FUND FACTSHEET – OCTOBER 2014

All data expressed as at 30 September 2014 unless otherwise stated

RHB-OSK FOCUS INCOME BOND FUND – SERIES 1 (formerly known as RHB FOCUS INCOME BOND FUND – SERIES 1)

The Fund aims to maximise returns at its maturity date from a concentrated portfolio of global debt instruments.

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

- have a moderate risk appetite;
- seek returns from the income accumulated and/or capital appreciation from a global debt instruments portfolio; and
- have a medium term (i.e. 3 years) investment horizon.

INVESTMENT STRATEGY

- 90% - 100% of NAV: Investments in global debt instruments, of which at least 70% of NAV in bonds.
- Up to 10% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

There is no performance record as the Fund launched less than 1 year.

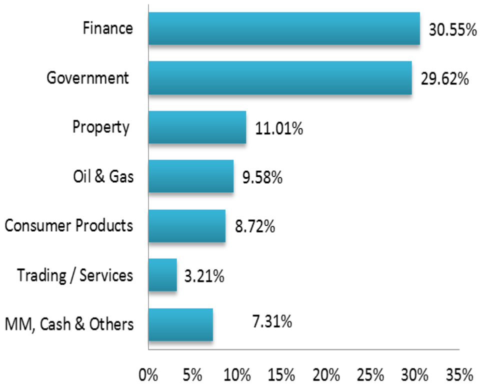
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn. Bhd.)
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Bond Fund (Closed Ended)
Fund Type	Income Fund
Launch Date	13 August 2013
Maturity Date	07 October 2016
Unit NAV	RM1.0702
Fund Size (million)	RM105.15
Units In Circulation (million)	98.26
Financial Year End	31 October
MER	Not applicable
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM1,000.00
Benchmark	3-years FD rate by Malayan Banking Bhd
Sales Charge	Up to 3.00% of investment amount
Redemption Charge	< 3 years 1.00% Maturity Nil
Annual Management Fee	None
Annual Trustee Fee	0.05% p.a. of NAV*
Switching Fee	Not available
Distribution Policy	Annually, if any

**For the purpose of computing the annual trustee fee, the NAV of the Fund is exclusive of the trustee fee for the relevant day.*

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

BAHRAIN MUMTALAKAT HOLDING COMPANY B.S.C (AA2)	15.36
ALPHA CIRCLE SDN BHD	14.26
CHINA OIL & GAS	6.39
SOHO CHINA LTD	6.29
TURKIYE VAKIFLAR BANKASI	6.28

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0702	N/A	1.0702
Low	1.0611	N/A	0.9992

Source: Lipper IM

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RHB OSK
RHB Asset Management

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MANAGER'S COMMENTS

MARKET REVIEW

U.S. Treasuries

US Treasuries ("UST") sold into strong economic data as well as cease fire talk between Russia and Ukraine. The curve bearish steepened with the longer tenure bond increased more than shorter tenure bond. At close, the 2-, 5-, 10- and 30-year UST were traded at 0.57% (August: 0.49%), 1.76% (1.63%), 2.50% (2.34%) and 3.20% (3.08%) respectively.

Data released in September continues to prove US is on track for a modest recovery. Manufacturing growth is very strong based on ISM's sample where the index jumped to 59.0 in August from 57.1 in July. Most of the components such as New Orders, Production and Export Orders were plotting at near high levels. Employment situation was a bit disappointing although historical trend shows first reading is often revised on the following month. Nonfarm payrolls eased to 142k in August (from 212k in July) while unemployment rate reduced 0.1% to 6.1%. On the consumer sentiment front, Retail Sales gained 0.6% MoM in August, 0.3% higher than last month. This is contrast against the weak employment numbers reported above. Consumer Price Index ("CPI") came in lower than expected in August, mainly due to a drag in energy prices. The index eased to -0.2%MoM (from flat in July), giving Federal Reserve ("Fed") room to stay dovish on policy. After a few month of strong gain in the housing sector, homebuilders and buyers are turning cautious. Housing Starts, Existing Home Sales gave up on strong gain while New Home Sales continue to improve on moderate pace. The key take away on the US housing sector is valuation remains supportive and rents are expected to rise due to falling vacancy rates. Together with improving labor market since beginning of the year, the fundamentals support greater home ownership.

Global financial conditions remain very easy with most major central banks continuing to ease policy via non-conventional policies and committing to keep policy rates low for an extended period. This is driving down longer-dated yields and term premium. This is in turn spurring a reach for yield. That said, the point of policy normalization is drawing nearer for some central banks, notably the Fed and the Bank of England ("BoE"). The Federal Open Market Committee ("FOMC") is set to conclude Quantitative Easing ("QE") in October and the BoE looks to be the first major central bank to embark on normalization. Meanwhile, the Bank of Japan ("BoJ") and the European Central Bank ("ECB") will be continuing to ease policy further in coming months. Increase talk of policy divergence is likely to increase asset price volatility and yield spreads, although both remain relative low to history.

There are other themes we wish to highlight. First, we continue to have worries over China's medium-term growth outlook, given the rapid rise in private debt/GDP ratio and signs that even with a modest reduction in credit stimulus would derail China's growth target. In response, we expect the authorities to loosen reserve requirements and reduce policy rate in mid-2015. The other theme is the still sluggish global trade growth. Data shows that world trade volume growth to 3.2% YoY in 2Q2015 and 2.7% in 1Q2015 but the levels are still well below pre-crisis norm (6.6% YoY from 1998 -2007). While the modest pace of world trade growth is unlikely to derail the strong domestic-driven expansion in the States and UK, it will likely to contribute to uneven global expansion. In particular, countries with subdued domestic demand (i.e. Japan, Europe) and high private debt burdens (i.e. various Emerging Market countries) are unlikely to be bailed out by export-driven growth.