RHB ◆ OSK
RHB Asset Management

FUND FACTSHEET – JUNE 2014

All data expressed as at 30 May 2014 unless otherwise stated

3-year Fund Volatility 5.8 low Lipper Analytics 15 MAY 2014

RHB-OSK CAPITAL PROTECTED ASIA GAMING & HOSPITALITY FUND (formerly known as OSK-UOB CAPITAL PROTECTED ASIA GAMING & HOSPITALITY FUND)

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

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

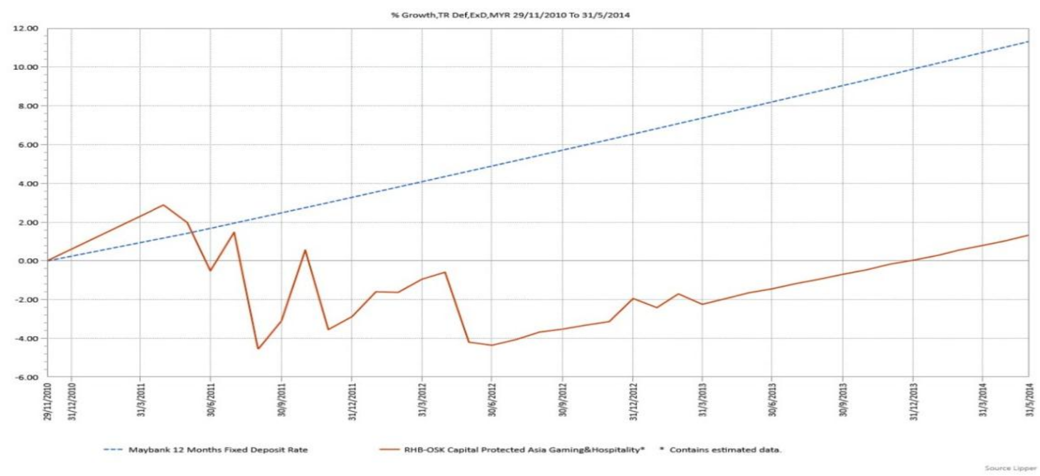
- have a low risk tolerance;
- seek capital protection;
- share our view on the growth potential of the Asian gaming and hospitality sector during the run up to the world economic recovery;
- have a medium term horizon; and
- seek regular income.

INVESTMENT STRATEGY

- 87% - 90% 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 3% of NAV: Investments in liquid assets.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**0.30**	**0.78**	**1.51**	**1.30**
Benchmark	0.27	0.79	1.57	1.30

	1 Year	3 Years	Since Launch
Fund	**3.03**	**-0.62**	**1.34**
Benchmark	3.15	9.75	11.32

Calendar Year Performance (%)*

	2013	2012	2011
Fund	**2.02**	**0.96**	**0.36**
Benchmark	3.15	3.15	3.05

Source: Lipper IM

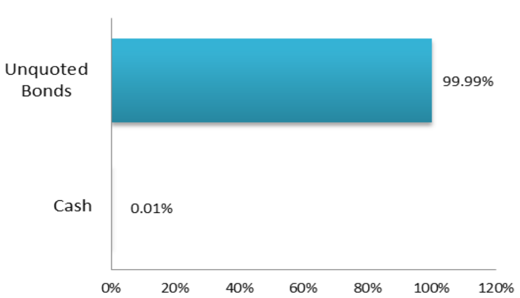
FUND DETAILS

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	05 October 2010
Maturity Date	28 November 2014
Unit NAV	RM1.0134
Fund Size (million)	RM28.88
Units In Circulation (million)	28.50
Financial Year End	30 November
MER (as at 30 Nov 2013)	0.50%
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 years 0.75% ≥ 2 years < 3 years 0.50% ≥ 3 years till Maturity Nil
Annual Management Fee	Up to 0.50% p.a. of NAV*
Annual Trustee Fee	Nil
Switching Fee	Not available
Distribution Policy	Annually, if any

