

### RHB-OSK ISLAMIC BOND FUND (formerly known as RHB ISLAMIC BOND FUND)

This Fund aims to provide regular income to investors through investments in Islamic debt securities and bonds which are acceptable investment under the principles of Shariah.

#### INVESTOR PROFILE

**This Fund is suitable for Investors who:**

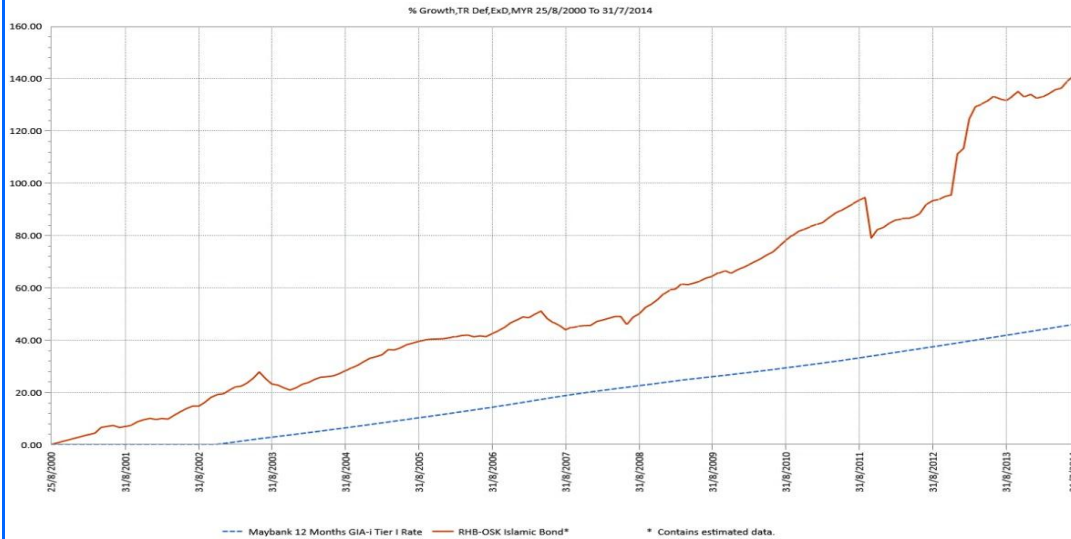
- are risk averse; want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than Islamic fixed deposits at an acceptable level of risk.

#### INVESTMENT STRATEGY

- Up to 95% of NAV: Investments in sukuk and Islamic debt instruments.
- Minimum of 5% of NAV: Investments in liquid assets acceptable under Shariah principle.

#### FUND PERFORMANCE ANALYSIS

**Performance Chart Since Launch\***



**Cumulative Performance (%)\***

	1 Month	3 Months	6 Months	YTD
Fund	0.80	2.20	3.61	2.93
Benchmark	0.27	0.80	1.58	1.85

	1 Year	3 Years	5 Years	Since Launch
Fund	3.71	25.36	47.11	140.92
Benchmark	3.19	9.88	16.08	N/A

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

	2013	2012	2011	2010	2009
Fund	10.80	15.28	-0.06	9.84	5.81
Benchmark	3.19	3.18	3.05	2.77	2.67

\*Source: Lipper IM

#### FUND DETAILS

<b>Investment Manager</b>	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn Bhd)
<b>Trustee</b>	CIMB Islamic Trustee Bhd
<b>Fund Category</b>	Bond Fund (Shariah)
<b>Fund Type</b>	Income Fund
<b>Launch Date</b>	25 August 2000
<b>Unit NAV</b>	RM1.3789
<b>Fund Size (million)</b>	RM35.96
<b>Units In Circulation (million)</b>	26.08
<b>Financial Year End</b>	30 September
<b>MER (as at 30 Sep 2013)</b>	3.21%
<b>Min. Initial Investment</b>	RM1,000.00
<b>Min. Additional Investment</b>	RM100.00
<b>Benchmark</b>	Maybank's 12 mths GIA Rate

<b>Sales Charge</b>	None
<b>Redemption Charge</b>	1% of NAV per unit on or before 1st year of investment

<b>Annual Management Fee</b>	Profit Sharing: 15:85 based on Net Investment Income
<b>Annual Trustee Fee</b>	0.10% p.a. of NAV, subject to a min. of RM35,000 p.a.*

<b>Switching Fee</b>	RM25.00 per switch
<b>Redemption Period</b>	Within 10 days after receipt the request to repurchase

