

RHB-OSK FOCUS INCOME BOND FUND – SERIES 1

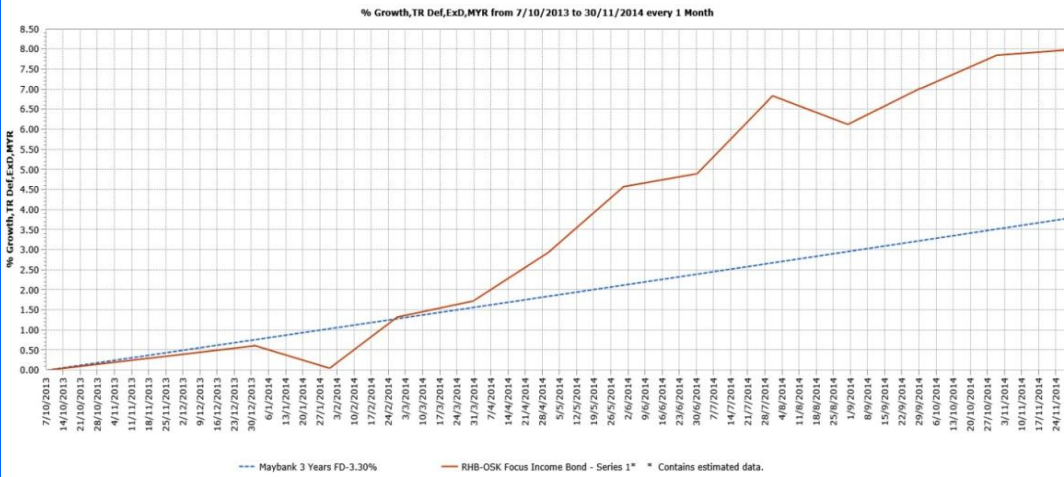
The Fund aims to maximise returns at its maturity date from a concentrated portfolio of global debt instruments.

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

Cumulative Performance (%)*

| | 1 Month | 3 Months | 6 Months | YTD |
|-----------|---------|----------|----------|------|
| Fund | 0.13 | 1.77 | 3.27 | 7.33 |
| Benchmark | 0.27 | 0.81 | 1.64 | 3.02 |

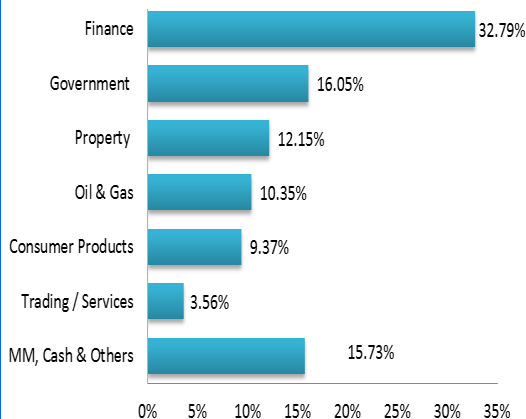
| | 1 Year | Since Launch |
|-----------|--------|--------------|
| Fund | 7.70 | 7.98 |
| Benchmark | 3.30 | 3.80 |

*Source: Lipper IM

FUND DETAILS

| | |
|---------------------------------------|--|
| Investment Manager | RHB Asset 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 | RM1.0332 |
| Fund Size (million) | RM100.75 |
| Units In Circulation (million) | 97.52 |
| 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) | 16.05 |
| SOHO CHINA LTD | 12.15 |
| TURKIYE VAKIFLAR BANKASI | 10.43 |
| CHINA OIL & GAS | 10.35 |
| SBERBANK OF RUSSIA VIA SB CAP | 9.66 |

*As percentage of NAV

FUND STATISTICS

| Historical NAV (RM) | | | |
|---------------------|---------|-----------|--------------|
| | 1 Month | 12 Months | Since Launch |
| High | 1.0329 | 1.0710 | 1.0710 |
| Low | 1.0281 | 0.9992 | 0.9992 |

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

| | Distribution (sen) | Yield (%) |
|-------------|--------------------|-----------|
| 31 Oct 2014 | 4.6500 | 4.65 |

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS**MARKET REVIEW**

Organization of the Petroleum Exporting Countries ("OPEC") surprised the financial markets and left its oil production targets unchanged in the face of declining oil prices. As a result, inflation expectation in the US faltered resulting in a UST bullish flattened of the yield curve. At close, the 2-, 5-, 10- and 30-year UST were traded at 0.47% (October: 0.49%), 1.48% (1.61%), 2.17% (2.34%) and 2.89% (3.07%) respectively.

US is still charting a recovery path; at least according to the data released in November. ISM surprised again to 59.0 in October (September: 56.6) with new orders rising to 65.8. Unemployment continues to ease to 5.8% in October compared to 5.9% previously. However, nonfarm payroll was a tad disappointing with only a 214k increase, moderately below consensus of 240k. Essentially, the labor market is improving but slowly and remains soft.

Industrial production slipped 0.1% MoM in October (September: 0.8% MoM, consensus: 0.2% MoM) mainly due to slowdown in mining activities and utilities. The slowdown is also partially attributable to lower capacity utilization rate which eased to 78.9% from 79.2% a month earlier. However, manufacturing activities still posted a moderate growth of 0.2% MoM (September: 0.2% MoM) which is a sign of relief.

The CPI report in October confirms that US is still struggling to achieve an inflation target of 2.0% YoY. Headline CPI was flat MoM (September: 0.1% MoM) as energy prices remained on the soft side. Core CPI was slightly better at 0.2% MoM and 1.8% YoY respectively. The consumer sector continues to nudge upward on income and spending as lower gasoline prices has boosted on personal consumption. Personal income and spending increased 0.2% MoM while retail sales also increased by 0.3% in the same period.

With the end of Quantitative Easing ("QE") in October, the Federal Open Market Committee ("FOMC") minutes shifted discussion to the headwinds from Europe and Asia. The first rate hike is still data dependent while Federal Reserve ("Fed") still read the labor market activities as "sluggish" and inflation down in the near term but expects firming further out. The drop in gasoline prices is seen as boosting near-term consumer spending.

The US 3Q2014 GDP growth was unexpectedly revised up with the economy growing 3.9% YoY annualized versus the previous estimation of 3.5% YoY. Contrast with the second estimation, private inventory investment decreased less while personal consumption and non-residential fixed investment increased more. In contrast, exports increased less than previously estimated.

On People's Bank of China ("PBoC") recent move to cut 1-year lending rate by 0.40% and 1 year deposit rate by 0.25%, we read it as Chinese government's swift action in responding to worsening economic situation and rising financial risks. We expect more policy easing actions to be carried out throughout 2015 as (1) the downside risk in GDP growth is still significant, especially in the housing market and manufacturing investment and (2) financing costs for borrowers need to be brought down as the heavily indebted real economy is deleveraging slowly. This outlook, if carry out as expected in 2015, will provide some breathing space for Emerging Market export oriented countries especially the voice of reverse fund flows is expected to get louder in the face of US eventual tightening.

DISCLAIMER:

As this is a close-ended fund, units are no longer available for sale on the basis of the Prospectus dated 13 August 2013. A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Prospectus dated 13 August 2013 and its supplementary(ies) (if any) ("the Prospectus") before investing. The Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. 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 PHS and 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, market risk, country risk, inflation/purchasing power risk, concentration risk and mismatch 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.