

RHB-OSK MUDHARABAH FUND (formerly known as RHB 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:

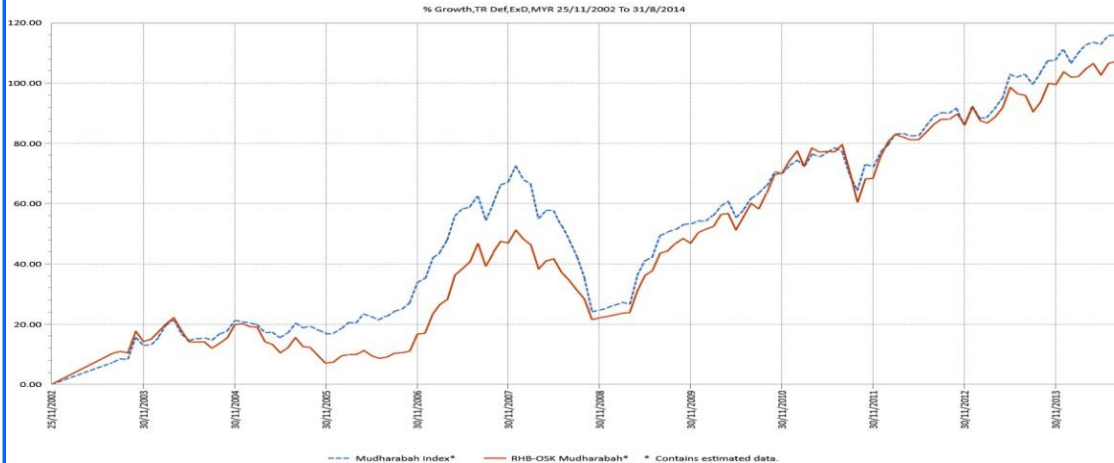
- want an investment that complies with the principles of Shariah;
- want a professionally managed portfolio of Shariah compliant equities, sukuk and Islamic debt securities;
- want to have a balanced portfolio that provides both income and capital growth; and
- want to invest in shares but do not have 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	-1.50	0.68	0.99	0.17
Benchmark	-0.72	0.69	2.20	1.57

	1 Year	3 Years	5 Years	Since Launch
Fund	7.13	19.83	41.45	73.52
Benchmark	7.42	26.73	42.39	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

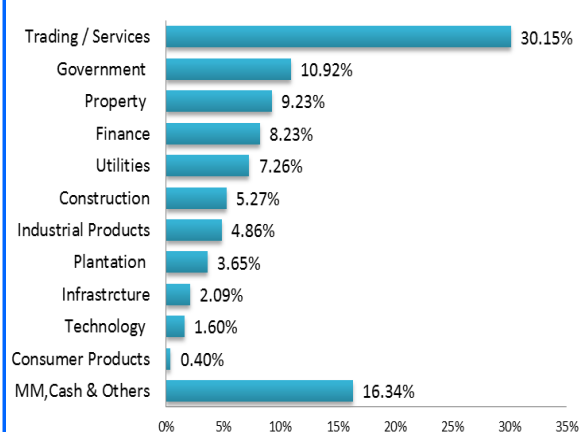
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn Bhd)
Trustee	CIMB Islamic Trustee Bhd
Fund Category	Balanced Fund (Shariah)
Fund Type	Capital Growth and Income Fund
Launch Date	09 May 1996
Unit NAV	RM0.8708
Fund Size (million)	RM13.74
Units In Circulation (million)	15.77
Financial Year End	28 February
MER (as at 28 Feb 2014)	1.69%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Emas Shariah + 50% Maybank's 12 mths GIA Rate
Sales Charge	Up to 6.00% of NAV per unit
Redemption Charge	None
Annual Management Fee	Up to 1.50% p.a. of NAV*
Annual Trustee Fee	0.09% p.a. of NAV*
Switching Fee	RM25.00 per switch
Redemption Period	Within 10 days after receipt the request to repurchase
Cooling-Off Period	Within 6 business days from the date of receipt of application
Distribution Policy	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-)	10.92
SAPURAKENCANA PETROLEUM BERHAD	6.14
GAMUDA BHD	5.27
UMW OIL & GAS CORPORATION BERHAD	5.16
AQUASAR CAPITAL SDN BHD (AAA)	3.74

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)			
	1 Month	12 Months	Since Launch
High	0.8854	0.9149	1.0388
Low	0.8708	0.8451	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. (Formerly known as RHB Investment Management Sdn. Bhd.)

