

### RHB-OSK MUDHARABAH FUND

This Fund aims to provide a balanced mix of income and potential for capital growth by investing in stocks listed on the Bursa Malaysia or on any other stock exchanges, unlisted stocks and Islamic debt securities and other non-interest bearing assets acceptable under principles of Shariah.

#### INVESTOR PROFILE

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

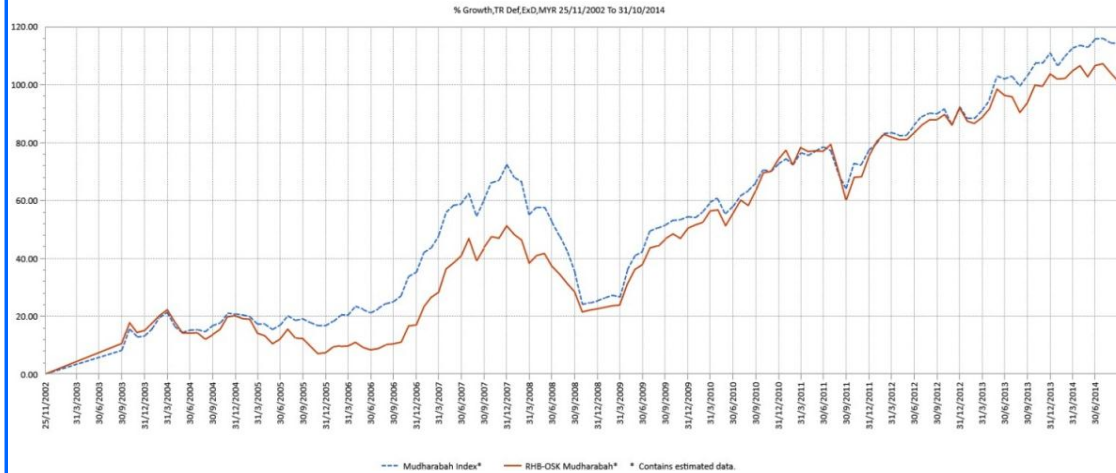
- want an investment that complies with the principles of Shariah;
- want a professionally managed portfolio of Shariah compliant equities, sukuk and Islamic debt securities;
- want to have a balanced portfolio that provides both income and capital growth; and
- want to invest in shares but do not have the time to manage their own portfolio.

#### INVESTMENT STRATEGY

- Up to 60% of NAV: Investments in equities.
- Minimum of 40% of NAV: Investments in sukuk, Islamic debt instruments, Islamic money market instruments and/or liquid assets acceptable under Shariah principle.

#### FUND PERFORMANCE ANALYSIS

**Performance Chart Since Launch\*\***



\*\* Source: Lipper IM. Maybank's 12 mths GIA Rate (50%) only available in Lipper IM after November 2002.

**Cumulative Performance (%)\***

	1 Month	3 Months	6 Months	YTD
Fund	-2.46	-5.25	-4.94	-3.64
Benchmark	0.90	0.10	1.22	2.41

	1 Year	3 Years	5 Years	Since Launch
Fund	-1.82	16.81	32.28	66.93
Benchmark	4.23	24.98	41.17	N/A

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

	2013	2012	2011	2010	2009
Fund	6.06	9.38	0.74	15.91	22.76
Benchmark	9.65	8.57	2.65	11.85	23.12

