RHB Asset Management

# FUND FACTSHEET – SEPTEMBER 2014

All data expressed as at 31 August 2014 unless otherwise stated

3-year Fund Volatility 14.8 very high Lipper Analytics 15 AUGUST 2014

## RHB-OSK ENERGY FUND (formerly known as OSK-UOB ENERGY FUND)

The Fund aims to achieve long term capital appreciation through an investment that is linked to the global energy sector.

### INVESTMENT STRATEGY

- 90% to 100% of NAV: Investments in Malaysian bonds, money market instruments, cash and deposits with financial institutions.
- Up to 10% of NAV: As capital payment for exposure to a derivative instrument in the form of a swap agreement that will provide the Fund with exposure to the global energy sector. With this capital payment, the Fund can have a notional amount of up to 100% of its NAV exposed to the Underlying which are linked to the global energy sector.

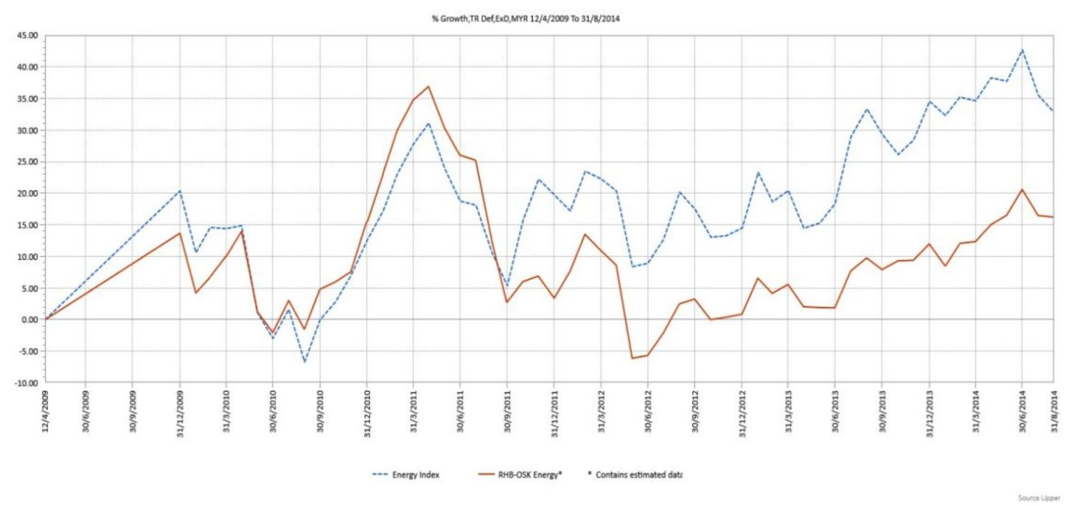
### INVESTOR PROFILE

**This Fund Is Suitable For Investors Who:**

- seek investment opportunities in the global energy sector;
- seek capital growth;
- have a long term investment horizon; and
- have an appetite for risk to gain higher returns.

### FUND PERFORMANCE ANALYSIS

**Performance Chart Since Launch***




**Cumulative Performance (%)***

| | 1 Month | 3 Months | 6 Months | YTD |
|---|---|---|---|---|
| **Fund** | **-0.23** | **-0.27** | **3.69** | **3.74** |
| Benchmark | -2.01 | -3.61 | -1.79 | -1.32 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|---|---|---|---|---|
| **Fund** | **5.83** | **3.03** | **6.49** | **16.16** |
| Benchmark | -0.43 | 20.00 | 17.67 | 32.78 |

**Calendar Year Performance (%)***

| | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| **Fund** | **11.02** | **-2.40** | **-10.52** | **1.56** |
| Benchmark | 17.49 | -4.35 | 6.75 | -6.82 |

**Source: Lipper IM*

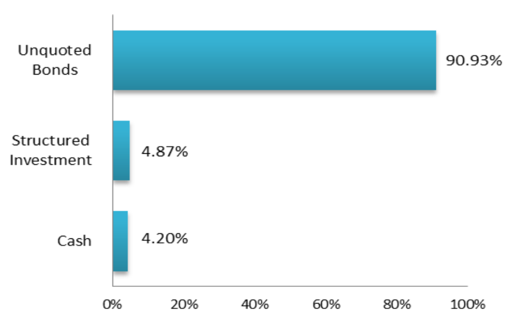
### FUND DETAILS

| | |
|---|---|
| **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 |
| **Fund Type** | Growth Fund |
| **Launch Date** | 23 March 2009 |
| **Unit NAV** | RM0.4828 |
| **Fund Size (million)** | RM51.29 |
| **Units In Circulation (million)** | 106.24 |
| **Financial Year End** | 31 March |
| **MER (as at 31 Mar 2014)** | 1.58% |
| **Min. Initial Investment** | RM1,000.00 |
| **Min. Additional Investment** | RM100.00 |
| **Benchmark** | 60% S&P GSCI Energy Official Close Excess Return Index (RM) + 40% MSCI World Energy Index (RM) |
| **Sales Charge** | Up to 5.00% of investment amount |
| **Redemption Charge** | None |
| **Annual Management Fee** | 1.50% 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***




