

RHB-OSK EMERGING MARKETS BOND FUND

The Fund aims to provide investors with income and potential capital appreciation by investing in one target fund, i.e. the United Emerging Markets Bond Fund.

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

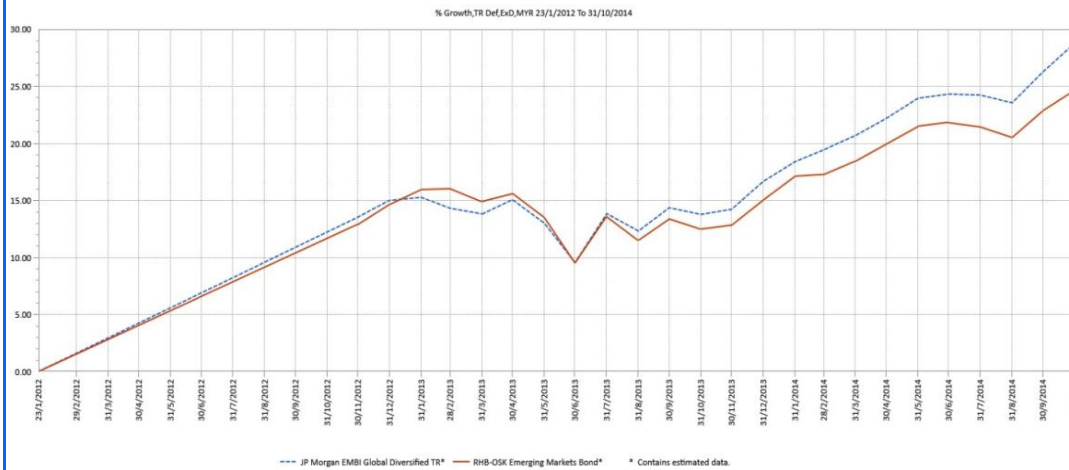
- seek income and potential capital appreciation over the longer term;
- have medium to high risk appetite; and
- seek returns in emerging markets debt investments and products.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the units of United Emerging Markets Bond 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	1.46	2.65	3.95	8.40
Benchmark	1.98	3.65	5.38	10.33

	1 Year	Since Launch
Fund	10.86	24.69
Benchmark	13.14	28.77

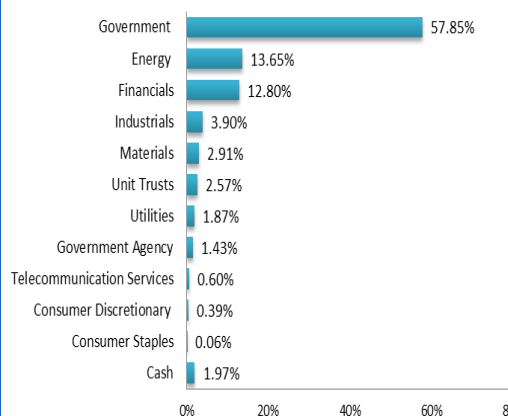
Calendar Year Performance (%)*

	2013
Fund	0.31
Benchmark	1.84

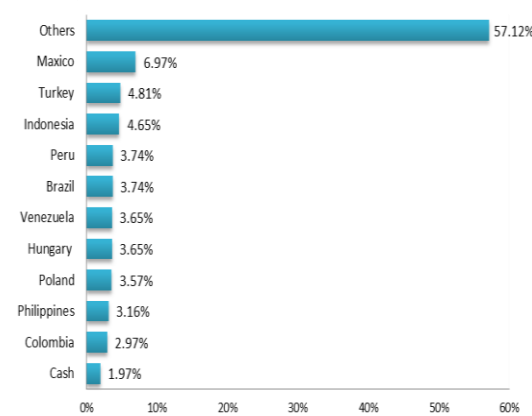
*Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

REPUBLIC OF POLAND 6.375% 15/07/2019	2.13
UOB UNITED RENMINBI BOND FUND (SGD)	1.32
REPUBLIC OF PHILIPPINES 5.5% 30/03/2026	1.28
UNITED EMERGING MKT LC BD FD-SGD ACC	1.25
PETRONAS CAPITAL LTD 5.25% 12/08/2019	1.23

*As percentage of NAV

*Exposure in United Emerging Markets Bond Fund - 98.01%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5481	0.5481	0.5499
Low	0.5356	0.5010	0.4959

