RHB OSK
RHB Asset Management

FUND FACTSHEET – JUNE 2014

All data expressed as at 30 May 2014 unless otherwise stated

3-year Fund Volatility 15.7 very high Lipper Analytics 15 MAY 2014

RHB-OSK BIG CAP CHINA ENTERPRISE FUND (formerly known as OSK-UOB BIG CAP CHINA ENTERPRISE FUND)

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

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

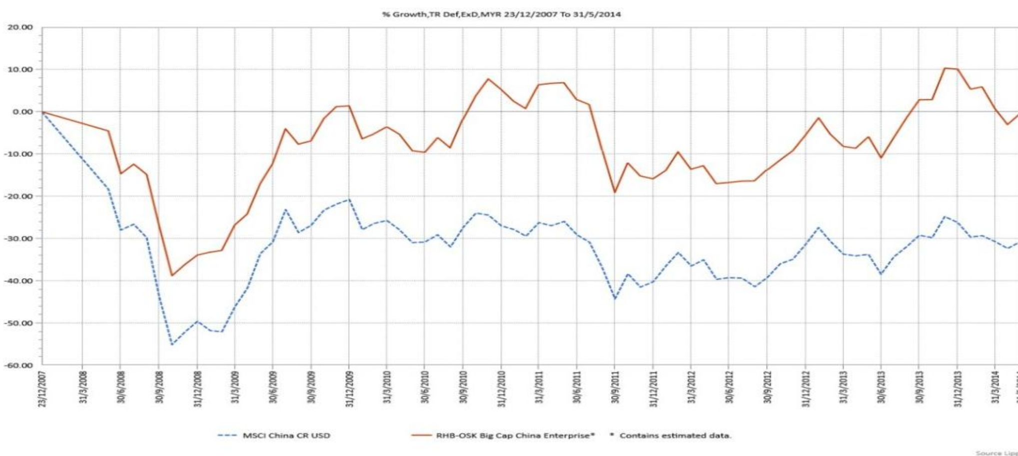
- wish to participate in the potential of the fast growing China economy; and
- are willing to accept higher risk in their investments in order to achieve long term capital growth.

INVESTMENT STRATEGY

- Up to 98% of NAV: Investments in equities and equity-linked securities issued by companies whose businesses are in China and are listed on the China 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	**2.70**	**-5.93**	**-9.68**	**-9.48**
Benchmark	2.36	-2.02	-7.90	-6.16

	1 Year	3 Years	5 Years	Since Launch
Fund	**5.82**	**-6.77**	**20.14**	**-0.36**
Benchmark	4.54	-6.47	4.28	-30.73

Calendar Year Performance (%)*

	2013	2012	2011	2010	2009
Fund	**16.36**	**12.46**	**-20.10**	**3.85**	**53.37**
Benchmark	7.54	14.71	-17.42	-9.11	57.83

**Source: Lipper IM*

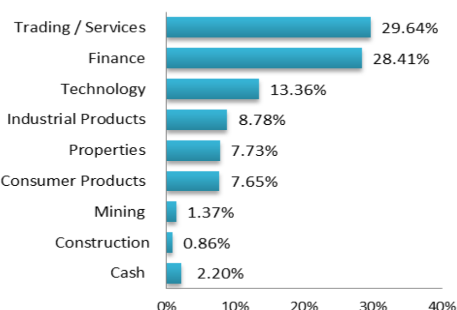
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn. Bhd.)
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	03 December 2007
Unit NAV	RM0.4982
Fund Size (million)	RM154.10
Units In Circulation (million)	309.33
Financial Year End	31 December
MER (as at 31 Dec 2013)	1.90%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	MSCI China 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

