

RHB-OSK INSTITUTIONAL ISLAMIC MONEY MARKET FUND (formerly known as OSK-UOB INSTITUTIONAL ISLAMIC MONEY MARKET FUND)

This Fund aims to provide investors with a high level of liquidity whilst providing reasonable returns by investing in low risk investments that complies with Shariah requirements.

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

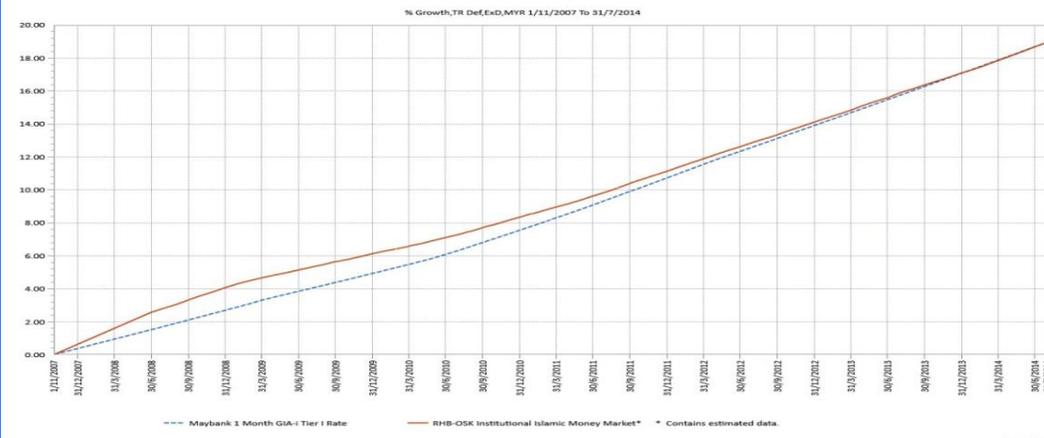
- require investments that comply with Shariah requirements;
- require a high level of liquidity;
- are conservative and seek capital preservation;
- seek reasonable returns that commensurate with the low risks; and
- prefer a short term investment horizon.

INVESTMENT STRATEGY

- 90% - 100% of NAV: Investments in sukuk, Islamic money market instruments and Islamic deposits with financial institutions ("permitted investments") which have a remaining maturity period of not more than 365 days.
- Up to 10% of NAV: Investments in permitted investments which have a remaining maturity period of more than 365 days but less than 732 days.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

| | 1 Month | 3 Months | 6 Months | YTD |
|-----------|---------|----------|----------|------|
| Fund | 0.23 | 0.71 | 1.38 | 1.58 |
| Benchmark | 0.23 | 0.70 | 1.37 | 1.61 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|-----------|--------|---------|---------|--------------|
| Fund | 2.64 | 8.25 | 12.96 | 18.94 |
| Benchmark | 2.79 | 8.80 | 14.36 | 18.96 |

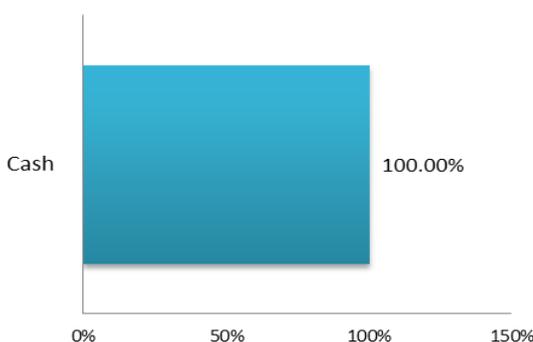
Calendar Year Performance (%)*

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|-----------|------|------|------|------|------|
| Fund | 2.62 | 2.69 | 2.57 | 2.07 | 2.00 |
| Benchmark | 2.78 | 2.83 | 2.93 | 2.54 | 2.19 |

*Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



*As percentage of NAV

FUND STATISTICS

| Historical NAV (RM) | | | |
|---------------------|---------|-----------|--------------|
| | 1 Month | 12 Months | Since Launch |
| High | 1.0023 | 1.0023 | 1.0092 |
| Low | 1.0000 | 1.0000 | 0.9965 |

