FUND FACTSHEET – OCTOBER 2014

All data expressed as at 30 September 2014 unless otherwise stated

RHB-OSK FLEXIFUND EQUITY CHINA "A"

The Fund is to invest in the target fund which aims to provide its investors with the highest possible value for the capital invested at the same time as offering them a broad spread of risks by investing primarily in shares or partnership shares in the capital of companies based in the People's Republic of China, or in divisions of shares, fully or partially paid up, in registered or bearer form, issued by such companies.

INVESTMENT STRATEGY

• At least 90% of NAV: Investments in the EURO denominated, Class I shares of the FLEXIFUND Equity China "A".
• Up to 10% of NAV: Investments in liquid assets comprising money market instruments, cash and deposits with financial institutions.

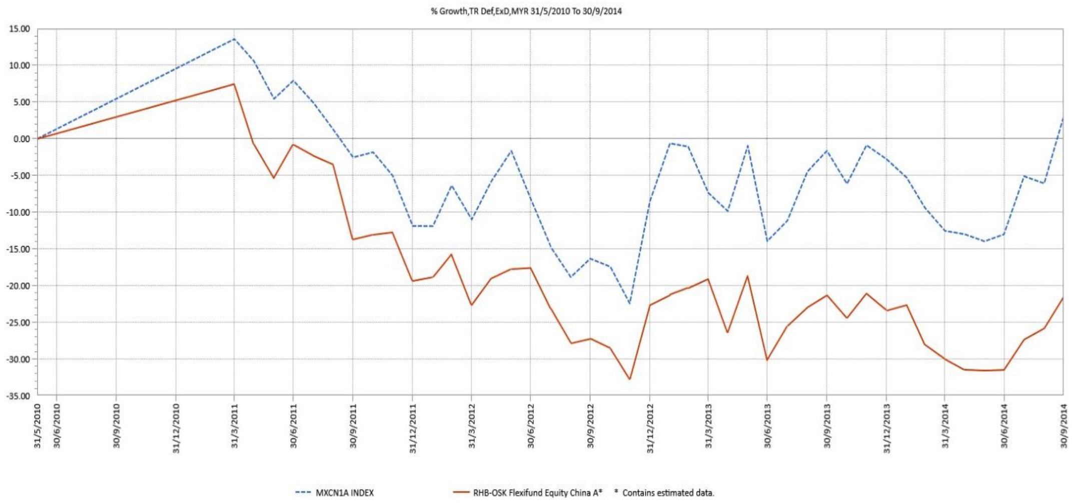
INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

• are "Qualified Investors" as defined in the Information Memorandum.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**5.80**	**14.53**	**12.10**	**2.42**
Benchmark	9.63	18.37	17.73	5.94

	1 Year	3 Years	Since Launch
Fund	**-0.25**	**-9.06**	**-21.52**
Benchmark	4.71	5.67	3.00

Calendar Year Performance (%)*

	2013	2012	2011
Fund	**-0.94**	**-4.04**	**-25.25**
Benchmark	6.24	3.83	-19.78

**Source: Lipper IM*

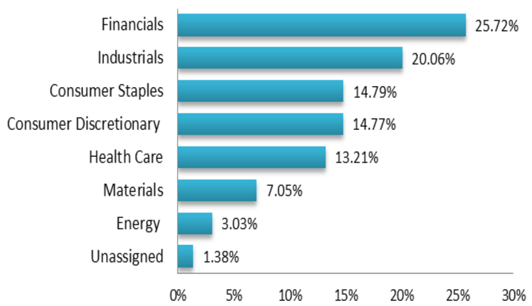
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Wholesale- Feeder Fund (Equity)
Fund Type	Growth Fund
Launch Date	11 May 2010
Unit NAV	RM0.7848
Fund Size (million)	RM5.29
Units In Circulation (million)	6.75
Financial Year End	31 May
MER (as at 31 May 2014)	0.68%
Min. Initial Investment	RM50,000.00
Min. Additional Investment	RM50,000.00
Benchmark	MSCI China "A" Net Return Index (RM)
Sales Charge	Up to 5.00% of investment amount
Redemption Charge	None
Annual Management Fee	0.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% p.a. of NAV
Switching Fee	None
Redemption Period	Maybe from 1week - 6mths or longer if approval from the Chinese authorities for the realisation of FECA investments are not obtained.
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 (%)*

PING AN INSURANCE	4.27
CHINA NATIONAL MED	4.07
IND BANK CO LTD	3.67
CHINA VANKE CO	3.65
CITIC SECURITIES	3.37

**As percentage of NAV*
**Source: BNP Paribas Investment Partners, 30 September 2014. Exposure in Flexifund Equity China A Fund - 98.18%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7850	0.8096	1.1941
Low	0.7418	0.6633	0.6633

Source: Lipper IM

Historical Distributions (Last 3 Years) (Net)

	Distribution (sen)	Yield (%)
31 May 2014	-	-
31 May 2013	-	-
31 May 2012	-	-

Source: RHB Asset Management Sdn. Bhd.