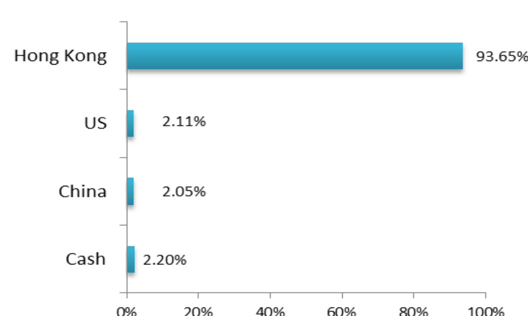
**For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

TENCENT HOLDINGS LIMITED	8.51
IND & COMM BANK OF CHINA-H	7.73
CHINA CONSTRUCTION BANK-H	7.66
PETROCHINA CO. LTD-H	5.28
BANK OF CHINA LTD - H	4.47

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5018	0.5529	0.5585
Low	0.4652	0.4203	0.2720

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
31 Dec 2013	-	-
31 Dec 2012	-	-
31 Dec 2011	-	-
31 Dec 2010	-	-
31 Dec 2009	-	-

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

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MANAGER'S COMMENTS

MARKET REVIEW

The Greater China markets gained in May along with global equity markets where emerging markets outperformed developed markets. The China market rebounded on hopes for policy stimulus and improving data.

Within the China market, information technology (IT) was the best performer, followed by financials, while consumer staples and materials were the worst performing. In Hong Kong, financials outperformed, while IT and consumer discretionary underperformed. In Taiwan, financials outperformed, followed by consumer staples and IT, while energy and consumer discretionary underperformed. Slight earnings downgrades were seen in China and Hong Kong markets while Taiwan saw upgrades. Most sectors saw slight earnings downgrades. Notable upgrades were seen in Information Technology across all the Greater China markets.

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.

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.

In Taiwan, the technology product launches buoyed the supply chain and the 4G telecom market competition heated up with a tech heavy-weight entering the field via the acquisition of a 2nd-tier vendor. The financial sector, which had lagged the market caught up in May on strong earnings momentum, while strong exports gave a boost to the economic data and market sentiment.

OUTLOOK AND STRATEGY

China has a tough time balancing growth and reforms to resolve structural problems. There are many urgent areas that need to be resolved such as cleaning up the environment, reducing overcapacity; restructuring state owned enterprises (SOEs) and curbing excess credit build up. Unfortunately, most of the proposed reform measures will likely have a dampening effect on growth and corporate profits in the near term. Yet if the government kicks the can down the road, the problems will continue to brew and the longer term risks to the economy and market will get worse.

There are already clear signs of stress manifesting in China's financial system. Bank deposits have been under pressure and cost of funding has risen, as investors pile into wealth management products and money market funds. However, some wealth management products and bonds have already technically defaulted. Having grown explosively over the last couple of years, this is inevitable, especially in the context of the slowing economy. Some investors who have gone in thinking there is an implicit guarantee will be hit. Hence, future financing through these channels will be more difficult. The stability of China's financial system will certainly be tested with more defaults of these shadow banking products over the course of the year.

Investors will keenly watch for more concrete reform steps to tackle China's structural problems, including rising financial risks. However, the problems are complicated and solutions not straightforward, so we cannot expect a quick fix in a short time.

At the same time, the economy is slowing. Despite the recent uptick, the China HSBC PMI has been on a downward trend and fallen below 50 for 5 consecutive months. Property sales and starts have also slowed significantly across the board. The oversupply in tier 3 cities has been particularly significant, and it is not clear that policy easing will help sales in these locales. The Authorities' will to push for tough reforms will surely be tested if economic activity slows significantly

If China can maintain its reform momentum over this critical period, as growth slows down, and in particular implement concrete measures to alleviate financial risks, then we can look forward to a better 2nd half of 2014 as growth stabilizes with some mini-stimulus.

While the overall China market has been weighed down by structural problems and underperformed in the last 3 years, there has been a large dispersion in performance across stocks and sectors. For example, China's technology and utilities index has more than doubled in the last 3 years, while the Financials index is down. If we position right in China, there can still be a lot of lucrative opportunities in the market.