**Top Holdings (%)***

| | |
|---|---|
| EXPORT-IMPORT BK KOREA-4.5%(1/7/15) | 13.74 |
| UOB (M) BHD-4.88% (27/3/2020) | 13.73 |
| SABAH DEVELOPMENT BK-4.45%(10/2/16) | 9.76 |
| PROMINIC BHD-5.05%(05/05/2061) | 6.88 |
| HONG LEONG BANK BHD-4.85% (10/8/20) | 6.87 |

**As percentage of NAV*

### FUND STATISTICS

**Historical NAV (RM)**

| | 1 Month | 12 Months | Since Launch |
|---|---|---|---|
| High | 0.4838 | 0.5054 | 0.6014 |
| Low | 0.4751 | 0.4433 | 0.3726 |

*Source: Lipper IM*

**Historical Distributions (Last 5 Years) (Net)**

| | Distribution (sen) | Yield (%) |
|---|---|---|
| 31 Mar 2014 | - | - |
| 31 Mar 2013 | - | - |
| 31 Mar 2012 | - | - |
| 31 Mar 2011 | 4.7357 | 9.43 |
| 31 Mar 2010 | - | - |

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

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## MANAGER'S COMMENTS

**MARKET REVIEW**

Brent crude oil prices started the month at $106.2/bbl and ended lower at $103.19/bbl. Moreover, WTI started the month at $98.17/bbl before ending lower at $95.96bbl. Oil prices volatility remained high but renewed geopolitical tensions in the Middle East and in Eastern Europe failed to impact positively prices.

In fact, the continued decline in Brent crude prices confirmed the rather fundamentals which are prevailing for the time being in the Oil market. Following three and a half years of steady stock draws across OECD ex-US storage facilities, inventory trends seem to have reversed. The most recent International Energy Agency (IEA) data continued to show that inventories in OECD ex-US remained relatively high, likely the result of sluggish demand in Europe and Asia. Meanwhile, inventories of crude oil across the United States have normalized to last year's levels and are no longer vastly outpacing seasonal averages. Therefore, the term structure of the Brent crude oil market has collapsed in a way not seen since 2008. In just a matter of weeks, the Brent market has moved from a healthy level of backwardation to what is now a very steep contango in front-month future contracts. Meanwhile, long-dated prices have continued to run higher across the board from a low point of $87/bbl in January to $99/bbl in the last trading sessions, encouraged by increased consumer buying and limited producer hedging. Moreover, in the US, with seasonal Midwest crude production ramps up and some refiners in the Gulf shut down for maintenance, WTI term structure has been even more impacted and this has been translated into a steeper contango. However, WTI spread to Brent contracted slightly from 7.85USD the previous month to 7.23USD. With the end of the driving season coming, we can expect higher Brent-WTI spread.For the medium-term, we see a long set of issue negatively impacting the domestic US benchmark. First, increased domestic US production coupled with the upcoming refinery turnaround season will result in a temporary oil market surplus in the Midwest. Second, major inventory draws at Cushing seem to have reversed already and, as last year's example shows, even a modest build of 8 million barrels can help drive a ~$20/bbl swing in prices. Third, Brent front month contracts have now moved into contango and some of this weakness in structure may feed into the Oklahoma grade. On the other hand, the recent condensate export licenses granted by the Department of Commerce are a positive first step to debottleneck the North American crude market. But as we exit the US driving season, we see renewed downward pressure on WTI crude oil prices. Moreover, we maintain a cautious bias on Brent due to a robust USD, fast non-OPEC supply growth, and a muted EM demand picture.

In conclusion, we think that Brent is likely to face some downside risks in heading into Q4 2014 on returning supply and weaker crude demand. Moreover, the earlier than expected QE tapering by the FED and its direct effect on continued pressure on EM Currencies and yields could keep energy prices in local currencies in major EM exceedingly high, putting downward pressure on demand growth which will already be impacted by slower GDP growth. Therefore, we can't rule out that Brent prices will revisit the $100 per barrel level by the end of 2014. In the US, the WTI could face additional downward pressures from potential transportation, storage, and refining bottlenecks. With US domestic production ramps up seasonally in the second half of the year and some refiners in the GOM shut down for maintenance in Q3, WTI could move back into contango, pushing prices downward. Therefore, we still see a risk of $80/bbl or lower for the Oklahoma grade at some point over the next 12-24 months on the back of potential midstream and downstream bottlenecks.

**DISCLAIMER:**

Based on the fund's portfolio returns as at 15 August 2014, the Volatility Factor (VF) for this fund is 14.8 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are above 13.0 (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 assigned 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 30 June 2014 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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 credit/default risk, interest rate risk, counterparty credit risk associated with derivatives, derivatives risk, legal/ regulatory risk, sector risk, currency risk, management risk, risk linked to the MSCI World Energy Index, returns are not guaranteed and risks relating to JPMCCI Energy Excess Return Index and the Contag Indices. 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.

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