**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-CP GAME	20.08
AMBANK (M) BHD ZNID-CP GAME	20.07
UOB (M) BHD ZNID-CP GAME	20.07
CIMB BANK BHD ZNID-CP GAME	20.04
HONG LEONG BANK BHD ZNID-CP GAME	19.73

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0134	1.0134	1.0340
Low	1.0103	0.9836	0.9530

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

May generated MOP32.4bn gaming revenue, up 9% yoy or 3% mom. VIP luck factor was 3.10% for May (vs. historical average of 3.15% and 3.11% from May 13). Adjusted for luck, headline revenue grew ~10.5% yoy, based on our estimate. By segment, VIP revenue dropped 2% yoy and mass revenue rose by a robust 36% yoy. VIP junket chips volume (not affected by luck) was down by 1% yoy. We believe the slowing VIP growth rate is related to tighter junket liquidity and impact from China property market. On a profitability basis, J.P. Morgan Macau Profitability Index rose 20% yoy before and after luck adjustment. Year-to-May revenue has grown by 16% yoy (VIP 7% yoy, mass & slot 34% yoy), in line with current consensus estimates. However, we see downside risks for GGR and earnings revisions.

Wynn Macau reported first-quarter profit that beat analyst estimates as billionaire Steve Wynn's casino drew more premium mass-market customers in the world's largest gambling hub. Adjusted property earnings before interest, taxes, depreciation and amortization, or Ebitda, rose 16 percent from a year earlier to $384.3 million. Wynn Macau, which is building the $4 billion Wynn Palace resort to add to its sole casino in the city, has been reallocating gambling tables to serve the so-called premium mass gamblers who bet in cash.

SJM reported its 1Q14 operating figures, with reported revenue and adjusted EBITDA at HK$ 22.9bn (-4% QoQ/ +5% YoY) and HK$ 2.2bn (-7% QoQ/ +3% YoY), respectively, which is in line with expectations. EBITDA was dented by a lower VIP hold rate of 2.6% at Grand Lisboa in 1Q14 (1Q13: 3.2%) alongside disruption to operations from property upgrades at Casino Grand Lisboa. Recognia has detected a "Descending Continuation Triangle" chart pattern formed on SJM Holdings Ltd (880 on HKG). SJM Holdings Ltd has fallen 22 percent this year, compared with the 4.1 percent decline in the city's Hang Seng Index. SJM has also lost its No.1 market share position in Macau to Sands China during the quarter.

Sands and Galaxy accounted for $1.35 billion, or 67%, of the $2 billion overall revenue added in 1Q. Sands China (1928) shareholder Waddell & Reed said it has sold its entire stake in the Macau casino operator for US$1.38 billion (HK$10.76 billion). Japan's Diet may delay consideration of a proposal to legalize casinos until its fall session because other bills have a higher priority, Takashi Kiso,,CEO of Japan-based International Casino Institute, said at the Macau Global Gaming Expo. Macau government is mulling further tightening the rules regarding the period of stay for mainland visitors holding passports for entry. BOA Merrill Lynch predicted that this move will affect Macau's gaming revenue by 3%-5%. Sands China Ltd chief executive Edward Tracy expects Macau to have enough demand to keep all the forthcoming gaming industry capacity busy. Sands China to invest $8bn in Asia resorts.

Genting Singapore Plc posted their biggest jump in three months after Southeast Asia's largest casino operator by market value reported first-quarter profit almost doubled. Genting climbed 2.7 percent to S$1.345 in Singapore, the biggest one-day gain since Feb 7. Genting's Resorts World Sentosa boosted its share of Singapore's VIP gaming 11 percentages points yoy in 1Q to a record 59%. Genting Bhd has said the group's 51.9%-owned Genting Singapore Plc will partner unnamed "Japanese institutions" to bid for an integrated casino resort in Japan.

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.

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