RHB OSK
RHB Asset Management

FUND FACTSHEET – AUGUST 2014

All data expressed as at 31 July 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:

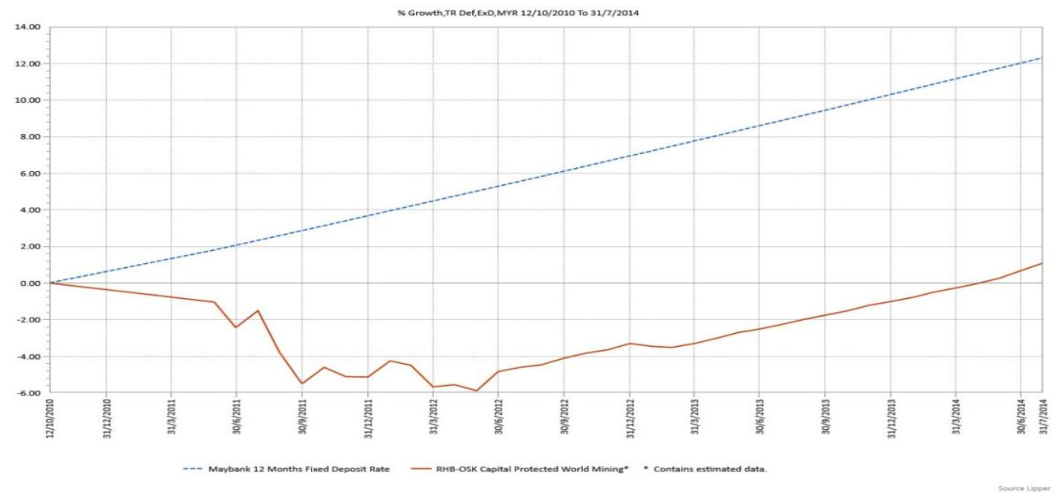
- have a low risk tolerance;
- seek capital protection;
- seek potential returns from the exposure to the hard commodities sector; and
- have a medium term horizon.

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	**0.42**	**1.12**	**1.88**	**2.12**
Benchmark	0.27	0.79	1.56	1.83

	1 Year	3 Years	Since Launch
Fund	**3.44**	**2.64**	**1.09**
Benchmark	3.15	9.75	12.31

Calendar Year Performance (%)*

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

**Source: Lipper IM*

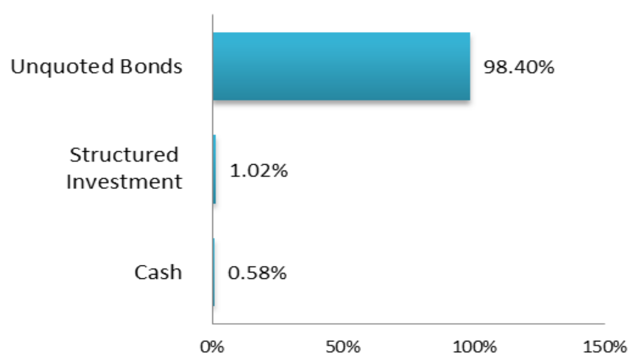
FUND DETAILS

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	RM1.0109
Fund Size (million)	RM15.02
Units In Circulation (million)	14.86
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 (%)*

OCBC BANK(M)BHD ZNID-CPWORLD MINING	20.14
AMBANK (M) BHD ZNID-CP WORLD MINING	20.14
HLEONG BANK BHD ZNID-CPWORLD MINING	19.81
CIMB BANK BHD ZNID-CP WORLD MINING	19.16
UOB (M) BHD ZNID-CP WORLD MINING	19.16

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0109	1.0109	1.0109
Low	1.0067	0.9773	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.)

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MANAGER'S COMMENTS

MARKET & PORTFOLIO PERFORMANCE

The BGF World Mining Fund returned +5.9% during July, outperforming its benchmark, the Euromoney Global Mining Index, which returned +4.7%.

