Since Launch
Fund	**-15.92**	**-42.64**
Benchmark	-18.53	-30.49

Calendar Year Performance (%)*

	2013	2012
Fund	**-22.30**	**-7.25**
Benchmark	-11.92	2.55

**Source: Lipper IM*

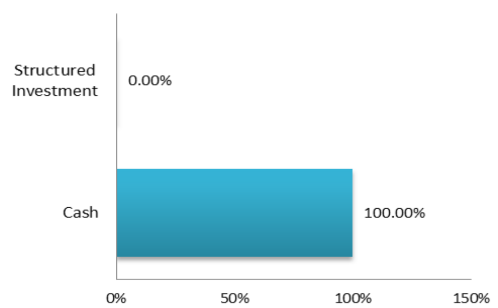
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd.(formerly known as RHB Investment Management Sdn. Bhd.)
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund
Fund Type	Growth Fund
Launch Date	11 August 2011
Unit NAV	RM0.2868
Fund Size (million)	RM1.09
Units In Circulation (million)	3.82
Financial Year End	31 August
MER (as at 31 Aug 2013)	1.77%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	S&P GSCITM Agriculture Official Close Index Excess Return (RM)
Sales Charge	Up to 5.00% of investment amount
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	0.08% p.a. of NAV, subject to a minimum of RM18,000 p.a.*
Switching Fee	RM25.00 per switch
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	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 (%)*

JPMCCI AGRI EXCESS RETURN SWAP	0.00

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.2938	0.3545	0.5003
Low	0.2856	0.2856	0.2856

Source: Lipper IM

Historical Distributions (Last 2 Years) (Net)

	Distribution (sen)	Yield (%)
31 Aug 2013	-	-
31 Aug 2012	-	-

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

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MANAGER'S COMMENTS

MARKET REVIEW

During the month of August, prices of soft commodities were mostly trending negatively with Coffee (+8.9% MoM); Wheat (+3.6% MoM) and Cocoa (+2.4% MoM) being the only major Soft Commodities ending the month in positive territory. Among the crops that depreciated, CPO had the worst negative performance with a 14.8% MoM decrease, followed by Sugar (-6.8% MoM); Soybean (-6.5% MoM); Rubber (-4.1% MoM) and Corn (- 1.7% MoM).

Coffee price continued to benefit from the damage of the Brazilian crop as draught in the country has caused crop losses of 20% to 30%. Moreover, the impact of this draught is likely to prevail in 2015 as the 2015’s output potential is being hampered by the lack of vegetative growth needed to bear coffee flower, and cherries for the crop. Moreover, World Coffee inventories are also declining to 3.4 months of use compared to more than 8 months of consumption on a historical average. Lower inventories and expected limited crop for this season and next season should continue to push Coffee prices higher in the coming quarters.

Cocoa prices remain strong over the past month, hitting its highest level since March 2011. However, the recent rally has been mainly driven but extreme high level of speculative buying while fundamentals seem to plead for weaker prices. In fact, the International Cocoa Organization has recently underlined the growing importance of West Africa on the Cocoa trade. The ICCO, while nudging higher by 15,000 tons to 108,000 tons its estimate for the world production deficit last season, axed a forecast of a shortfall at all in 2013-14, which ends next month, seeing instead a 40,000-tonne surplus

On the other hand, CPO registered a sharp decline given favorable weather conditions boosted supply while demand remain under pressure given lower Soybean prices. CPO futures prices have fallen below the MYR2000 mark for the first time in more than five years. The recent price decline is due to a confluence of bearish factors, coupled with speculative selling by market players. The main bearish factors are the large crop prospects for soybean in US, rapeseeds in Europe and sunflower seeds in Ukraine and Russia. At the same time, palm oil is heading into its peak production season. Buyers, on the other hand, have turned cautious following the steep fall in edible oil prices and ample global edible oil supply prospects. On top of this, some buyers from China, one of the largest importers of palm oil, are having difficulties raising financing, as banks clamp down on funding for commodities, following the Qingdao port investigation. In the short-term, the biological yield cycle is positive in both Malaysia and Indonesia, with Malaysian production growing 12% in the past two months and most Indonesian companies reporting production growth above 10% in 1Q14. Most companies both in Malaysia and Indonesia also suggest that most companies are forecasting their CPO production to grow at least 10% in 2014, despite the drought earlier this year. The biggest bullish factor on the horizon for CPO price is the impending El Niño, which could restrict palm oil supply next year. However, with a lower probability of a strong El Niño materializing, there are downside risks to current CPO prices, especially as Soybean prices are likely to continue to trend downward in H2 2014, boosted by strong output from Latin America.

Sugar was negatively impacted by the announcement from the International Sugar Organization that Sugar could register its 5th successive season of excess production this season. On the demand side, the organisation outlined the prospects for weaker Chinese imports, as the country holds large domestic inventories. Therefore, Sugar inventories are expected to increase to a historical high of 78.01 metric tons as of the end of the 2013-2014 crop season. Therefore, any supply disruptions during the next season are unlikely to impact significantly the Sugar price in the medium-term. However, we believe that current price weakness should attract more demand and thus tighten Brazil’s sugar and ethanol balance sheets at the season-end.

Moreover, Corn prices remained negatively impacted by higher production and yield in the US. In fact, US Corn yield were estimated at a 4-year high of 165.3 bushels per acre and the recent favorable weather conditions in the Midwest could push this yield further higher in the coming months.

For the rest of 2014, we expect a challenging environment for Agricultural commodities, with Grains (Corn and Wheat) as well as Soybean likely to trend downward further given the ongoing ample supply which characterizes these markets. However, the long-term thematic of higher demand from EM and scarcer supply remains intact. On the other side, some Soft commodities such as Coffee; Cocoa and Sugar have entered a bottoming out process and their respective supply-demand ratio improved after the low level of prices recorded these last two years. Among the soft commodities, Cocoa and Coffee remain the commodity offering the better prospects despite their recent price’s strength. For Palm-Oil, the global supply-demand picture continued to deteriorate and with no signs of materializing El Niño phenomenon for the time being, the risks look more biased on the downside at least for the next few months. Therefore, we think that CPO price may reach MYR1800 in the coming month before gradually rebounding in Q4 to MYR2000-MYR2200. Potential upside risks exist to MYR2200-MYR2400 if weather related supply disruptions occur.

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