

RHB-OSK MUHIBBAH INCOME FUND (formerly known as OSK-UOB MUHIBBAH INCOME FUND)

This Fund aims to maximise total returns through a combination of medium to long term growth of capital and current income consistent with the preservation of capital.

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

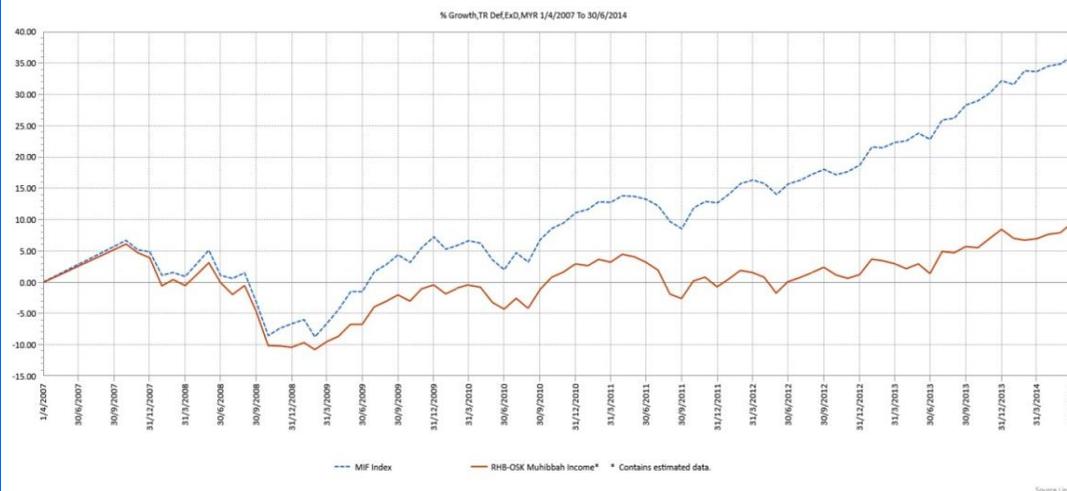
- are conservative and willing to accept moderate risk in their investment;
- wish to have some Shariah-compliant equities exposure in a predominantly sukuk portfolio;
- require investments that comply with Shariah requirements; and
- are concerned with socially responsible investing and ethical issues, such as drugs and tobacco, proliferation of weapons, pollution and fair labour practices.

INVESTMENT STRATEGY

- Up to 40% of NAV: Investments in Shariah-compliant securities of and Shariah-compliant securities relating to companies that have dividend and / or growth potential.
- 60% - 100% of NAV: Investments in Malaysian sukuk, Islamic money market instruments, cash and Islamic deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	1.43	2.34	0.94	0.94
Benchmark	0.94	1.85	2.97	2.97

	1 Year	3 Years	5 Years	Since Launch
Fund	7.97	6.04	17.29	9.43
Benchmark	10.83	20.22	38.23	36.12

Calendar Year Performance (%)*

	2013	2012	2011	2010	2009
Fund	7.12	1.96	-3.54	3.32	11.12
Benchmark	11.36	5.37	1.23	3.79	14.84

*Source: Lipper IM

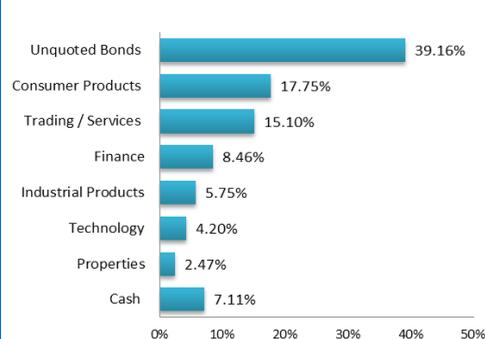
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn. Bhd.)
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Balanced Fund (Islamic / Shariah-Compliant Fund)
Fund Type	Income and Growth Fund
Launch Date	12 March 2007
Unit NAV	RM0.5162
Fund Size (million)	RM3.88
Units In Circulation (million)	7.52
Financial Year End	31 March
MER (as at 31 Mar 2014)	1.84%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	40% DJIM + 60% RAM QuantShop GII (medium term) Index
Sales Charge	Up to 6.00% of investment amount
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.08% 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	Annually, if any

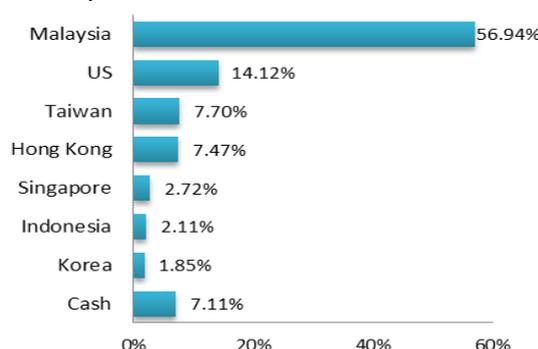
*For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SARAWAK ENERGY BHD-5.15%(23/6/2021)	13.22
BGSM MGMT SDN BHD-5.6%(27/12/2023)	13.07
FIRST RESOURCES-4.45%(31/7/2017)	12.88
COCA-COLA CO LTD	7.71
NIKE INC-CL B	6.41

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5162	0.5162	0.5162
Low	0.5089	0.4781	0.4084

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
31 Mar 2014	-	-
31 Mar 2013	-	-
31 Mar 2012	-	-
31 Mar 2011	-	-
31 Mar 2010	-	-

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

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MANAGER'S COMMENTS

MARKET REVIEW

EQUITY

For the month of June, MSCI Asia Pacific ex-Japan index underperformed the MSCI World index and the US S&P 500 Composite. Thailand, Taiwan and India were the best performing country for the month. The weakest countries were Indonesia, Singapore and Australia. U.S market continues to outperform and S&P 500 closed at 1,960, with 2.07% return for the month of June alone.

