RHB OSK
RHB Asset Management

FUND FACTSHEET – JUNE 2014

All data expressed as at 30 May 2014 unless otherwise stated

RHB-OSK CAPITAL PROTECTED WORLD MINING FUND (formerly known as OSK-UOB CAPITAL PROTECTED WORLD MINING FUND)

This Fund aims to provide capital appreciation over the medium term whilst protecting investors' capital on the Maturity Date.

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

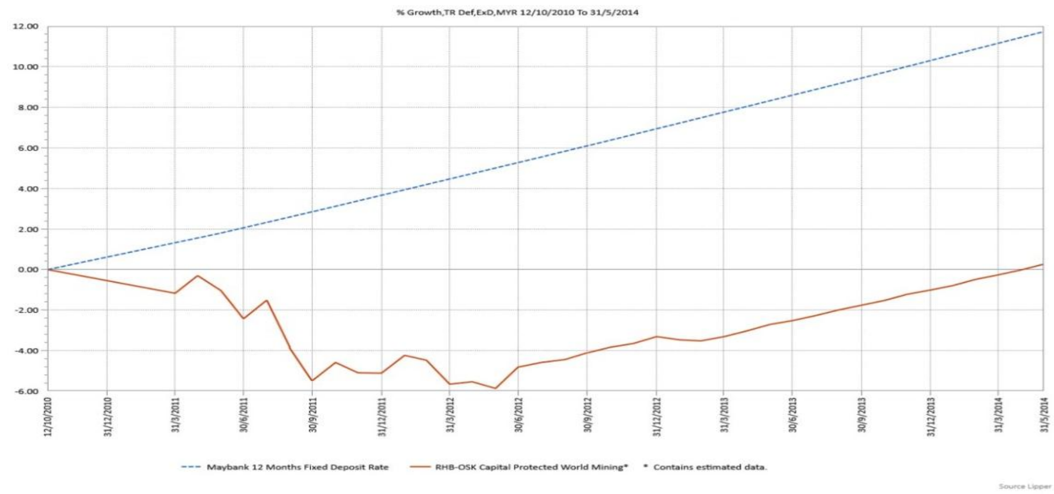
- have a low risk tolerance;
- seek capital protection;
- seek potential returns from the exposure to the hard commodities sector; and
- have a medium term horizon.

INVESTMENT STRATEGY

- 85% - 89% of NAV (depending on prevailing interest rates): Investments in 4-year ZNIDs issued at a discount on the Commencement Date.
- Up to 10% of NAV: Investment in an option.
- Up to 5% of NAV: Investments in liquid assets.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**0.29**	**0.76**	**1.50**	**1.28**
Benchmark	0.27	0.79	1.57	1.30

	1 Year	3 Years	Since Launch
Fund	**3.05**	**1.31**	**0.26**
Benchmark	3.15	9.75	11.73

Calendar Year Performance (%)*

	2013	2012	2011
Fund	**2.38**	**1.91**	**-5.47**
Benchmark	3.15	3.15	3.05

**Source: Lipper IM*

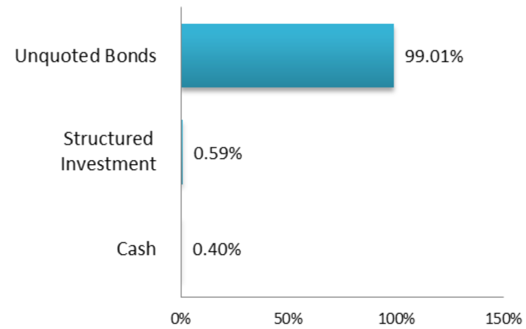
FUND DETAILS

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 (Closed Ended)
Fund Type	Capital Protected Fund
Launch Date	17 August 2010
Maturity Date	10 October 2014
Unit NAV	RM1.0026
Fund Size (million)	RM16.00
Units In Circulation (million)	15.96
Financial Year End	31 October
MER (as at 31 Oct 2013)	0.63%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM1,000.00
Benchmark	12-month FD rate by Malayan Banking Bhd
Sales Charge	Up to 2.50% of investment amount
Redemption Charge	≤ 1 year 1.00% ≥ 1 year < 2 0.75% ≥ 2 years < 3 years 0.50% ≥ 3 years till Maturity Nil
Annual Management Fee	Up to 0.625% p.a.*
Annual Trustee Fee	Nil
Switching Fee	Not available
Distribution Policy	None

