RHB OSK
RHB Asset Management

FUND FACTSHEET – August 2014

All data expressed as at 31 July 2014 unless otherwise stated

3-year Fund Volatility 7.4 Low Lipper Analytics 15 JULY 2014

RHB-OSK FLEXIFUND MONEY MARKET RMB (formerly known as OSK-UOB FLEXIFUND MONEY MARKET RMB)

The objective of 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 in money market instruments, Chinese government bonds, both denominated in Chinese Renminbi (RMB) and cash.

INVESTMENT STRATEGY

- At least 90% of NAV: Investments in the EURO denominated, Class I shares of the FLEXIFUND Money Market RMB.
- Up to 10% of NAV: Investments in liquid assets comprising money market instruments, cash and deposits with financial institutions.

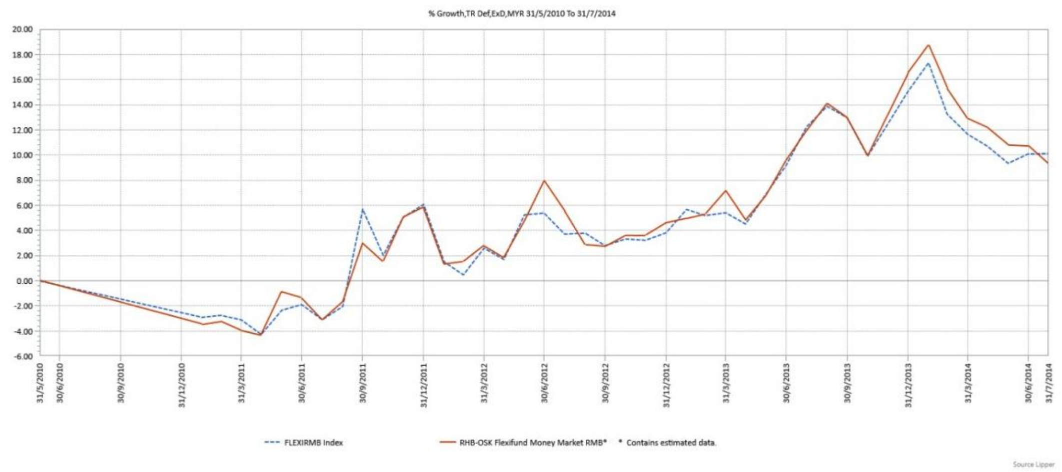
INVESTOR PROFILE

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	**-1.33**	**-2.59**	**-7.98**	**-6.23**
Benchmark	0.04	-0.51	-6.15	-4.29

	1 Year	3 Years	Since Launch
Fund	**-2.38**	**12.75**	**9.28**
Benchmark	-1.89	13.62	10.12

Calendar Year Performance (%)*

	2013	2012	2011
Fund	**11.41**	**-1.17**	**7.78**
Benchmark	10.81	-2.13	5.40

**Source: Lipper IM*

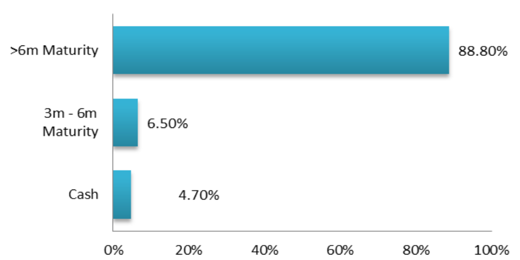
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn. Bhd.)
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Wholesale- Feeder Fund (Money Market)
Fund Type	Income Fund
Launch Date	11 May 2010
Unit NAV	RM1.0928
Fund Size (million)	RM0.74
Units In Circulation (million)	0.68
Financial Year End	31 May
MER (as at 31 May 2014)	0.95%
Min. Initial Investment	RM10,000.00
Min. Additional Investment	RM10,000.00
Benchmark	Official rate for demand deposits, as published by the People's Bank of China (RM)
Sales Charge	Up to 2.00% of investment amount
Redemption Charge	None
Annual Management Fee	0.50% p.a. of NAV*
Annual Trustee Fee	0.08% p.a. of NAV, subject to a minimum of RM18,000 p.a.*
Switching Fee	Up to 3% of redemption proceeds
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 (%)*

CGB 3.63 0415	88.83
HFT MONEY MKT	4.76
CGB 4.01 1014	1.74
CASH/OTHERS	4.67

**As percentage of NAV*

**Source: BNP Paribas Investment Partners, 31 July 2014. Exposure in Flexifund Short Term RMB - 95.74%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.1075	1.1875	1.1875
Low	1.0874	1.0874	0.9427

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. (formerly known as RHB Investment Management Sdn. Bhd.)

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3-year Fund Volatility 7.4 Low Lipper Analytics 15 JULY 2014

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MANAGER'S COMMENTS

MARKET REVIEW

The onshore Chinese yield curve made an upward parallel shift in July. Yields rose along the curve with an average gain in spreads of around 20-25bp for tenure above one year. However, money-market yields fell after a sharp rise in June. The seven-day repo rate yielded 4.12% at the end of July, down from 4.7% at the end of June. The People's Bank of China (PBoC) had been injecting liquidity into the market from the beginning of the month, but attempted to control this by halting the injection at the end of July. As a result, one-year and five-year Chinese government bonds are now yielding 3.740% and 3.9970%, respectively. The Shanghai Treasury Bond index had a solid performance, rising by 0.20% over the month, while the Shanghai Corporate Bond index rose 0.56% in local currency terms. The Chinese yuan (CNY) appreciated by 0.50%, closing at 6.17381/USD.

