

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:

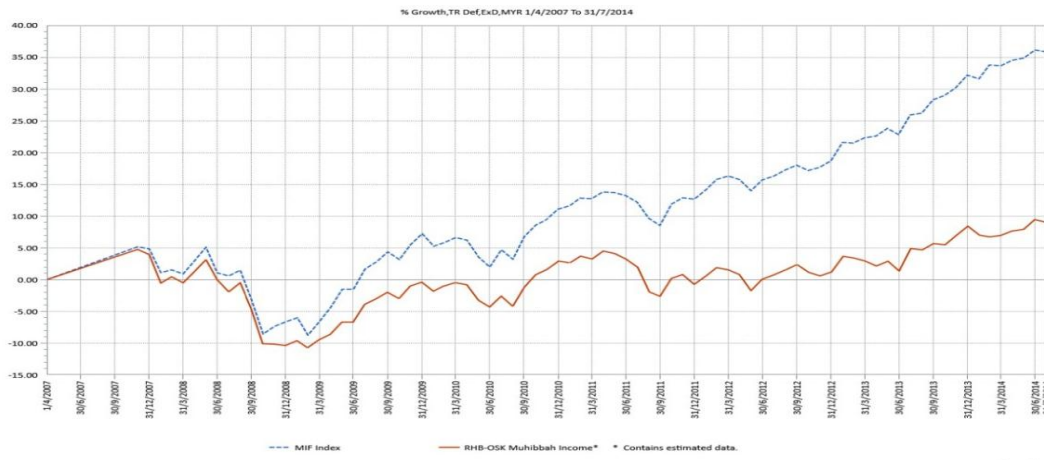
- are conservative and willing to accept moderate risk in their investment;
- wish to have some Shariah-compliant equities exposure in a predominantly sukuk portfolio;
- require investments that comply with Shariah requirements; and
- are concerned with socially responsible investing and ethical issues, 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 | -0.41 | 1.26 | 1.86 | 0.53 |
| Benchmark | -0.20 | 0.99 | 3.24 | 2.76 |

| | 1 Year | 3 Years | 5 Years | Since Launch |
|-----------|--------|---------|---------|--------------|
| Fund | 3.90 | 6.93 | 13.41 | 8.99 |
| Benchmark | 7.89 | 21.10 | 33.62 | 35.84 |

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

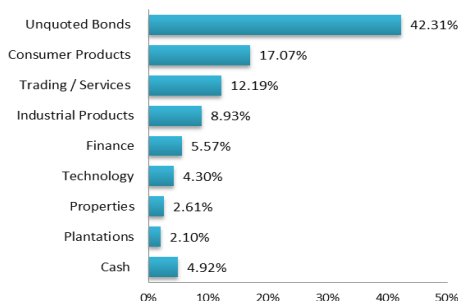
FUND DETAILS

| | |
|---------------------------------------|--|
| 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 | RM0.5141 |
| Fund Size (million) | RM3.61 |
| Units In Circulation (million) | 7.02 |
| 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 |

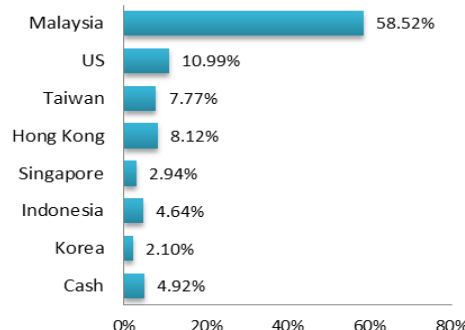
*For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

| | |
|-------------------------------------|-------|
| SARAWAK ENERGY BHD-5.15%(23/6/2021) | 14.29 |
| BGSM MGMT SDN BHD-5.6%(27/12/2023) | 14.15 |
| FIRST RESOURCES-4.45%(31/7/2017) | 13.87 |
| NIKE INC-CL B | 6.86 |
| RHB ISLAMIC BANK B-4.9%(15/05/2024) | 5.57 |

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

| | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 0.5193 | 0.5193 | 0.5193 |
| Low | 0.5133 | 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 July, MSCI Asia Pacific outperformed the MSCI World Index as well as the US S&P 500 composite. The best performing countries for the month were Indonesia, China, and Hong Kong. New Zealand, Malaysia, and Taiwan performed the weakest.

