

## RHB-OSK FOCUS BOND FUND – ENHANCED (formerly known as OSK-UOB FOCUS BOND FUND – ENHANCED)

The Fund aims to provide regular income during the tenure of the Fund and capital appreciation at its maturity date primarily from a concentrated portfolio of global debt instruments / bonds.

### INVESTOR PROFILE

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

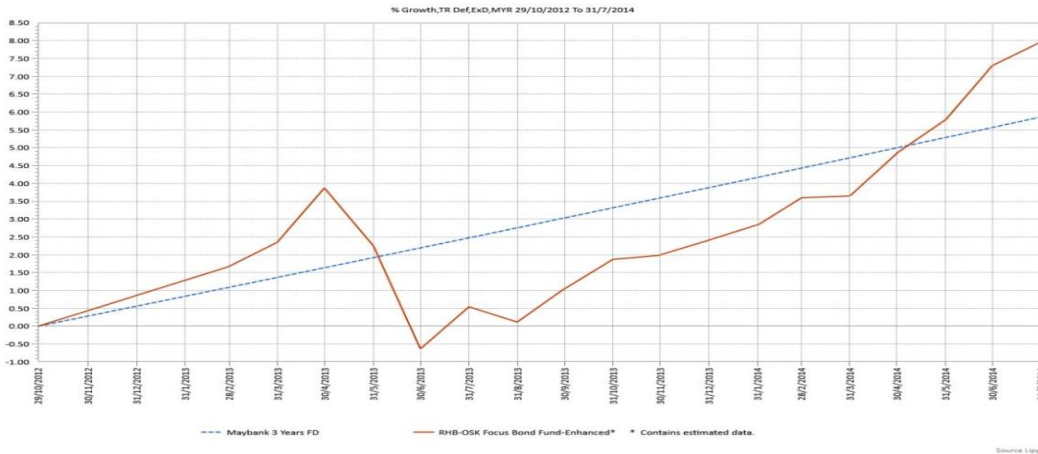
- are moderate to conservative;
- seek returns from the income accumulated and/or capital appreciation from a global debt instruments / bonds portfolio with potential additional returns from investment in an option; and
- have a medium term (i.e. 3 years) investment horizon.

### INVESTMENT STRATEGY

- 92% - 100% of NAV : Investments in global debt instruments / bonds.
- Up to 3% of NAV: Investments in the YES Option.
- Up to 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      | 0.62    | 2.98     | 4.99     | 5.43 |
| Benchmark | 0.28    | 0.83     | 1.63     | 1.91 |

|           | 1 Year | Since Launch |
|-----------|--------|--------------|
| Fund      | 7.38   | 7.97         |
| Benchmark | 3.30   | 5.86         |

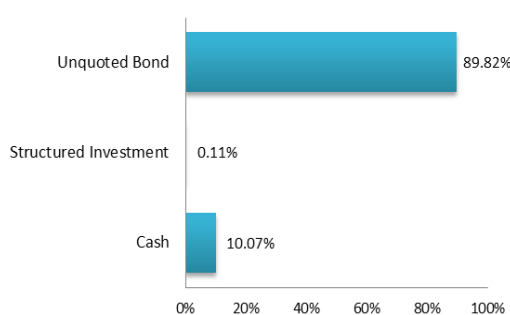
#### Calendar Year Performance (%)\*

|           | 2013 |
|-----------|------|
| Fund      | 1.05 |
| Benchmark | 3.30 |

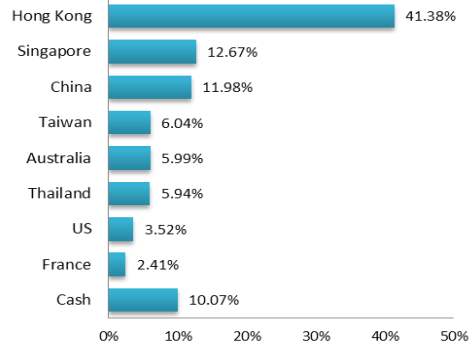
\*Source: Lipper IM

### FUND PORTFOLIO ANALYSIS

#### Sector Allocation\*



#### Country Allocation\*



#### Top Holdings (%)\*

|                                    |      |
|------------------------------------|------|
| FAR EAST HORIZON -4.62%(06/03/17)  | 9.00 |
| NOBLE GROUP LTD-4%(30/1/2016)      | 6.69 |
| CATHAY UNITED BK-5.5%(05/10/2020)  | 6.04 |
| NATIONAL CAP II-5.486%(29/12/2049) | 5.99 |
| PTT EXPLOR & PRD-4.875%(18/6/19)   | 5.94 |

