

## RHB-OSK ASEAN FUND (formerly known as OSK-UOB ASEAN FUND)

This Fund aims to achieve medium to long term capital appreciation through investments in securities of companies with high growth potential.

### INVESTOR PROFILE

#### This Fund Is Suitable For Investors Who:

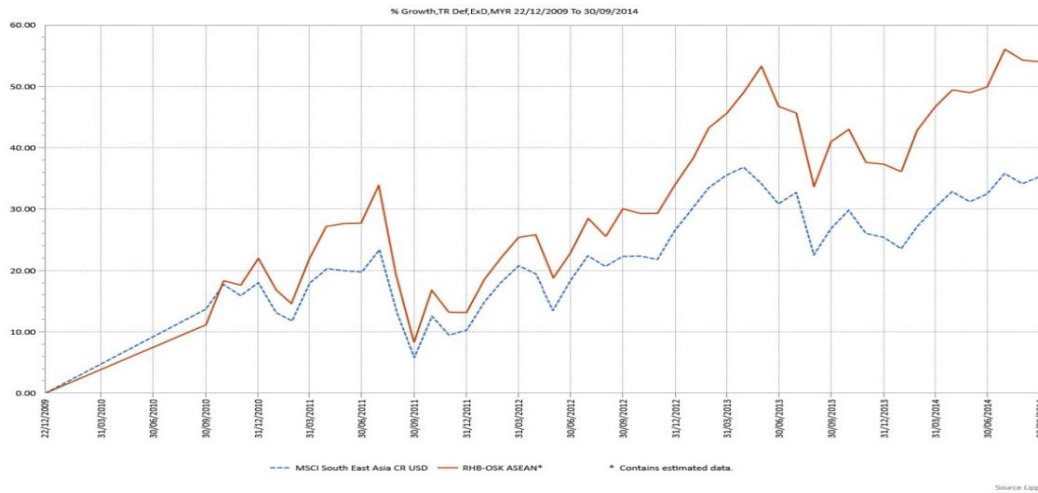
- wish to participate in the potential and investment opportunities of the fast growing ASEAN economies; and
- are willing to accept higher risk in their investments in order to achieve medium to long term capital growth.

### INVESTMENT STRATEGY

- Up to 98% of NAV: Investments in equities and equity-linked securities issued by companies whose businesses are in ASEAN countries and are listed on the ASEAN markets and / or other markets.
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

### FUND PERFORMANCE ANALYSIS

#### Performance Chart Since Launch\*



#### Cumulative Performance (%)\*

	1 Month	3 Months	6 Months	YTD
Fund	-0.17	2.72	4.98	12.12
Benchmark	0.84	2.13	3.86	7.82

	1 Year	3 Years	Since Launch
Fund	9.22	42.21	54.02
Benchmark	6.62	27.80	35.27

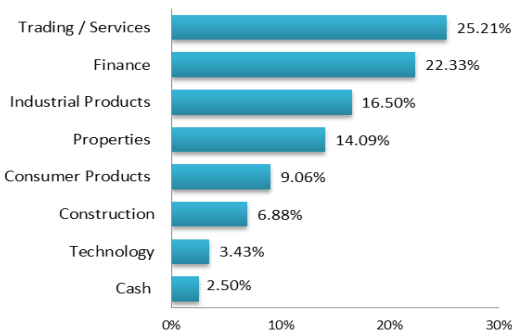
#### Calendar Year Performance (%)\*

	2013	2012	2011	2010
Fund	2.48	18.43	-7.26	23.27
Benchmark	-0.92	14.70	-6.59	14.99

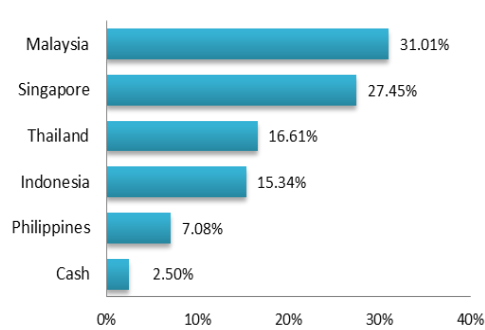
\*Source: Lipper IM

### FUND PORTFOLIO ANALYSIS

#### Sector Allocation\*



#### Country Allocation\*



#### Top Holdings (%)\*

YINSON HOLDINGS BHD	3.59
DBS GROUP HOLDINGS LTD	2.00
KASIKORNBANK PCL-FOREIGN	1.98
BDO UNIBANK INC	1.97
BANGKOK BANK PUBLIC CO LTD-FOREIGN	1.96

\*As percentage of NAV

### FUND STATISTICS

#### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6008	0.6410	0.6743
Low	0.5879	0.5716	0.4562

Source: Lipper IM

#### Historical Distributions (Last 4 Years) (Net)

	Distribution (sen)	Yield (%)
30 Apr 2014	5.8000	9.54
30 Apr 2013	4.5000	7.44
30 Apr 2012	-	-
29 Apr 2011	3.8993	6.99
30 Apr 2010	-	-