Another default was feared in the onshore bond market as Huatong Road & Bridge Group Co., based in the northern province of Shanxi, announced that it could fail to repay its principal (USD 64.5 million). However, as for some trusts products earlier this year, a bailout solution was found at the last minute. Analysts believe that the local government bailed them out bailout even if the government claimed corporate bonds had nothing to do with the government. We believe more defaults may happen in China, allowing a restructure of the financial system.

Overall, recent economic data confirms that China's recovery is gaining traction with investor sentiment improving significantly over the last 1-2 months. The manufacturing PMIs for July (both the Official/NBS and Markit) also came in stronger than expected. The NBS manufacturing PMI rose for the fifth consecutive month to 51.7 (51.0 in June), and showed a noticeable improvement in the performance of small-medium enterprises (SMEs), indicating that recent policy support for this sector is having a positive effect. Industrial production (up 9.2% YoY) and retail sales (up 12.4% YoY) modestly beat market expectations.

China recorded a trade surplus of USD 47.3 billion in July as exports surged by 14.5% YoY, more than double both the consensus estimate of 7.0% YoY and June's 7.2% YoY reading. However, the recovery remains fragile as July's imports dropped 1.6% YoY, missing expectations, and down from the 5.5% YoY recovery that we saw last month. Imports data together with the July Markit Services PMI reading of 50.0 (53.1 in June), reflected continued weak consumer and corporate confidence in China.

China's June credit expansion was stronger than expected, leading some to wonder if Beijing is reversing its disciplined monetary policy. China's M2 money supply expanded much more than anticipated at 14.7% YoY (vs. 13.4% in May), partly due to a low base effect. New loan creation came in at RMB 1.08 trillion in June, notably up on the RMB 871 billion seen in May. Total Social Financing (TSF) for June was RMB 1.97 trillion, also higher than market expectations, albeit less than the RMB 1.4 trillion at the same time on the previous year.

On the policy front, China's State Council released initial plans for Hu-kou reform that could result in an estimated 100 million rural Chinese migrating to cities. Since the average consumption of urban citizens is three times that of rural residents, this should bring significant economic benefits to the overall economy in the coming years. Beijing also released a series of initiatives for reforming state-owned enterprises (SOEs), and introduced a trial, hybrid corporate ownership structure. Other notable reform measures announced include relaxed capital requirement rules for banks and securities companies.

FUND PERFORMANCE

The fund increased in value by 2.44% gross of fees in EUR terms in July, compared to an increase of 2.55% for the cash benchmark. The valuation snapshot effect detracted 0.24% from relative performance in EUR terms, and actually triggered the underperformance. The money market yields decreased in July, after the solid rise end of June due to prelaunch of IPO.

In USD terms, the fund increased in value by 0.48% gross of fees, compared to an increase of 0.22% for the cash benchmark. The valuation snapshot effect added to relative performance by 0.25% in USD terms. This month most of the performance is coming from the money market yields decreasing strongly.

PORTFOLIO ACTIVITY

There was no change to the strategy. We are waiting for attractive opportunities to diversify further our exposure in terms of duration of bonds in the portfolio. Government bonds in the portfolio have a yield to maturity from 6.25% to 3.2%, for duration of less than 288 days. Exposure into money market instruments yields 4.5% for a short duration positioning.

OUTLOOK & POSITIONING

Chinese data improved in the second quarter. The economy grew by 7.5% YoY, slightly better than the consensus forecast of 7.4%. For the rest of the year, we believe that more stimuli will be needed to maintain GDP growth at this level. The PMI is now at 51.7, suggesting improved production and net exports. Industrial output continued to rebound, supported by increasing coal consumption. Accelerated fiscal spending and infrastructure investment boosted domestic demand, but the weak property market and slowing real estate investment remained a drag. CPI was relatively low at 2.3% YoY in July and is expected to remain low as food inflation is still subdued. Import data was weak at -1.6% YoY growth, after the rebound in June, which disappointed investors. In its H1 2014 trade review the customs office said the outlook was challenging, noting it could be hard to lift exports given weak global demand. While the market still expects solid exports for the second half, the recovery might be gradual. Investors will particularly look at August data to see if the economy is following a positive trend. Last year's high base for July makes July data more difficult to analyse.

Since the beginning of the year, the Chinese onshore yield curve has shifted downwards, with spreads falling by about 100bp for the six-month tenor and on average by 50bp for longer maturities. We believe the central bank will inject further liquidity to help the government achieve its 7.5% growth target.

Since inflation is subdued, Beijing can ease monetary policy further and we can expect overall liquidity to improve. Despite the recent increase in exports which lifted the trade balance, the government is sticking to its long-term goal to re-orientate growth towards domestic consumption. This can only be done with reforms. Selective policy easing is needed to accompany these reforms. We believe a broad-base reserve requirement cut is unlikely (compared to what we have seen in previous years). Open-market operations are likely to continue to support market liquidity. AAA-rated five-year corporate bonds, which still yield a solid 5.354%, should continue to see improved performance. We believe the market is still pricing in liquidity stress and defaults, whereas the probability of such events should decrease in the second half of the year. We are far from the levels seen before June 2013, when there was a clear lack of market liquidity. Looking at 2012 levels, which were even lower, we believe there is clear room for gains. Asset prices might become more volatile as financial reforms remain a priority for Beijing.

Despite concerns over renminbi depreciation in the first quarter, we believe the currency can continue to appreciate slowly on the back of the trade surplus and further internationalisation. It now looks attractive at 6.20/USD, which could be a good entry point for long-term investors, in our view. More volatility has become likely since the trading band was widened last March from 1% to 2% and as the central bank recently abolished pricing restrictions on over-the-counter transactions. More flexibility in terms of trading and pricing marks a continuation of the internationalisation process that should support the valuation of the Chinese currency.