Base metals were buoyant during the month, whilst precious metals lagged. Chinese government stimulus and Chinese Manufacturing PMI strengthening to an 18-month high (as measured by the HSBC China Manufacturing PMI) helped drive performance of the base metals. The star performers were zinc and aluminium, which rose +7.4% and +6.6% respectively. Both metals continued to see meaningful inventory erosion, with aluminium experiencing the largest inventory declines since mid-1995. The outlook for zinc prices looks positive as future supply appears set to be challenged by a number of mine closures over the coming years. Additionally, the International Lead and Zinc Study Group have reported that the zinc market was in a 200kt deficit over the opening five months of the year.

Performance of the precious metals was weaker with gold, silver and platinum prices declining -2.3%, -0.9% and -0.5% respectively. Gold experienced some moderate 'safe haven' interest, on the back of increasing geo-political tension in the Israel-Gaza Strip conflict and the civilian plane tragedy in Ukraine. However, this was outweighed by robust US economic data, strong US dollar performance and the peak of the 'summer lull' for gold trading. The Fund's underweight to Barrick buoyed relative performance as the company's share price retreated on the back of the gold price weakness.

The iron ore price, which waned over the first half of the year owing to a surge in supply, recovered slightly in July, rising +1.9%, helped by early signs of a restocking cycle by steel mills. Our off-benchmark position in Fortescue was the top contributor to relative returns. The stock performed well over the month, supported by the stability in the iron ore price and the company's announcement of strong second quarter production results. The company reported that successful ramp-up of its Kings Valley project delivered the targeted 155mt annualised run rate in the second quarter and a record 160mt annualised shipping rate in June.

Not holding diversified miner Anglo American weighed on relative performance however. The company's announced strong diamond sales and updated investors on the company's plans to divest a number of its assets, including the Rustenburg and Union platinum mines, which was well received by the market.

Lastly, our overweight position in Hudbay Minerals was among the top contributors to relative returns. During the month, the company announced a positive update on its 100%-owned Constancia copper project in Peru. The company guided investors towards first production commencing at the project in late 2014 and commercial production starting in the second quarter of 2015.

TRANSACTIONS & PORTFOLIO ACTIVITY

We added to our base metals exposure during July. We also rotated our diamond exposure, selling out of a UK-based diamond miner and participating in a capital raising for Petra Diamonds.

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 the first half of the year.

The market has been focussed on liquidity concerns and increasing volatility in China, however, it is 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.

MALAYSIA BOND OUTLOOK

The rebound in 2Q2014 US GDP supports our view that the 1Q2014 weakness was temporary. We expect the economy to grow at an above trend through 2015. Economic fundamentals have improved, fiscal drag is fading, and financial conditions are providing a significant tailwind to growth. Inflation is likely to remain quiet, despite some higher readings earlier this year. The Fed is in the process of revising its exit principles, but we do not expect the Fed to hike rates until 2H2015.

On the European front, we are not making any changes to outlook for ECB monetary policy and continue to expect that the persistence of low and below target inflation, with a fragile recovery, will lead the ECB to launch a large-scale asset purchase programme by end of this year. Meanwhile, in Japan, there appears to be more to sluggishness in consumer spending that just payback to frontloaded demand ahead of the consumption tax hike in April. Also, Prime Minister Abe is expected to make a final decision in early December 2014 on whether to implement another consumption tax hike in October 2015, although there seems to be no consensus on this issue now. For now, we continue to expect the BoJ to ease monetary policy further in late October 2014

Back home in Malaysia, inflation and Ringgit volatility will continue to shape market direction. The recent strengthening of Ringgit could see more foreign buying into the MGS market as rates move higher. However, we expect Ringgit volatility to be more pronounced given growth and financial market uncertainties globally. Also, prospect of inflation depending on further subsidy rationalization plan, could add pressure to the front end of the curve.

All in all, we still see BNM to keep rates steady at 3.25% throughout the year baring any negative surprise in financial imbalances. On this note, we expect the govvy yield curve to remain flat.