**Based on the remaining liquid assets available after deducting the purchase of investments of the Fund.*

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

CIMB BANK BHD ZNID-CP WORLD MINING	20.05
OCBC BANK(M)BHD ZNID-CPWORLD MINING	19.74
AMBANK (M) BHD ZNID-CP WORLD MINING	19.74
HLEONG BANK BHD ZNID-CPWORLD MINING	19.74
UOB (M) BHD ZNID-CP WORLD MINING	19.74

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0026	1.0026	1.0066
Low	0.9995	0.9729	0.9397

Source: Lipper IM

Historical Distributions (Last 3 Years) (Net)

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

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

Head Office: 19th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur. General Line: 603-2164 3036 Fax: 603-2164 4226 Website: www.rhbgroup.com

RHB OSK
RHB Asset Management

FUND FACTSHEET – JUNE 2014

All data expressed as at 30 May 2014 unless otherwise stated

3-year Fund Volatility 2.5 LOW Lipper Analytics 15 MAY 2014

RHB-OSK CAPITAL PROTECTED WORLD MINING FUND (formerly known as OSK-UOB CAPITAL PROTECTED WORLD MINING FUND)

This Fund aims to provide capital appreciation over the medium term whilst protecting investors' capital on the Maturity Date.

MANAGER'S COMMENTS

MARKET AND PORTFOLIO PERFORMANCE

The BGF World Mining Fund declined -1.8% in May, outperforming its benchmark, the Euromoney Global Mining Index which declined -2.5%.

May was a supportive month for the base metals with copper, nickel and zinc rising +4%, +5% and +1% respectively. Tightness in China and continued falls in exchange inventories boosted the copper price this month, whilst nickel was supported by the dawning realisation that the Indonesian ore export ban may remain in place longer than initially assumed. The base metals were also supported by a slew of strong US economic reports released during the month, including a drop in weekly jobless claims to its lowest level in seven years.

In many commodities, the high supply growth rate seen during 2013 has started to decelerate however, according to Macquarie, 2014 is set to be the second consecutive year of 100 million tonnes plus export growth for iron ore. Our conviction around producers of the commodity has always acknowledged the potential for price downside, but disagrees with consensus on the extent of that downside. On the back of this consensus, the market has depressed the iron ore price 16% since the beginning of the year. This period of price transition is not only due to increasing supply of material, most notably from Australia and Brazil, but is also heavily influenced by changes in the Chinese economy and seasonally weaker demand as we enter the northern hemisphere summer. Credit for iron ore trading has been tightening in China, whilst the number of new construction projects announced was lower than the market expected. If we continue to see iron ore prices at this level, we would expect some of the higher cost iron ore supply to fall away.

In the precious metals space, strikes by South African workers at several of the world's largest platinum producers rumbled on and platinum and palladium both delivered positive performance with the prices rising +2.8% and +4.1% respectively. Gold and silver declined -3.8% and -1.5% during the month. Vedanta, the global diversified miner, was the strongest contributor to performance during the month. Sentiment towards the company, which is the largest mining and non-ferrous metals company in India, turned positive after it was announced that the Bharatiya Janata Party led by Narendra Modi triumphed in India's general election. The investment climate is expected to improve under the BJP led government and could provide significant upside across the metals and mining sector.

The Fund's copper exposure performed well and names such as Freeport McMoRan, First Quantum and Lundin Mining were among the largest contributors to relative performance during the month. Freeport has seemingly moved closer to a resolution regarding smelting in Indonesia and during the month the media reported the company's apparent commitment of $115 million to build in-country refining facilities.