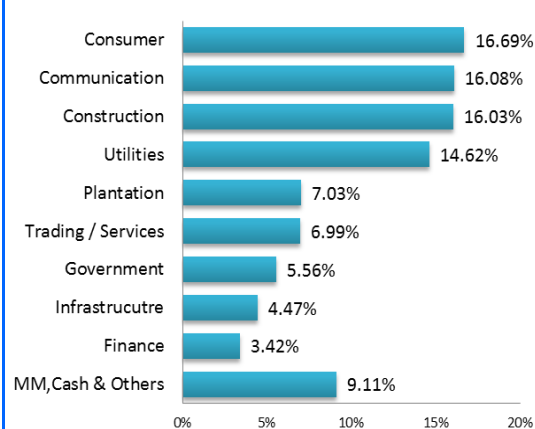
<b>Cooling-Off Period</b>	Within 6 business days from the date of receipt of application
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<b>Distribution Policy</b>	Annually, if any
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\*For the purpose of computing the annual management fee and annual 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 (%)\***

BFB IMTN (AA2)	13.88
BGSM MANAGEMENT SDN BHD (AA3)	12.68
WESTSTAR CAPITAL SDN BHD (AA-)	10.38
TANJUNG BIN ENERGY ISSUER BERHAD (AA3)	8.80
BUMITAMA AGRI LTD (AA3)	7.03

\*As percentage of NAV

#### FUND STATISTICS

**Historical NAV (RM)**

	1 Month	12 Months	Since Launch
High	1.3789	1.4108	1.4151
Low	1.3680	1.3241	0.9901

Source: Lipper IM

**Historical Distributions (Last 5 Years) (Net)**

	Distribution (sen)
30 Sep 2013	8.0000
28 Sep 2012	6.0000
30 Sep 2011	2.5000
29 Oct 2010	1.5000
30 Sep 2009	3.0000
30 Apr 2009	2.5000

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

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**MANAGER'S COMMENTS****MARKET REVIEW**

The local bond market bullish flattened across the curve in July despite a 25bps hike in Overnight Policy Rate ("OPR") on 10th July. The increase in OPR was well expected and the market interpreted the subsequent Monetary Policy Committee ("MPC") statement as neutral. As a result, investors were seen adding duration to portfolio which caused the govvy yield curve flattened. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.47% (June: 3.51%), 3.66% (3.72%), 3.75% (3.91%), 3.89% (4.03%), 4.21% (4.33%), 4.29% (4.40%) and 4.64% (4.74%) respectively. Similar to the strong performance on MGS, Government Investment Issues ("GII") also bullish flattened with 3-, 5-, 7-, 10-, 15-year and 20-year benchmark yields transacted at 3.60% (June: 3.65%), 3.78% (3.88%), 4.01% (4.10%), 4.14% (4.24%), 4.40% (4.53%) and 4.58% (4.70%) respectively.

The 2 auctions in July – reopening of 5-year MGS (MGS 10/19, RM3.0bil, average yield 3.688%) and reopening of 15-year GII (GII 12/28, RM1.5bil, 4.385%) received strong bid-to-cover ratio of 2.184x and 3.813x respectively.

On the domestic economic front, May trade surplus narrowed again to RM5.72bil (April: RM8.89bil) as imports outpaced exports. However, exports to EU expanded by 2.7% MoM in May (April: 4.5% MoM) but exports to US (May: -0.5% MoM, April: 9.7% MoM) and China (May: -2.3% MoM, April: 10.4% MoM) fell. With April-May seasonally adjusted exports 2.3% above 1Q2014, Malaysia's 1H2014 growth has clearly benefited from better demand from developed markets. May IP rose 6.0% YoY (April: 4.9% YoY), led by manufacturing activities. Finally, BNM delivered a 25bps hike in OPR during the MPC meeting to 3.25% as expected. MPC's assessment on inflation is still "above long-run average", though demand pressure is "contained". On this note, investors are taking cue that BNM is likely to pause on rate hike for the remaining of 2014. Lastly, June inflation edged up slightly to 3.3% YoY (May: 3.2% YoY), in line with market consensus.

**DISCLAIMER:**

Based on the fund's portfolio returns as at 15 July 2014, the Volatility Factor (VF) for this fund is 7.4 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 1.1 but not more than 7.9 (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 Replacement 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 of the Fund are credit / default risk, issuer risk, interest rate risk, liquidity risk and shariah specific 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.