RHB ◆ OSK
RHB Asset Management

FUND FACTSHEET – JUNE 2014

All data expressed as at 30 May 2014 unless otherwise stated

3-year Fund Volatility 12.8 very high Lipper Analytics 15 MAY 2014

RHB-OSK ASIA CONSUMER FUND (formerly known as OSK-UOB ASIA CONSUMER FUND)

This Fund aims to achieve capital appreciation through investment in equities or equity-related securities of Asian (excluding Japanese) companies whose businesses are likely to benefit from or are related to growth in consumer spending in Asia.

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

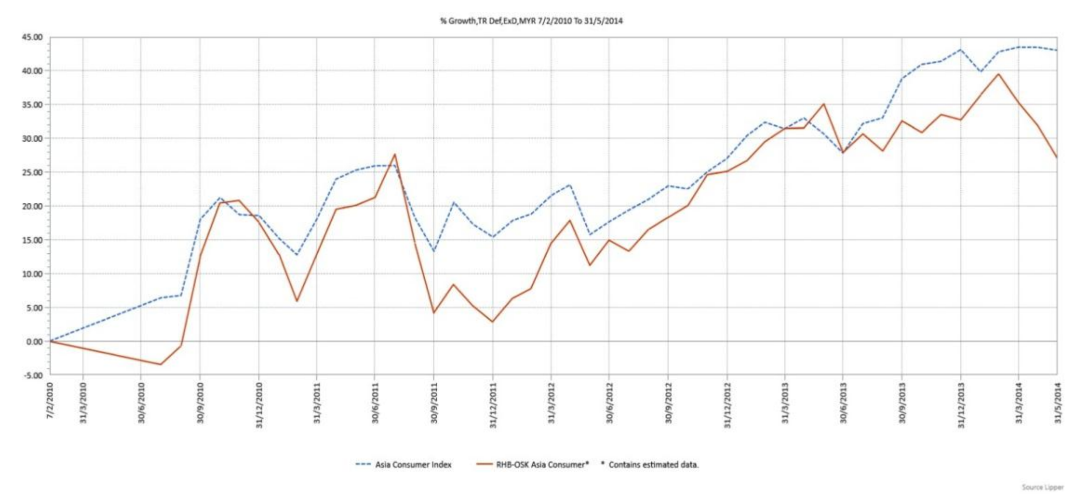
• seek investment opportunities in companies whose businesses are likely to benefit from or related to growth in consumer spending in Asia;
• seek capital appreciation rather than income; and
• are willing to accept a higher risk in their investments to obtain potentially higher returns in the long term.

INVESTMENT STRATEGY

• At least 95% of NAV: Investments in the units of United Asia Consumer Fund.
• 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	**-3.71**	**-9.00**	**-4.92**	**-4.36**
Benchmark	-0.31	0.16	1.16	-0.07

	1 Year	3 Years	Since Launch
Fund	**-6.03**	**5.75**	**26.97**
Benchmark	9.46	14.15	43.05

Calendar Year Performance (%)*

	2013	2012	2011
Fund	**6.05**	**21.67**	**-12.53**
Benchmark	12.66	10.12	-3.05

**Source: Lipper IM*

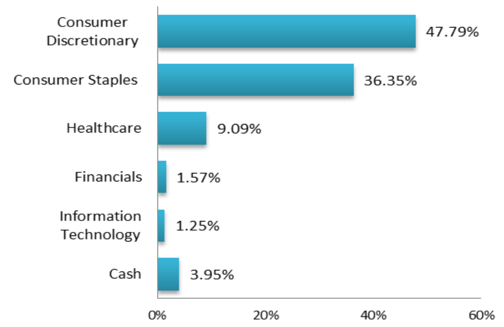
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn. Bhd.)
Trustee	TMF Trustees Malaysia Bhd
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	18 January 2010
Unit NAV	RM0.5813
Fund Size (million)	RM42.98
Units In Circulation (million)	73.95
Financial Year End	31 July
MER (as at 31 July 2013)	0.41%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% MSCI AC Asia ex Japan Consumer Discretionary Index (RM) + 50% MSCI AC Asia ex Japan Consumer Staples Index (RM)
Sales Charge	Up to 5.50% of investment amount
Redemption Charge	None
Annual Management Fee	1.80% 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

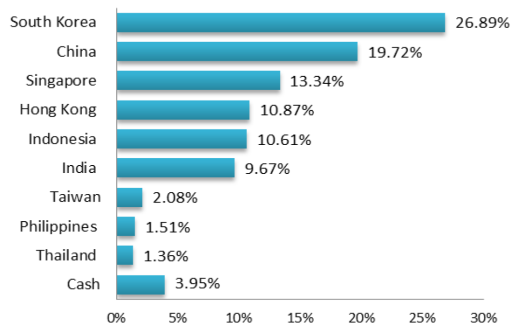
**For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

HYUNDAI MOTOR COMPANY	7.59
ITC LTD	6.98
SANDS CHINA LTD	4.34
OSIM INTERNATIONAL LTD	3.82
COWAY CO LTD	3.41

**As percentage of NAV*
**Exposure in United Asia Consumer Fund - 95.06%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6050	0.6430	0.6451
Low	0.5772	0.5601	0.4543

Source: Lipper IM

Historical Distributions (Last 3 Years) (Net)

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

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

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MANAGER'S COMMENTS

MARKET REVIEW

The Asia ex-Japan consumer stocks gained in May, though underperforming the global equity markets where emerging markets outperformed developed markets. The broader Asia equity market's performance was driven by strong performance from India on positive election results and Greater China markets on hopes for policy stimulus from China and improving data.
Within the Asia ex-Japan consumer space, staples outperformed discretionary. Across markets within consumer staples, Taiwan topped performance, followed by Korea and Thailand, while Indonesia was worst performing, followed by Singapore. Within consumer discretionary, India was the best performing market, followed by the Philippines while Indonesia was worst-performing followed by Thailand.