In U.S, the final GDP estimate for first quarter of 2014 was worse than expected. The US economy's contraction was revised downwards to 2.9% from a preliminary reading of -1.0%. There seems to be improvements in China's economic numbers in the month of June. Manufacturing PMI continue to improve as well as the export numbers in China. Exports rose 7% in May from a year earlier, quickening from April's 0.9% rise, while imports fell 1.6%, versus a rise of 0.8% in April. China's trade surplus widened sharply to \$35.9 billion in May from April's \$18.5 billion

On the macroeconomic front, there was a downgrade on U.S growth outlook by International Monetary Fund (IMF) and the Federal Reserve of United States during its policy meeting, and it suggested that due to the labor market issues in U.S it means that rates can stay at lower for longer.

In Malaysia, FBM KLCI index posted 0.7% return for the month, and ended second quarter with a better return performance of 2.7%, compared to first quarter contraction of 0.9%. However, compared to the MSCI Asia Pacific ex-Japan region which has risen 4.6% for the second quarter, FBM KLCI underperformed. There are numerous setbacks in the first half of the year for KLCI; capital outflows, geopolitical tensions and weak consumer confidence have led to its underperformance.

BOND MARKET

The FOMC Fed's minutes in June 2013 stated that Fed will continue to reduce its bond buying program in measured steps and wishes to delay monetary policy "normalization," and keep the target fed funds rate below "normal" levels. The FOMC's path of future policy rates is contingent on the economic outlook. The month saw US Treasuries ("UST") rallied, on the back of slower than expected 1Q2014 GDP number, crisis in Ukraine and geopolitical tension in the Middle East kept the 10-year UST firmly at 2.53%, as investors sought for safe heaven protection. At close, the 2-, 5-, 10- and 30-year UST were traded at 0.46%, 1.63%, 2.53% and 3.36% respectively.

On to the domestic bond market, despite anticipation of a possible OPR hike in the next MPC meeting in July, low volatility and heavy foreign inflows created strong buying interest on the local Govvies. The MGS yield curve inched up by 5bps on the short end while tightened by 2 – 15bps on the long end of the curve. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.50% (May: 3.45%), 3.73% (3.72%), 3.92% (3.94%), 4.03% (4.03%), 4.30% (4.37%), 4.44% (4.59%) and 4.74% (4.89%) respectively. Similarly, the Government Investment Issues ("GII") also traded the same trend as MGS curve, with 3-, 5-, 7-, 10-, 15-year and 20-year benchmark yields transacted at 3.65% (May: 3.67%), 3.88% (3.85%), 4.10% (4.12%), 4.24% (4.21%), 4.53% (4.50%) and 4.70% (4.85%) respectively.

Buying interest filtered through the PDS market as buying interest centered on the very short end and longer end of the curve. The market saw activities on selective PDS with average daily trading volume further increased to RM408mil, from RM370mil reported last month. AA rated trades were more popular in June, with 55.8% of registered trades, followed by GG/AAA trades of reduced to 43.71% against 48.23% recorded in previous month.

OUTLOOK AND STRATEGY

During the first half of the year, we have seen develop markets continue its dominance over emerging markets in terms of returns. This includes U.S and Europe. The U.S growth contraction seen in the first quarter of the year is expected to be temporary, and with continued recovery in the labor and the housing market, the modest recovery is firming up and still intact.

Regionally, China has started to improve slowly coming into the second half of the year, and with its Government quick at hand to address the economic issues it is facing such as slower growth, rising property prices, and shadow banking, drastic growth contraction can be avoided.

With the improving global growth prospects and continuing of accommodative policies in major world economies, such as Europe, U.S and Japan, investors may still favor risk assets such as equities as the intended performer. With this prospect, it may augur well with Malaysia's equities as well, as it stands on track as the only country with better economic fundamentals in the region. What could be the key highlight in the coming month of July for Malaysia is the expected rate hike. The moderate growth of CPI in May seems to give Bank Negara Malaysia a breathing space. However, the hike could be inevitable giving that various factors such as household debt growing and external debt are deteriorating.

On that note we will continue to overweight our equity portfolio and remain neutral duration on bond portfolio holdings.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 June 2014, the Volatility Factor (VF) for this fund is 5.1 and is classified as "Low". (source: Lipper) "Low" includes funds with VF that are above 1.3 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 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 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 for the Fund are reclassification of Shariah status risk, interest rate risk, credit/default risk, foreign investment risks such as country risk and currency risk and equity investment risks such as market risk and particular security 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.