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MANAGER'S COMMENTS
MARKET REVIEW

August was always a negative month for the past twenty years. Last month, the KLCI saw heavy selling pressure early in the month but slowly clawed back all the losses on the back of Wall Street's strength. Key negative market drivers were - 2Q14 financial results release still saw a significant number of companies reporting below expectations and Petronas' plans to cut back on 2015 capex. Positive headline GDP beat failed to lift the market, dragged down by the plantations sector on lower CPO prices and Indonesia regulatory risk for foreign ownership of plantation land bank. Penny stocks were actively traded with a record 7.67 billion shares traded on Aug 20. The KLCI ended the month 5pts or 0.3% lower to close at 1,866pts. The broader market underperformed the KLCI as the FBM Emas fell 0.7% mom to 12,995pts. Small cap underperformed too as the FBM Small cap fell 2.4% to 18,605pts while the FBM ACE was down 2% to 6,904pts. Average daily value traded on Bursa in Aug increased 19% mom to RM2.52bn.

Mixed views of another 25 basis point interest rate hike in the upcoming Monetary Policy Meeting ("MPC") meeting on 18 September seems to create uncertainty among Sukuk investors. Additionally a much stronger 2Q GDP print and higher inflation number provide a much stronger reason for interest rates normalization at least in the first half of 2015. Hence, there were some profit taking activities towards end August after a strong rally in the longer end of the curve by as much as 25bps against early of the month.

The benchmark yields moved slightly higher compared to end-July levels. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.50% (July: 3.47%), 3.68% (3.66%), 3.81% (3.75%), 3.91% (3.89%), 4.21% (4.21%), 4.30% (4.29%) and 4.64% (4.64%) respectively. On the other hand, performance of the Government Investment Issues ("GII") were rather range bound with the 3-, 5-, 7-, 10-, 15-year and 20-year benchmark yields transacted at 3.61% (July: 3.60%), 3.79% (3.78%), 4.00% (4.01%), 4.14% (4.14%), 4.39% (4.40%) and 4.61% (4.58%) respectively.

The 3 auctions in August – reopening of 7-year MGS (MGS 09/21, RM3.5bil, average yield 3.803%), reopening of 10-year SPK (SPK 02/24, RM1.0bil, 4.268%) and reopening of 10-year GII (GII 05/24, RM3bil, 4.140%) received strong to moderate bid-to-cover ratio of 2.00x and 5.59x and 2.60x respectively.

Much smaller Corporate bonds supply in August resulted to compressions in spreads for PDS against MGS. The newly issued Rantau 08/19 topped the total trading chart and saw collective trading volume of RM635mil. The bond was traded 4bps tighter to 4.10% after issuance. Celcom Network Sdn Bhd rating was downgraded to AAA/Negative, the bonds maturing in Aug 2017 and Aug 2019 was traded 3 – 5bps higher to 4.13% and 4.35% respectively.

OUTLOOK AND STRATEGY

September has historically been the second worst performing month of the year, fell an average of 0.8% over the past 25 years. We opined that this could again be the case as the last quarter results season has been disappointing and investors may sell stocks and lower equity exposure. However, net portfolio funds returned to positive territory in 2Q14, possibly due to the value that emerged from Malaysia's YTD underperformance. Statistic from Bursa Malaysia's showed an increase in foreign shareholding from 23% at end-Mar to 23.4% at end-Jun. The KLCI continues to be a big laggard YTD and we believe it is a matter of time before it starts to play a bit of catch up.

The latest MPC statement assessment on inflation is still "above long-run average", though demand pressure is "contained". Consumer prices will increase this year and into 2015 when the government implements a new tax on goods and services. BNM will monitor the degree of second round price effects to the overall growth of the economy. Recent strengthening of Ringgit had evidently increase foreign buying into local MGS market as rates start to rise. All in all, we still see BNM to keep rates steady at 3.25% throughout the year barring any negative surprise in financial imbalances.

On that note, we continue to have a neutral portfolio duration with a moderate bias to longer duration in view of no more rate hikes for the rest of the year.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 August 2014, the Volatility Factor (VF) for this fund is 8.0 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 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 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.