RHB OSK
RHB Asset Management

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3-year Fund Volatility 20.5 very high Lipper Analytics 15 SEPTEMBER 2014

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MANAGER'S COMMENTS

MARKET REVIEW

MSCI China A rose strongly in September, by 5.61% in CNY terms. Small caps outperformed large caps as the CSI 500 Index rose by 12.01%. However, there was a clear divergence between onshore and offshore shares, as the MSCI China dropped 6.76%, in USD terms. Hence, A-shares outperformed their offshore counterparts by 13.42%, in USD terms. This divergence is mainly due to the anticipation of the Shanghai-Hong Kong Stock Connect, where as a result, we have seen dual-listed companies as well as large caps such as financials, benefiting the most. The Chinese currency appreciated by 0.13% over the month, finishing at 6.1394/USD.

The CNY appreciated even more against the euro, as EUR greatly depreciated over the month. Following the weakness observed over August, macroeconomic data is showing signs of moderate recovery characterised by economic rebalancing and supported by a global cyclical pickup. The Chinese economy expanded 7.3% year-on-year (YoY) for Q3 2014, ahead of the consensus. The Markit PMI stayed unchanged at 50.2 in September (50.3 in August), as well as for the NBS PMI remaining at 51.1 (51.1 in August), which underlines that overall sentiment has been mixed in September, despite resilient external demand. In September, China's exports grew 15.3% YoY, and imports were up 7.0% YoY, figures decisively beating consensus estimates of +12% YoY and -2% YoY, respectively. The strength in imports resulted in a trade surplus of USD 30.9 bn, down from the USD 49.8 bn, as record in August. September industrial production (+8.0% YoY) improved following the weak August data (+6.9% YoY) and August retail sales growth rallied +11.9% (YoY), below consensus. Fixed investment growth slowed to 16.3% YoY, which represented the slowest pace of growth since 2001. August CPI inflation eased to +2.0% YoY, from +2.2% in July, while the producer price index (PPI) gives a deflationary signal as PPI fell 1.2% YoY in August, from -0.9% YoY in July.

Total social financing (TSF) in August recovered to RMB 957 bn, from RMB 273 bn in July, which was recorded as the lowest monthly data since November 2008. The creation of new loans totalled RMB 703 bn in August, much higher than July's figure of RMB 385 bn. As a result, August's M2 growth eased to +12.8% YoY, down from 13.5% YoY in July. The decrease in M2 can be partially explained by seasonality and the base effect. China's current account surplus recorded a significant gain in Q2 2014, at USD 73.4 bn from USD 7.0 bn in Q1 2014, which should encourage the authorities to take further steps to liberalise the capital account and internationalise the RMB. August fixed asset investment (FAI) growth decelerated from 15.6% to 13.8%, YoY in August. Given the continued and accelerated decline in property prices, the People's Bank of China (PBoC) and the China Banking Regulatory Commission (CBRC) jointly issued a statement to ease property mortgage measures for the fi rst time since 2008. This initiative should boost demand and overall market sentiment.

Meanwhile, reforms on SOE seem to increasingly be a top-level priority, given the serious need to reduce leverage and increase efficiency. October data highlights two key factors: 1) the upcoming fourth plenary session may release relevant reform policies which will notably influence the future market, 2) Shanghai Hong-Kong Stock Connect will positively affect the equity market in the short run by boosting market sentiment. Shanghai Hong-Kong Stock Connect has stepped into the final stages, given that the Shanghai Stock Exchange (SSE) released final trading rules. The government is likely to focus more on executing reform plans as opposed to launching stimuli after the Fourth Party Plenum. The PBoC planned to launch other short-term liquidity arrangementfor smaller banks in China, amounting to RMB 200 bn, as they have a high demand for liquidity. While news of reform goals arepositive, improvement doesn't take place overnight (and comes with high execution risks). The Chinese government revised the Budget Law to regulate local government debt. This revision is also useful to provide more transparency into spending at both local and central government levels.

