FUND FACTSHEET – OCTOBER 2014

All data expressed as at 30 September 2014 unless otherwise stated

RHB-OSK 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.

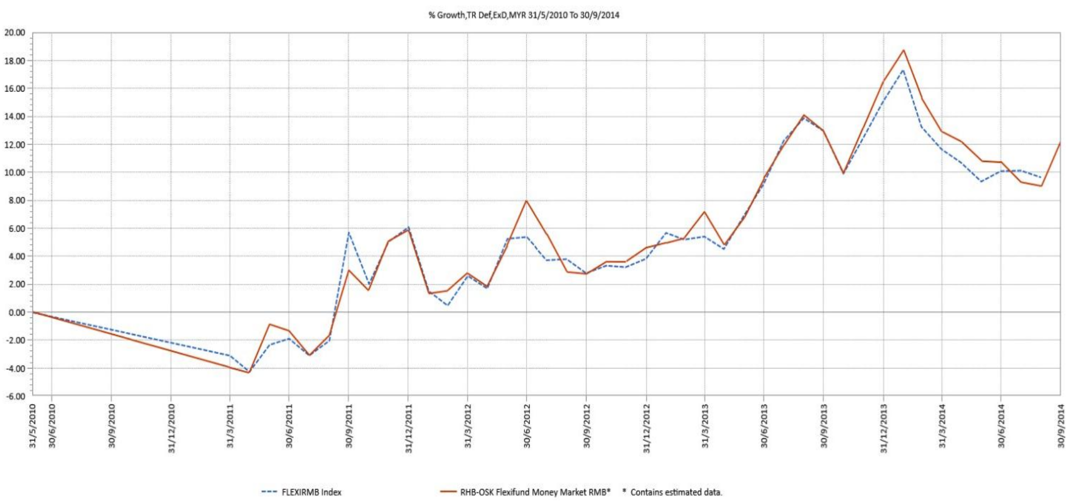
INVESTOR PROFILE

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	**2.97**	**1.34**	**-0.59**	**-3.69**
Benchmark	3.78	3.36	1.91	-1.11

	1 Year	3 Years	Since Launch
Fund	**-0.67**	**8.93**	**12.23**
Benchmark	0.71	7.63	13.77

Calendar Year Performance (%)*

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

**Source: Lipper IM*

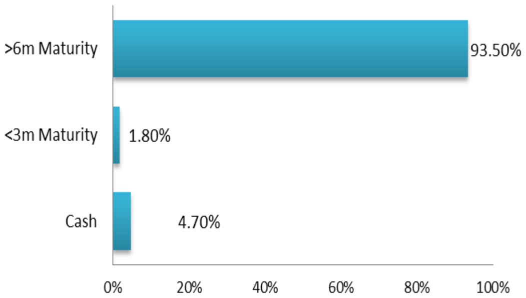
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Wholesale- Feeder Fund (Money Market)
Fund Type	Income Fund
Launch Date	11 May 2010
Unit NAV	RM1.1223
Fund Size (million)	RM0.76
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	Up to 0.08% p.a. of NAV
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	93.45
CGB 4.01 1014	1.84
Cash	4.71

**As percentage of NAV*

**Source: BNP Paribas Investment Partners, 30 September 2014. Exposure in Flexifund Short Term RMB - 96.28%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.1225	1.1875	1.1875
Low	1.0900	1.0865	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.

RHB OSK
RHB Asset Management

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3-year Fund Volatility 7.3 Low Lipper Analytics 15 SEPTEMBER 2014

RHB-OSK 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.

MANAGER'S COMMENTS

MARKET REVIEW

The onshore Chinese yield curve bull flattened during September. The yields below six months were up by around 4bp, whereas from the first year until the end of the curve, yields decreased by about 10bp. The money market remains volatile as we see pressure arising from the issuance of IPOs. Corporate bonds have continued to perform well, as the Shanghai Corporate Bond index rose 0.53% in local currency terms in September. The Shanghai Treasury Bond index also did well, rising by 0.58% throughout the month. The one-year and five-year Chinese government bonds now yield 3.73% and 4.04%, respectively. The Chinese yuan (CNY) appreciated by 0.13%, closing at 6.1394/USD.

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 first 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, 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 another short -term liquidity arrangement for 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.

FUND PERFORMANCE

In USD terms, the fund increased in value by 0.19 % gross of fees, compared to an increase of 0.47% for the cash benchmark. The performance was driven by the carry of the government bonds held in the portfolio. In EUR terms, the fund rose 4.05% compared to an increase of 4.76% for the cash benchmark.

PORTFOLIO ACTIVITY

No change in the portfolio this month. We sold our money market exposure due to redemptions.

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.

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 ne eded to accompany these reforms.

We believe that 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 5.20%, should continue to see improved performance. We believe the market is partly 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.

The gains made from yields' compression were lost as the yield curve flattened in August and early September. We expect more activities in the government bonds with maturity lower than 1-year as the yield curve bear flattened recently. We re-concentrated the portfolio in order to add value through active management. Further diversification will be done, once we will seize the opportunities over the coming 1 to 2 months. The portfolio is currently yielding 3.40% for a 184 days average life.
We anticipate volatility in the renminbi (RMB), however we expect further appreciation by the end of the year. The Shanghai-Hong Kong Stock Connect might add some liquidity pressure, but how the central bank will react is uncertain. RMB will definitely be supported by the trade surplus and increased internationalisation. It now looks attractive at 6.13/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