\*As percentage of NAV

### FUND STATISTICS

#### Historical NAV (RM)

|      | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 1.0433  | 1.0433    | 1.0452       |
| Low  | 1.0241  | 0.9679    | 0.9679       |

Source: Lipper IM

#### Historical Distributions (Last 1 Years) (Net)

|             | Distribution (sen) | Yield (%) |
|-------------|--------------------|-----------|
| 30 Oct 2013 | 4.6500             | 4.65      |

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

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**MANAGER'S COMMENTS**

**MARKET COLOUR**

The performance of various government bond markets diverged in July. While some bond markets continued recent rally with European (10Y Bund yields down 9bp), UK (10Y UKT yields down 7bp) and Japanese markets (10Y JGB yields down by 3bp) delivering positive performance, the 10Y UST benchmark sold off by several bps over the course of the month. A slightly stronger tone in the US economic data, mixed data flow in Europe with a weaker bias in the UK and Japan over the course of the month have contributed to the divergence in the performance. Rising geopolitical tensions also affected the dynamics of government bond markets past month.

**STRATEGY PERFORMANCE**

The strategy's monthly performance was negative in July. Most of the underperformance was a result of long positions in Eurodollar futures while some underperformance came from short positions in Short Sterling futures. Stronger than expected bias in US data and market revisions to the pace of interest rates hikes negatively affected long positions in Eurodollars. In the UK, short positions suffered as economic data printed weaker than market expectations.

**STRATEGY OUTLOOK**

The strategy is long Eurodollars and short Short Sterling futures and Euro-swiss futures as core positions. If longer term trends in the front end of the yield curves emerge in the markets over coming months in line with the current positioning, the strategy may be profitable. Should the current trading continue with a significant degree of choppiness and reversions in the market, the strategy may lose money.

We will continue to be defensive and stay nimble in light of market volatility while overweighting on good quality high grade credits. The RHB-OSK Focus bond funds will await opportunistically for entry points as well as participate in primary issues with attractive pricing to deploy cash selectively while taking profit on existing holdings

**MARKET REVIEW**

10-year US Treasury started the month at 2.53% glided gradually lower to low of 2.45% by mid-month amidst political tensions in Eastern Europe and the Middle East. However, 10-year US Treasury gapped up on stronger than expected 4% annualized 2Q14 US GDP growth that reignited fear of possible Fed rate hike faster than market expectation. 10-year US Treasury closed the month higher at 2.56%

Investors were also generally guarded on news of Argentina sovereign second default in 13 years as well as renewed concern of European banking sector after Portugal largest listed bank, Banco Espirito Santo, reported huge losses in its 2Q14 results. On the other hand, China credits were well supported after Chinese PMI increased for five months consecutively to 51.7 in July, the highest since April 2012.

Overall conditions for credit may stay supported given low volatility, low rates, low growth and expectations of Euro & Japan QE. Stepping into August, the supply pipeline is expected to build up after the earnings season end and as investors returning from their summer vacations. However, valuations look stretched from historical range and leave little room for disappointments. We remain selective on credit risk.

**DISCLAIMER:**

As this is a close-ended fund, units are no longer available for sale on the basis of the Prospectus dated 3 September 2012. Investors are advised to read and understand the contents of the Prospectus dated 3 September 2012, which has been registered with Securities Commission who takes no responsibility for its contents, before investing. 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 Prospectus relates will only be made on receipt of a form of application referred to in the Prospectus. For more details, please call 1-800-88-3175 for a copy of the Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the principal risk factors of the funds are credit/ default risk, currency risk, interest rate risk, liquidity risk, market risk, country risk, inflation/purchasing power risk, concentration risk, mismatch risk and YES option risk. These risks and other general risk are elaborated in the 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.