In the short term, we are bringing down China to a slight underweight position. Slowing growth, especially in property and shadow banking product defaults are current major headwinds. However, if China can weather through these stresses without a hard landing and implement reforms that alleviate the financial risks in the system, we should see the market rerate. China's valuations are cheap, close to one standard deviation below its 10 year mean on price to earnings, and in the case of price to book, already at levels during the 2008 global financial crisis. Within the regional Asian markets, China also stands out as the cheapest. History shows that if we buy markets at such valuation levels, we will very likely be rewarded with strong positive returns over the medium to long term. We believe that China will likely muddle through its problems. They have ample resources to cover its financial liabilities and cushion a potential hard landing if necessary. It's a matter of policy coordination. When things stabilize in China, the market should rerate given its current cheap valuations, much like how Europe did through the Euro crisis and is now back above pre global financial crisis levels.

We remain vigilant in tracking operating conditions across China given the slowdown in growth and the government's policy initiatives having uneven impact across industries. We look for opportunities to invest in companies that are benefitting from the rising purchasing power of the region's consumers or have technologies causing disruptive innovation to lifestyles and consumer spending patterns. However, stock selection is critical, given high competitive pressures.

We continue to underweight deep cyclical sectors such as materials in the face of China's slower growth over the medium term and general over-supply conditions. We are also underweight sectors facing structural headwinds such as the banks. They face pressures of contracting profit and net interest margins with interest rate liberalization, non-bank disintermediation and rising NPLs as growth slows. We prefer the non-bank financials such as insurance which will benefit from pension and social security reforms. We are also overweight the Chinese utilities, with focus on renewables and clean energy. We also like technology, such as social media and component suppliers to smartphones, which are facilitating a sea change in consumer spending patterns.

There has been a pullback in China "new economy" sectors like technology and clean energy, as funds rotated towards the "old economy" sectors of telecoms and financials with cheap valuations. However, we still stick to our conviction that the "new economy" sectors continue to be the best way to invest in China. They are well positioned to benefit from China's structural reforms and economic transition in the medium to long term. They also continue to deliver stronger earnings growth and profitability than the "old economy" sectors.

We have raised Hong to Neutral from previously underweight. Despite the negative headwinds of slower China growth, prospective US rate increases and cooling property prices, we believe the property stocks already factor in much of the bad news with valuations close to historical lows. While overall transaction volumes are still muted, primary sales have picked up on developers' attractive discounts, showing underlying demand remains strong. Future land supply remains under control too. Central office rents are also forecast to rise this year. The opening of Hengqin Island and new casinos should continue to support Macau gaming revenue growth this year. Within Hong Kong, we are overweight consumer discretionary and property, and underweight banks.

We are overweight on Taiwan. The technology sector has enjoyed strong positive earnings revisions year to date and we believe the momentum should continue. There will likely be a pick-up in Apple product sales this year and selected smartphone brands, benefitting certain parts of the supply chain. Nonetheless, we have to be very selective in picking Taiwan corporates which have clear competitive advantage in their niche capabilities that enable them to withstand pricing pressure from the brand manufacturers. Within Taiwan, we are positive on Technology and the Financials. The Taiwan insurance and banks should enjoy positive tailwinds from a steepening yield curve, overseas investment opportunities and further deregulation of cross straits investments.

In the long term, the Greater China economies continue to be supported by high savings and wage gains, which provide an attractive backdrop for consumption growth. Rising purchasing power of the middle and lower income population is a very supportive backdrop for investors. When China gets through the current necessary painful transition, reforms and rebalances its economy towards a more sustainable growth path, these positive fundamentals should reassert themselves. The Greater China market should then enjoy a sustained re-rating, with high rewards for long term investors now.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 May 2014, the Volatility Factor (VF) for this fund is 15.7 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are above 13.1 (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 ssigned 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 31 December 2013 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 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.