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

**RHB-OSK ASEAN FUND (formerly known as OSK-UOB ASEAN FUND)**

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

Global equities plunged in September amid dollar strength and rising deflationary concerns in Europe. Developed markets led by Euro zone outperformed emerging markets on the back of the European Central Bank ("ECB") stimulus hopes as inflation fell. The ECB unexpectedly cut its main refinancing rate to a record 0.05% and introduced additional stimulus sank the Euro. In the US, manufacturing numbers were in line while housing starts were weaker than expected. The Federal Reserve ("Fed") policy makers continued to pledge to hold interest rates near zero for a considerable time after asset purchases ended. However, the Fed policy makers projected a steeper increase in borrowing costs in 2015. The median estimate for the federal funds rate at the end of 2015 was raised to 1.375% compared with 1.125% in June and will be 3.75% at the end of 2017. In China, HSBC PMI unexpectedly increased to 50.5 from 50.2, suggesting export demand to help the economy withstand a property slump. New orders and new export orders increased at a faster rate.

Within the Asia ex Japan equity markets, Thailand and the Philippines outperformed whilst Australia and Hong Kong/China were the detractors. The best performing markets among the ASEAN countries were Thailand and the Philippines whilst Malaysia and Indonesia lagged (in MYR terms).

The Philippines equities posted a strong gain of 3.97% in MYR terms, significantly outperforming overall ASEAN market (+0.53%) as the country's unemployment rate improved to 6.7% from 7% whilst overseas remittances increased 5.6%. The central bank raised overnight borrowing rate to 4% from 3.75% citing potential risks to the inflation target and raised forecast for 2014 inflation to 4.5% from 4.33% and to 3.8% from 3.72% for 2015. Thailand equities maintained its upward momentum by gaining 3.76% as the Junta government pledged to continue efforts to stimulate investment and encourage tourism. The Thailand government will speed up disbursement of fiscal 2014 budget and continue economic stimulus measures planned by the National Council for Peace and Order ("NCPO") according to policy draft presented to National Legislative Council. The Parliament approved 2.58 trillion baht budget for fiscal 2015 with spending to be frontloaded in fiscal 1Q. Malaysia equities declined 1% despite the central bank kept its benchmark interest rate unchanged at 3.25% and forecasted that GDP growth may be between 5 to 5.5% or better in second half of the year. In Indonesia, the JCI declined 1% as the House of Representatives voted 226-135 of passing Regional Election Bill which takes away people's right to vote for mayors, district heads and governors. Passing of bill brought a great disappointment to Indonesian as a setback sign of promised democracy since 2004 but the event was not completely unexpected on the facts that coalition party do not have majority seats in the House. This could be the start of long battle Joko Widodo and his supporting party has to face to get opposition to support bills that are crucial for reforms. Singapore market was flat despite non-oil exports increased by 6% against consensus of 2.5% attributed to gain in non-electronics that outweighed decline in electronics. Petrochemicals increased 39.9%, followed by pharmaceuticals 26.9% jump and 1338% surge in structures of ships and boats. GDP forecast to grow 3.3% YoY in 2014 according to the latest MAS survey which is lower than 3.5% in previous survey.

**OUTLOOK & STRATEGY**

Leading indicators suggest that the global recovery is still taking place mainly driven by improvement in developed markets. However, in the short term basis, in particular second half of 2014, equity market might experience higher volatility and valuation adjustment once the Fed completely exit from its asset purchase program as that will trigger the investors to speculate the probability and timing of the interest rate hike. The US economy growth expectation has been revised up from 2.6% to 2.7% in 2014 with unemployment rate to improve to 6.5% in 2014 and 5.95% in 2015 as the 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. Growth in emerging market and developing economies is expected to increase to 5.1% in 2014 and to 5.4% in 2015, according to IMF. Growth in China is expected to moderate to around 7.5% amid the economic transition and largely hinge on the execution of the reform blue print detailed in the Third Plenum.

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.

Furthermore, rising wages and labor shortage in China, the Renminbi's appreciation, Sino-Japan tension and trade barriers between China and rest of the world have prompted producers to consider diversification of production facilities and divert investments. ASEAN should see further FDI inflows from companies looking to capitalise on young population and low labour cost. Strong FDI flows create positive feedback loop in the economy, positively correlated with income growth and connecting the change in GNP (gross national product) and commercial expansion and domestic growth. Liberalization of Myanmar economy and further integration of Cambodia, Laos, and Vietnam into the bloc will be a new point of growth and provide more investment opportunities for ASEAN-5. Robust intra-regional trade is likely to sustain the economic growth and it will be a long lasting impact.

Shifting in the US strategic policy to rebalance its interests towards Asia, especially Southeast Asia to counter balance China's influence in the region also resulting in greater western interest and investment flows.

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 population growth, urbanization, and increasing intra-regional trade. 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.

**DISCLAIMER:**

Based on the fund's portfolio returns as at 15 September 2014, the Volatility Factor (VF) for this fund is 13.0 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are above 13.0 (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 2014 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2014.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 1 December 2013 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. 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 restrictive geographical market, equities investment risks such as market risk and particular security risk and foreign investments risks such as country risk and currency 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.