Environmental protection continues to gain attention from Beijing. Premier Li Keqiang, reiterated that China needs to quickly develop and implement environmental protection and pollution prevention projects. There is talk that the new Budget Law will include policies for levying an environmental tax on industries.

FUND PERFORMANCE

Flexifund Equity China A underperformed its benchmark in September by 3.08%, gross of fees in EUR terms. The fund gained 7.15% whereas the index rose 10.23%. Stock selection negatively impacted the performance by 151bp while stock allocation detracted 60bp.

Stock selection in some consumer names detracted from performance, as the stocks did not benefit from investor inflows. Henan Shuang, a frozen food manufacturer, rose only 0.14%, whereas Sinomach Automobile, an auto manufacturer, rose 3.55%. We remain positive on the food manufacturing sector as we believe that valuation s are attractive and positioned towards the consumption rebalancing of the Chinese economy. The food industry is under a concentration phase and we believe leaders will outperform. For Sinomach, the company is the leader in imported automobiles and the leader for Volkswagen, Chrysler, Ford and Fiat.
Stock selection in financials also detracted as we have exposure to the Shanghai Development Bank and Industrial Bank, which are not the largest names to benefit from the rebound. Shanghai Development Bank rose 3.21% and Industrial Bank rose 3.32%. We remain neutral on banks and allocate towards names that have solid fundamentals. We prefer banks with innovative products and that are well positioned towards consumption.
Stock selection in consumer discretionary added to relative performance as Hisense Electric rose 22.21%. The TV and home appliance company will benefit from the Stock Connect, as well as its related company Hisense Kelon (which is dual listed).

PORTFOLIO ACTIVITY

In September, we bought Beijing SPC Environment Protection Tech Co. which is a service provider of desulfurization and denitration to thermal power plants. The company will benefit from environmental regulation as more stringent emission standards emerge in China.

We are slightly reducing our financials exposure as we do not see any catalysts in the short term. However, we increased in property, as we believe policy relaxation will support property sales volume.

OUTLOOK & POSITIONING

The economy grew by 7.3% YoY over the third quarter, which was better than consensus expected. We believe the economy is at its bottom and we should see a rebound for Q4 2014. On the last day of September, PBoC and CBRC jointly announced easing on mortgage lending restrictions for the first time since the global financial crisis. The central bank and the banking regulator also ur ged banks to take adequate steps to meet property developers' loan demand. We should see an increase in volume for first-time buyers and Chinese trying to upgrade their current property, it will further stabilize the real estate and economic recovery. The fourth Plenum will outline the focus and belief that more stimuli will be needed to maintain GDP growth. The PBoC is expected to maintain an accommodative-bias policy through targeted easing measures, and the government continues to reiterate that no significant easing will be adopted.

Recent trade data was quite positive, and we expect exports recovery to be gradual. Industrial output and retail sales data improved in September. The anti-corruption campaign is extended to officials' family members and this should continue to impact consumption data. However, we continue to expect that the middle-class income should be the ones driving the consumption growth, and hence future growth should be healthier, even if it is lower.

In the coming months, the China A-shares market could be supported by improved data as well as better sentiment after flows from international investors through the Hong Kong-Shanghai stock exchange connection. More retail accounts are being opened which should lift sentiment further, just like sectors such as the environment and health care, which are backed by government investment. Market valuations remain at historic lows and Chinese A-shares are now trading at 10.6 times the earnings recorded in 2014, which is around 43% below their five-year average.

We are positive in regards to health care, after reforms outlined by the government and favour drugs manufacturer allowed us to take profit on private hospitals. Recently, we overweight consumer staples and added positions, as they are likely to benefit from low valuations and stable earnings growth. We are closely monitoring the rebalancing of the economy towards consumption and believe that companies that are well positioned to gain from this can enjoy growth that should outpace that of the overall economy. We favour dairy and meat producers as we believe concentration should benefit the leaders in which we invested in. We slightly overweight industrials and favour exposure only to environmental names (electric car manufacturer). Within financials, we are overweight in real estate, in the anticipation that the coming reforms and economic rebound will support a re -rating of valuations. We reduced our allocation in banks and are now underweight, holding only well-managed national banks, with our favourite picks benefiting from credit card growth and SME exposure. We underweight information technology for valuation reasons. We remain underweight in the energy sector due to overcapacity issues. As for materials, we are underweight in the sector overall, but are becoming more neutral on industries that have a better outlook on the back of the government's push for consolidation. We rem ain selective, however, and prefer companies with sustainable margins.