

### RHB-OSK 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:**

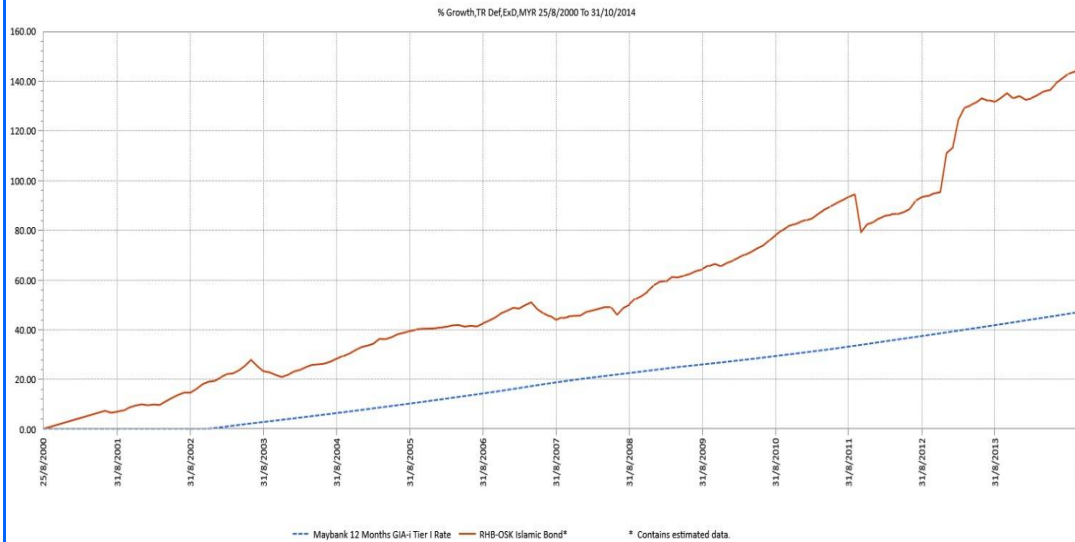
- are risk averse; want an investment that complies with the principles of Shariah;
- want to have regular income from their investment;
- want a professionally managed portfolio of sukuk and Islamic fixed income securities; and
- require higher returns than Islamic fixed deposits at an acceptable level 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	0.61	1.76	4.00	4.74
Benchmark	0.28	0.83	1.64	2.68

	1 Year	3 Years	5 Years	Since Launch
Fund	4.23	36.78	47.18	145.16
Benchmark	3.22	9.91	16.30	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

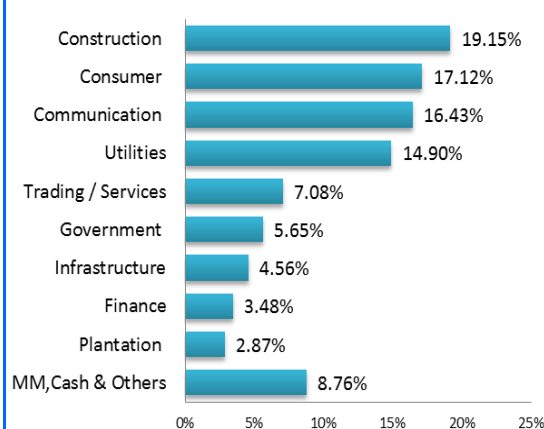
<b>Investment Manager</b>	RHB Asset Management Sdn. Bhd.
<b>Trustee</b>	CIMB Islamic Trustee Bhd
<b>Fund Category</b>	Bond Fund (Shariah)
<b>Fund Type</b>	Income Fund
<b>Launch Date</b>	25 August 2000
<b>Unit NAV</b>	RM1.3146
<b>Fund Size (million)</b>	RM35.54
<b>Units In Circulation (million)</b>	27.03
<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>	Up to 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
<b>Distribution Policy</b>	Annually, if any