\*Source: Lipper IM

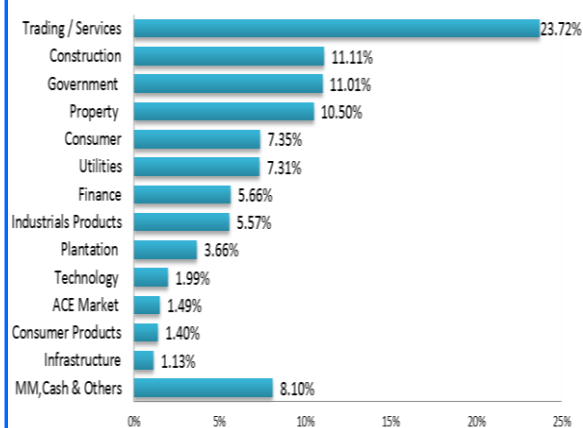
#### FUND DETAILS

<b>Investment Manager</b>	RHB Asset Management Sdn. Bhd.
<b>Trustee</b>	CIMB Islamic Trustee Bhd
<b>Fund Category</b>	Balanced Fund (Shariah)
<b>Fund Type</b>	Capital Growth and Income Fund
<b>Launch Date</b>	09 May 1996
<b>Unit NAV</b>	RM0.8377
<b>Fund Size (million)</b>	RM13.69
<b>Units In Circulation (million)</b>	16.34
<b>Financial Year End</b>	28 or 29 February
<b>MER (as at 28 Feb 2014)</b>	1.69%
<b>Min. Initial Investment</b>	RM1,000.00
<b>Min. Additional Investment</b>	RM100.00
<b>Benchmark</b>	50% FBM Emas Shariah + 50% Maybank's 12 mths GIA Rate
<b>Sales Charge</b>	Up to 6.00% of NAV per unit
<b>Redemption Charge</b>	None
<b>Annual Management Fee</b>	Up to 1.50% p.a. of NAV*
<b>Annual Trustee Fee</b>	Up to 0.09% p.a. of NAV*
<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>	Incidental

\*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 (%)\***

ALPHA CIRCLE SDN BHD (AA-)	11.01
GAMUDA BHD	5.61
UMW OIL & GAS CORPORATION BERHAD	4.30
TENAGA NASIONAL BHD	3.90
SAPURAKENCANA PETROLEUM BERHAD	3.79

\*As percentage of NAV

#### FUND STATISTICS

Historical NAV (RM)			
	1 Month	12 Months	Since Launch
High	0.8593	0.9149	1.0388
Low	0.7928	0.7928	0.4095

Source: Lipper IM

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

	Distribution (sen)	Yield (%)
26 Feb 2014	4.0000	4.56
28 Feb 2013	3.5000	N/A
28 Feb 2012	-	N/A
28 Feb 2011	4.8131	N/A
31 Mar 2010	3.2377	N/A

Source: RHB Asset Management Sdn. Bhd.

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

The FBMKLCI (KLCI) rebounded slightly in October after climbing .48% to close at 1,855.15. The overall trend was volatile in the last one month as investors were concerns about weakening economies of Europe and Japan, the conflict in Iraq and Ukraine as well as the Ebola health scare. Investors also continued to remain selective in terms of stock pickings that have resulted in some key blue chips heading further south whilst the main beneficiaries of the recently announced Budget 2015 measures managed to register some gains in October. The broader market performed worse, with the FBM Emas falling 0.3% mom to 12,882.89pts. Small caps were hurt badly as investors fled riskier stocks, resulting in the FBM Small cap index plunging 5.2% to 17,695pts while the FBM ACE declined 9.5% to 6,586pts. Average daily value traded on Bursa in Oct decreased 1.9% m-o-m to RM2.10bn (RM2.14bn previously).

For the month of October, foreign funds sold -RM493.3m, significantly lower than the -RM1,492.9m offloaded in September. For the year until October, the outflow of foreign funds had amounted -RM3.69b, reversing the +RM3.03b inflow last year.

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.

Trading volume in the Ringgit corporate bond increased moderately in October due to the positive spillover sentiment from strong govies performance. Average daily corporate bond trading volume increased to RM498mil from RM402mil reported a month ago. 56.2% of the trades were in GG/AAA segment, while 42.7% in AA segment. Longer duration PDS remained the outperformer for October as investors looking for higher yield pickup. On average, the longer end of the curve tightened by 4-5bps.

**OUTLOOK AND STRATEGY**

We are maintaining our KLCI target range band of 1,850-1,820 for the month of November whilst any further downside pressure will see the KLCI testing the 1,820-1,810 level this month. We have already lowered our year end KLCI target to 1,880 earlier after taking into consideration the poor performance from the company's earnings (consensus earnings growth c. 1.2%-1.5%) as well as no further major catalyst to entice investors to participate in the local indices in the near term. Despite the bleak scenario given for the KLCI, we will continue to bottom pick stocks that have shown resilient performance in the last 10 months in terms of earnings (although limited choices) whilst the small to mid-cap space has also showed some promising companies for bottom-fishing in this kind of market scenario.

Budget 2015's objective to reduce fiscal deficit was viewed positively by foreign investors and a credit positive to our foreign currency sovereign rating. The reduction in fiscal deficit may result to a smaller size of Government bond issuance for 2015. From a demand-supply perspective, this is positive for the bond market. We remained confident that BNM will not raise OPR in the next MPC meeting in November and therefore will continue to be tactically increasing duration with an overweight bias to PDS than government bonds for better yield enhancement.

**DISCLAIMER:**

Based on the fund's portfolio returns as at 15 October 2014, the Volatility Factor (VF) for this fund is 6.4 and is classified as "Moderate". (source: Lipper) "Moderate" includes funds with VF that are above 7.9 but not more than 10.6 (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 stock market risk, individual stock risk, liquidity risk, issuer risk, interest rate risk, credit / default 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.