

### 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:**

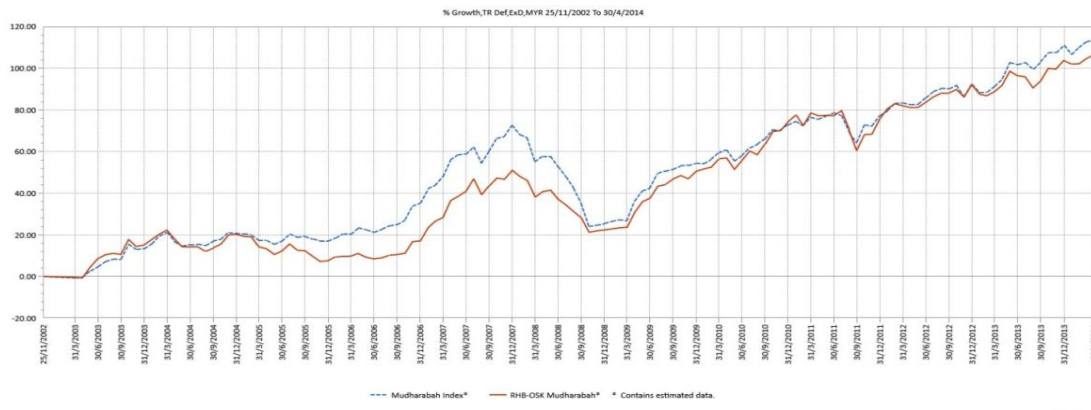
- want an investment that complies with the principles of Shariah;
- want a professionally managed portfolio of Shariah compliant equities, sukuk and Islamic debt securities;
- want to have a balanced portfolio that provides both income and capital growth; and
- want to invest in shares but do not have 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	0.87	2.27	3.28	1.36
Benchmark	0.43	3.43	2.98	1.18

	1 Year	3 Years	5 Years	Since Launch
Fund	7.70	16.62	57.76	75.60
Benchmark	9.66	21.61	57.00	N/A

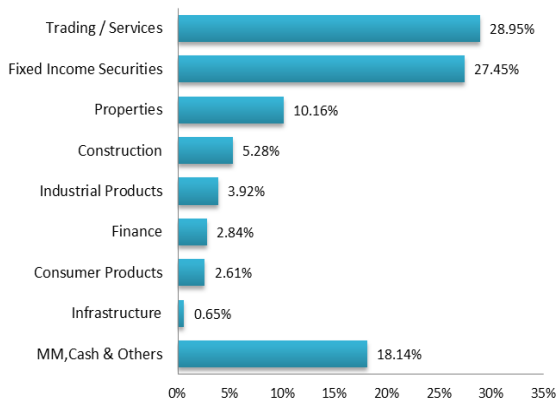
**Calendar Year Performance (%)\***

	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 PORTFOLIO ANALYSIS

**Sector Allocation\***



**Top Holdings (%)\***

PROJEK LEBUHRAYA USAHASAMA BERHAD (AAA)	9.09
ALPHA CIRCLE SDN BHD (AA-)	6.93
SAPURAKENCANA PETROLEUM BERHAD	4.00
MAH SING GROUP BHD	3.88
ALAM MARITIM RESOURCES BHD	3.57

\*As percentage of NAV

#### FUND STATISTICS

**Historical NAV (RM)**

	1 Month	12 Months	Since Launch
High	0.8934	0.9149	1.0388
Low	0.8736	0.8384	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**

FBMKLCI surged to close the month of April at a year-high on the back of sustained buying in selective blue-chips. For April, the benchmark index rose 1.2% month-on-month and has turned positive for the year, albeit marginally. The market continued to focus on the small cap stocks, but, closer to the month-end, we saw some signs of profit taking in the overall small cap sector with some penny stocks declined sharply. The KLCI ended the month at 1,871, to post a 0.2% gains on the year-to-date returns. The broader market just underperformed the KLCI as the FBM Emas only gained 1.1% to 12,940pts. Small cap performance was mixed as the FBM Small cap gained 1.7% to 17,426pts but the FBM ACE declined 1.2% mom to 6,583pts.

The sovereign bond markets rallied across the globe on the back of escalating Ukraine crisis, China's economic uncertainties and statement by Fed policymakers which confirmed US interest rates will remain low for a considerable amount of time after the QE asset purchases program ends which is expected at 4Q this year. US Treasuries ended the month on a firmer note and closed 10 – 15 bp lower across all tenures.

Similarly, domestic bond market reacted to global market rally as investors clamoured for bonds primarily to replace huge government bond maturities this month. As a result, yield curves on MGS and GII shifted lower by 5 – 10 bps across the board with 7 and 15 years dipped the most by 10bps.

The reopening auction of the 15-year GII ended with firm demand, though the amount on offer was pretty small at RM1.5 billion. The bid-to-cover ratio was 2.773 times, above market expectation with an average yield of 4.547%. GII for 5, 7 and 10 years closed lower month-on-month at 3.82% (vs 3.87%), 4.10% (4.13%) and 4.24% (4.27%) respectively.

Trading along the Ringgit corporate bond market was pretty volatile. We noted appetite by investors on beginning midmonth, as investors showed better buying interest towards longer term bonds, as well as lower rated credits. However, general interest remained focused towards the short to medium term bonds as investors were playing defensively. At the close, yield curves generally shifted lower 3-5bps for AAA and AA credit curves.

**OUTLOOK AND STRATEGY**

One of the oldest "rules" on Wall Street is "sell in May and go away." In the last 10 years, May had 5 losing years and only 1 in the last 5 years. Based on data collected since 1977, May had an average return of 1.7%. In fact the second quarter has generally been a stronger quarter since 1977. Going by the historical numbers supported by expectation of better 1Q14 results, in May, on stronger GDP growth projected for 2014 and greater corporate activity we are positive on the market outlook in the medium term. We will be positioning the portfolio to take advantage of the market weaknesses, to build position or to increase weightage into fundamentally strong counters in the right sectors.

Malaysia's headline inflation held steady at 3.5% yoy in March, reflecting the carry-through effects of subsidy rationalisation. However, Bank Negara Governor Zeti reiterated that domestic inflationary pressures are likely to remain contained, and expectation of second-round effects on prices will not have a major impact on overall inflationary as demand is expected to be modest. The next MPC meeting in May is expected to be a non event on policy action as surrounding economic and political uncertainties remained catalyst for any major policy decision. Nevertheless, BNM should address the negative real interest rates the nation is currently facing and such situation should not be prolonged. Hence, we opine that any increase in interest rates will be pushed to 2H or 3Q of this year.

As prices improved, we are adjusting the portfolio duration to neutral as a strategy to mitigate risk of any upward shift in yield curves and perform opportunistic trades from primary issuances. Any upward yield movements will be an opportunity to accumulate.

**DISCLAIMER:**

Based on the fund's portfolio returns as at 15 April 2014, the Volatility Factor (VF) for this fund is 7.9 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 31 December 2013 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 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.