\*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 (%)\***

- BRIGHT FOCUS BHD IMTN (AA2)
- WESTSTAR CAPITAL SDN BHD (AA-)
- BGSM MANAGEMENT SDN BHD (AA3)
- TANJUNG BIN ENERGY ISSUER BERHAD (AA3)
- EDARAN SWM SDN BHD (AA3)

\*As percentage of NAV

#### FUND STATISTICS

Historical NAV (RM)	1 Month	12 Months	Since Launch
	High	1.3146	1.3939
Low	1.3066	1.3056	0.9901

Source: Lipper IM

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

	Distribution (sen)
25 Sep 2014	8.8000
30 Sep 2013	8.0000
28 Sep 2012	6.0000
30 Sep 2011	2.5000
29 Oct 2010	1.5000

Source: RHB Asset Management Sdn. Bhd.

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**MANAGER'S COMMENTS**

**MARKET REVIEW**

Ringgit government bond continues to trend tighter as market believes Bank Negara's tightening cycle has ended. In the IMF annual meeting early October, Bank Negara's governor - Tan Sri Dato Sri Dr. Zeti - was quoted saying Malaysia still needs accommodative interest rate policy to support the country's growth. As a result, the local government bond market bullish flattened with long-end yields compressed more than short-end yields. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year Malaysia Government Securities ("MGS") were traded at 3.50% (September: 3.47%), 3.63% (3.67%), 3.77% (3.80%), 3.83% (3.89%), 4.15% (4.21%), 4.25% (4.31%) and 4.63% (4.71%) respectively. Likewise, Government Investment Issues ("GII") mirrors the performance of MGS with bullish flattening trend. The 3-, 5-, 7-, 10-, 15-year and 20-year benchmark yields transacted at 3.67% (September: 3.66%), 3.80% (3.80%), 4.00% (4.00%), 4.12% (4.14%), 4.39% (4.42%) and 4.57% (4.62%) respectively.

The 2 auctions in October – reopening of 15-year MGS (MGS 04/30, RM2.5bil, average yield 4.100%) and reopening of 3-year GII (GII 11/17, RM3.5bil, 3.655%) received moderate bid-to-cover ratio of 1.73x and 2.13x respectively. YTD, total govies auction improved to 2.25x compared to 1.96x in 2013.

On the domestic economic front, August trade surplus expanded less than expectation as imports outpaced exports. August exports rose by 1.70% YoY (July: 0.8% YoY) while imports surge 7.6% YoY (July: -0.7% YoY). Sequential expansion was seen in exports to US (August: 3.1% MoM, Jul: -3.6% MoM) but exports to EU fell (August: -0.60% MoM, July: 11.00% MoM). Slower domestic activities in China led to sequential fall in exports (August: -4.80% MoM, July: -0.80% MoM). August IP surprises on the upside, reported at 6.50% YoY growth (July: 0.60% YoY), above consensus of 5.10%. Rebound in August's growth can be partially attributed to strong manufacturing, electricity and mining results. The Budget 2015 announced in October further emphasized on meeting fiscal deficit target in 2014 (3.50% of GDP) and 2015 (3.00% of GDP), by gradually removing fuel subsidy as well as implementation of Goods and Services Tax ("GST") in April 2015. During the IMF annual meeting in Washington, BNM Governor Dr. Zeti comments were dovish, nothing that risks to global growth have increased and domestic growth will moderate closer to 5.00% in 2015 due to some moderation in consumption. While implementation of GST will likely to increase inflation in the short term, BNM still sees long term inflation trend of 3.00% as achievable. Both her comment as well as the temporary fall in September CPI to 2.60% YoY (August: 3.30% YoY) reinforces the rate hike pause in November. The last BNM Monetary Policy Committee meeting for the year is scheduled on 6th November.

**DISCLAIMER:**

Based on the fund's portfolio returns as at 15 October 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 Master Prospectus dated 9 September 2014 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.