In terms of economic data, global leading indicators were mostly stable. US PMI continued to improve to 55.4 in May from 54.9 in April. Japan improved to 49.9 from 49.4 while the Eurozone and UK dipped slightly. China's official PMI continued to improve to 50.8 from 50.4, marking a 3rd month of improvement. The private sector HSBC PMI similarly improved to 49.7 from 48.1, though still staying in contraction. Most other latest activity indicators such as industrial production dipped slightly across the developed markets of US, Japan, the UK, Eurozone, as well as in China. Inflation crept up slightly across most markets except in China.

In India, the BJP's historic win renewed hopes that the new government will implement structural reforms such as removing supply-side bottlenecks, reducing fiscal deficit, incentivising infrastructure investment, focusing on labour-intensive manufacturing and improving governance. An improving economy and strengthening rupee as well as increased market volume also pushed the market higher.

Hopes for policy stimulus in China buoyed both the China and Hong Kong markets. The State Council announced new pro-growth measures to stabilise the economy, which include reducing the tax/fee burden for the corporate sector, ensuring financial sector support for the real economy, ensuring implementation of previously-announced pro-growth measures and increasing reforms in the areas of environmental protection.

Asean markets underperformed the broader Asia ex-Japan market in May with Thailand worst-performing posting negative returns. The Thai military's declaration of martial law after the Senate's failure to end a six month-long political deadlock prompted selling by foreign fund managers in particular. Indonesia underperformed in May as presidential nominations were announced with the PDIP-led coalition of Jokowi-Jusuf Kalla pitting themselves against the Gerindra-led coalition of Prabowo-Hatta in the 9th July elections. Malaysia market was flat as 1Q14 real GDP growth came in at a better-than-expected 6.2% y/y, supported by domestic demand and exports. Singapore outperformed the other markets with 1Q14 GDP growth of 4.9% y/y, better than expected and led by manufacturing. The Philippines market saw a sovereign rating upgrade from S&P, though 1Q14 GDP disappointed due to Typhoon Haiyan's impact on production and tourism.

MARKET OUTLOOK AND STRATEGY

The underperformance of the Fund continued in the month of May. This was due to a combination of weaker than expected quarterly results for a couple of our companies and the weakness in some of the sectors that we favour in HK/China, such as the Macau gaming stocks. China/HK consumer stocks performed worse than expected last quarter as consumption trends clearly slowed down. This could partly be due to the falling property prices in China which might have impacted consumer confidence in the short term. The good news, however, is that the Chinese government had realised the possible severe impact of falling property prices on the economy as a while and local government has taken steps to loosen some of the restriction on the property sector especially at the lower tier cities. The actual impact on consumption is expected to take some time to trickle down and we are monitoring the impact of the new policies. We believe that the economy might have reached a cyclical trough in May and we are expecting a rebound in sentiments in the coming few quarters. This should help in the performance of the HK/China stocks.

HK retails stocks also took a hit this month when the Chief Executive unexpectedly announced that he was going to look at restricting the number of Mainland tourist into the territory. This came at a bad timing as HK witnessed its first ever year on year decline in Mainland Chinese tourist growth since 2003. The HK retail sector has become very dependent on Mainland Chinese tourists in the past 10 years and the prospect of restricting Mainland Chinese visitors into HK would certainly be bad news for all retail operations in HK. We need to watch the discussion in the Legislative Council in the next couple of months to see if this talk would be translated into real policy. At this point we remain sceptical as the economic impact of such a policy would clearly be negative.

In Macau, newsflow continues to be negative as VIP gaming revenue slowed following rumours of a junket absconding with client's funds last month. At the same time, the slowdown in VIP growth coincides with a traditionally low season following the Labour Day holidays. We think the sector will only pick up after Aug, nearer to the holiday season in China. Meanwhile, the mass market business remains strong and growth rates have been robust so far this year at ~35% growth. We continue to like the structural growth story of this sector. Stocks are now trading at their lowest valuations in recent years and we think it presents a very good buying opportunity for long term investors.

In Asean, the focus has pretty much been on politics. In Thailand, the military coup has brought about short term stability but long term uncertainty about the economic direction of the country. We remain cautious here and are defensively positioned. Indonesia is enthralled in political campaigns of the 2 leading presidential candidates, Prabowo and Jokowi. We like the consumer stocks there long term but we expect some volatility in the short term depending on the outcome of the elections. The Philippines domestic consumption remains strong but with the run up in stock prices, valuations have become expensive and we are also exercising caution here. We see specific stock opportunities in Singapore and Malaysia which are much more stable. We like the fundamentals of some of these stocks and we believe they will do well in the longer term.

In India, with BJP's victory, discretionary stocks have risen sharply in the hope that economic growth will pick up in the next few years following Modi's term as Prime Minister. Our holdings of consumer staple stocks have lagged the rise in discretionary stocks. However, we remain cautious about the euphoria following the elections. We think that reality will start to bite soon when investor realise that the turnaround in the economy might take time and meanwhile, it is the staple companies that are making real money and paying the dividends to shareholders.

All in all, the performance in recent months have been disappointing as we see huge shifts in fund flows away from growth stocks with slightly higher valuations to stocks with less growth but are traded cheaper. We will remain focused on the fundamentals of the stocks we invest in. We believe that ultimately, companies that deliver strong growth over the long term will give higher returns to shareholders.