Much of the Fund's weakness stemmed from its iron ore exposure with holdings in Fortescue, Kumba Iron Ore, African Minerals and London Mining among the greatest detractors from relative performance.

TRANSACTIONS AND PORTFOLIO ACTIVITY

During the month we rotated our copper exposure, taking profits from some who have had strong performance year to date and building positions in the mid-tier copper producers where we see value in the current environment.

MARKET OUTLOOK

The mining sector has significantly lagged the general equity market in recent years. However, a number of the downside risks for this sector have reduced (albeit not disappeared). The industry has made good progress in refocusing its strategy: operating costs have been aggressively targeted and investment in projects reassessed. Many commodities are trading close to or below their marginal cost of production, implying that price downside should be limited, in the absence of a collapse in demand. We see 2014 as a year of transition, some of which has begun to materialise with the large cap diversified miners exceeding analyst earnings expectations in 1Q.

The market has been focussed on liquidity concerns and increasing volatility in China, however, we think it important to highlight the supportive backdrop of synchronous global growth, which in the past has bolstered commodity prices. Mining companies are trading on an undemanding valuation and an attractive dividend yield. With capital expenditure rolling off, management are guiding investors towards rising free cash flows.

FIXED INCOME REVIEW & OUTLOOK

US Treasuries ("UST") continue to rally in May, as the revised 1Q2014 Real GDP was even weaker than previous releases, nudging down by -1% annualized YoY (4Q2013: +2.6% YoY). At close, the 2-, 5-, 10- and 30-year UST were traded at 0.38% (April: 0.41%), 1.54% (1.68%), 2.48% (2.65%) and 3.33% (3.46%) respectively.

The hawkish tone from Bank Negara's Monetary Policy Committee ("MPC") meeting, as well as strong 1Q2014 GDP growth has caused the Malaysia Government Securities ("MGS") yield curve to underperform on the short end. The curve inched up by 10bps on the short end while tightened by 1 – 6bps on the long end, exhibiting a bearish flattening trend in May. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.48% (April: 3.38%), 3.72% (3.62%), 3.94% (3.94%), 4.03% (4.08%), 4.36% (4.42%), 4.59% (4.60%) and 4.89% (4.89%) respectively.

In the US, 1Q2014 GDP was revised down on weaker inventories, the first quarterly contraction since 2011. However, the recent housing data should alleviate Fed's concern, while labor market, consumption and durable goods numbers point to a rebound in 2Q2014. We do not expect the weather-related softness in 1Q2014 to translate to a one-to-one increase in growth for the rest of the year. This somewhat slower growth profile does not change our view on the Fed, we still expect the interest rate to normalize in 2H2015. The labor market continues to strengthen more quickly than Fed's forecast, and after the most recent inflation reports, the headline PCE price index is up 1.6% YoY, while core is up 1.4%, very close to the Fed's year-end forecast of 1.5% YoY. Finally, Fed Presidents Dudley and Williams have both recently indicated that the Fed might not stop re-investing its portfolio run-off after the first rate increase.

The European Central Bank ("ECB") meeting in early June along with coming US payroll data should remain as the markets' main focus. While we expect the ECB to cut rates and announce a new lending scheme, we do not expect a large-scale asset purchases at this juncture. Separately, we now expect the Bank of Japan ("BoJ") to remain on the sidelines for the rest of 2014, unless output gap widens again.

Back home in Malaysia, following the MPC meeting on 8th May, markets have increasingly raised their expectation that the next policy move is just around the corner. While markets are digesting this new set of information, we argue that the rate hike expectation is yet to be fully priced in. Previous study shows that bulk of the adjustment usually takes place a month prior to the rate hike. As such we expect a near term bear flattening trend with an upward pressure on the front end of the curve depending on the subsequent inflation expectations and build up in financial imbalances. Subsequently, yield curve should bear steepen in the long term to reflect higher inflation and underlying interest rate risk. Overall, we still favor neutral duration with overweight in PDS over MGS/GII for better yield pick-up.