Source: Lipper IM

Historical Distributions (Last 6 Months) (Net)

| | Distribution (sen) | Yield (%) |
|-------------|--------------------|-----------|
| 30 Jun 2014 | 0.2377 | 0.2374 |
| 31 May 2014 | 0.2390 | 0.2387 |
| 30 Apr 2014 | 0.2278 | 0.2276 |
| 31 Mar 2014 | 0.2324 | 0.2321 |
| 28 Feb 2014 | 0.2027 | 0.2025 |
| 31 Jan 2014 | 0.1926 | 0.1924 |

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

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MANAGER'S COMMENTS**MARKET REVIEW**

On the domestic bond market, despite anticipation of a possible OPR hike in the next MPC meeting in July, low volatility and heavy foreign inflows created strong buying interest on the local Govvies. The MGS yield curve inched up by 5bps on the short end while tightened by 2 – 15bps on the long end of the curve. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.50% (May: 3.45%), 3.73% (3.72%), 3.92% (3.94%), 4.03% (4.03%), 4.30% (4.37%), 4.44% (4.59%) and 4.74% (4.89%) respectively. Similarly, the Government Investment Issues ("Gill") also traded the same trend as MGS curve, with 3-, 5-, 7-, 10-, 15-year and 20-year benchmark yields transacted at 3.65% (May: 3.67%), 3.88% (3.85%), 4.10% (4.12%), 4.24% (4.21%), 4.53% (4.50%) and 4.70% (4.85%) respectively

For the period under review, the Money Market rates for overnight were offered tight at 2.95% p.a. whereby the 1-month rates were offered within 3.30% - 3.40% p.a. The 3 month to 6 month rates were offered at 3.45% - 3.55% p.a. The 12 month rates were offered within 3.50% - 3.60% p.a.

ECONOMIC REVIEW AND OUTLOOK

On the domestic front, Malaysia's 2014 full year GDP is expected to come in higher range of 4.5% to 5.50%. Economic activity will be supported by the continued resilience of domestic demand and gradual improvement in the external sector. Persistent spill over effects of subsidy rationalization in September to October 2013 lifted Malaysia's headline inflation. The Consumer Price Index (CPI) for the period January to May 2014 increased by 3.4% to 109.8 compared with that of 106.2 in the same period last year. Compared with the same month in 2013, the CPI for May 2014 registered an increase of 3.2 per cent from 106.6 to 110.0 and when compared with the previous month, the CPI increased by 0.1 per cent from a much higher CPI number of 3.4% in April 2014. Higher food, housing, utilities & Fuels prices were responsible for the CPI growth. On an annual basis, broad money or M3 growth moderated to 5.5% in May 2014 versus 6.7% in November 2013. The growth in M3 was mainly driven by credit extension to the private sector by the banking system.

MARKET OUTLOOK AND STRATEGY GOING FORWARD

The latest MPC statement confirms that "there are signs of the continued buildup of financial imbalances" and that "current monetary and financial conditions could lead to a broader buildup in economic and financial imbalances." With private consumption growth exceeding the 7% threshold in the surprisingly strong 1Q GDP outturn, and inflation remained manageable, there is likely little room to further delay rate hikes. Current low interest rates environment should not continue for much longer as the resultant negative real interest rates will hurt savers.

We opine that BNM will hike the OPR by 25bp in July at the earliest or latest by September this year on the back of higher inflation and financial imbalances. Inflation will likely to move to higher base from 2.0% - 2.2% in 2013 to 3.0% - 3.5% in 2014 based on rationalization of subsidies in fuel, power and selected food items. In view of the above, we are inclined to stay cautious and prefer to be defensive. We aim to stay fully invested in short to medium term Islamic Money Market placements.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 July 2014, the Volatility Factor (VF) for this fund is 0.1 and is classified as "Very Low". (source: Lipper) "Very Low" includes funds with VF that are not more than 1.1 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 30 June 2014 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2014.

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 Master Prospectus dated 1 December 2013 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master 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 Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks for the Fund are interest rate risk, credit / default risk and inflation / purchasing power risk. These risks and other general risks are elaborated in the Master 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.