Source: Lipper IM

Historical Distributions (Last 4 Quarters) (Net)

	Distribution (sen)	Yield (%)
26 Aug 2014	0.6800	1.27
28 May 2014	0.2400	0.44
26 Feb 2014	0.1300	0.25
27 Nov 2013	0.3400	0.67

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

US Treasury interest rates (to which emerging markets (EM) fixed income is priced off) fluctuated amid a confluence of disappointing developments mid-month: renewed European sovereign concerns, fears regarding Ebola and softer than expected US and Chinese economic numbers. After trading as wide as 2.48% and as tight as 2.14% mid-month the 10-year US Treasury rate ended the month 15 basis points (bps) tighter³ from the prior month.

Crude oil tumbled 12% in October after the International Energy Agency lowered the forecast for the demand of oil by 22%⁴ and Saudi Arabia maintained crude production levels. Studies have shown that a 10% decline in oil prices translates into a 0.20% increase in global GDP⁵. Oil-exporting countries such as Venezuela and Russia will likely see lower economic activity if oil does not recover. Overall, Asian countries who by-and-large are oil importers will see lower import bills if prices remain at current levels.

After a mid-month risk-off environment, EM bonds and USD momentum gained steam. The extra yield investors demand to own EM sovereign bonds over US Treasuries (EMBIG spread) firmed modestly by 3 bps, with Asian bond markets offsetting modestly weaker prices across Latin America. Tighter EM spreads, stronger US Treasuries and a more valuable US Dollar propelled EM assets higher. The Fund returned 2.04%¹ (benchmark: 2.52%²) for the month.

POSITIONING

In Latin America, we remain particularly optimistic about Mexico with the economic environment benefiting from improving US growth. We are less sanguine about Venezuela's prospects which face economic mis-management and we therefore anticipate lowering our exposure in the near future. We remain broadly neutral on Brazil as the economic policy direction of the re-elected president Dilma Rousseff is uncertain. Within Brazil, we are overweight on Brazilian corporates as we believe that the re-elected President's victory had been factored into bond prices and wide Brazilian spreads compensate for weaker fundamentals.

In Eastern Europe, Middle East, and Africa (EEMEA), we are more cautious on geopolitical tensions and Russian sanctions. We reduced positions in Ukraine amid a rally in the country's bonds and maintained our underweight on Russia on a weakening economy. In Asia, we remain underweight on the Philippines on tight spreads. We have taken some profit on Indonesian bonds as the incoming President Jokowi may find parts of his reform agenda stymied by a fractured parliament which is dominated by Mr Sobiarto, his challenger in the most recent poll.

STRATEGY

We are generally constructive on EM debt as US interest rates remain at low levels (EM debt is priced off US interest rates) and the US recovery has not yet regained full momentum. In addition, there is potential for further quantitative easing (QE) in Europe, continued stimulus measures in China and EM countries' improved current accounts. Further, continued inflows from institutional investors who are underweight on EM will likely continue to provide support for the asset class. Together, the above should allow for improving momentum into year-end.

We view EM valuations as attractive, especially within the fixed income space. The interest rate on EM HY credits (as measured by the EMBIG Diversified High Yield Index) is 7.2%⁶, close to 98 basis points higher compared to the interest rate on US High Yield credits (as measured by the JPM Domestic High Yield Index)⁷. EM also compares favourably to US high grade credits. The EMBIG yield (as measured by the JPM Emerging Markets Bond Index Global Diversified Index) of 5.2% is 150 bps wider⁸ than the US Domestic High Grade Index yield (as measured by the JPM US Liquid Index "JULI"), which is about 10% wider (cheaper) than the five year average⁹ of the yield difference.

DISCLAIMER:

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 15 March 2014 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 management risk, lack of market economy risk of UEM Bond Fund, suitability standards and foreign investment risks such as currency risk and country risk and the specific risks of the target fund are market risk, debt securities risk, emerging markets risk, political and economic risks, repatriation of capital, dividends, interest and other income risks, regulatory risk, nature of investments and market risks, lack of market economy, derivatives risk, synthetic product risk, illiquidity of investments, broker risk, settlement risk, custody risk, counterparty risk, possible business failures, accounting practice, quality of information, legal risk, taxation, foreign exchange and currency risks, the banking system, risks of mis-management by debt issuers, actions of institutional investors, risk of use of rating agencies and other third parties and exceptional market conditions 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.