Regional indices posted positive performances in the month of July. The strong performance for the regional markets was buoyed by strong recovery in China's economy. China's July HSBC Manufacturing PMI rose to an 18-month high at 51.7 vs 50.7 in June, and showed an improvements on overall operating conditions faced by Chinese manufacturers.

In US, the Dow Jones Industrial Average (DJIA) index was unable to maintain its winning streak in the month of July, and posted negative returns of 1.56%. The slump was probably caused by a rising fear that the interest rates might be raised sooner by U.S Federal Reserve as rising wages and strong economic data continued to emerge. ISM Manufacturing Index in the US improved further and rose to 57.1 against 55.3 in June.

On the local front, the FBMKLCI started the month on an uptrend and bucked the trend in mid-month, to post a flat return for the month. The Ringgit rose to 3.17/USD, its highest level since Nov. The month of July also saw Bank Negara Malaysia increased its Overnight Policy Rate (OPR) by 25bps to 3.25%.

BOND MARKET

The local bond market bullish flattened across the curve in July despite a 25bps hike in OPR on 10th July. As the increase in OPR had been well discounted by the market, as a result, investors were seen clamouring for bonds thus caused yield curve on govies to flatten further. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.47% (June: 3.51%), 3.66% (3.72%), 3.75% (3.91%), 3.89% (4.03%), 4.21% (4.33%), 4.29% (4.40%) and 4.64% (4.74%) respectively. Similar to the strong performance on MGS, Government Investment Issues ("GII") also bullish flattened with 3-, 5-, 7-, 10-, 15-year and 20-year benchmark yields transacted at 3.60% (June: 3.65%), 3.78% (3.88%), 4.01% (4.10%), 4.14% (4.24%), 4.40% (4.53%) and 4.58% (4.70%) respectively.

Corporate bond trading volume continues to surge in July with RM550mil of daily trades reported, compared to RM408mil a month ago. GG/AAA rated bonds top total trading volume at 52.18%, followed by AA's 47.78%. The remainder trades were single-A. Investors extended duration for better yield pickup as yields began to compress. Credit spreads are expected to tighten in the absence of volatility in the MGS and GII markets.

OUTLOOK AND STRATEGY

Coming into second half of the year, Asia Pacific region seems to improve and starts receiving inflows. China and Hong Kong's equity markets have improved due to a combination of factors; (1) the Government's firmness on monetary easing and its efforts to relieve financing costs for financial institution and companies; (2) PMI figures indicated improvements in macroeconomic conditions in China, and (3) improved fund inflows as investors' sentiment recovered.

Improved domestic sentiments in Indonesia (favourable election outcomes) and Thailand for infrastructure investment) has contributed to the positive outlook regionally.

In the U.S, the rebound in second quarter for U.S GDP support the view that first quarter weakness was temporary. The equities sell-off showed concerns by global investors on the overall valuation of the financial markets, however, the underlying fundamentals of the economy are still intact and solid. Economic fundamentals are expected to improve further and expected the economy to grow above trend through 2015.

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.

The latest BNM's MPC statement assessment on inflation is still "above long-run average", though demand pressure is "contained". Investors are taking cue that BNM is likely to pause on rate hike for the remaining of 2014. Furthermore, recent strengthening of Ringgit had evidently increase foreign buying into local MGS market as rates start to rise.

On that note we may continue to overweight our equity portfolio and remain neutral duration with moderate bias to longer duration on bond portfolio holdings in view of no more rate hikes for the rest of the year.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 July 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 1.1 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 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.