RHB Asset Management

FUND FACTSHEET – OCTOBER 2014

All data expressed as at 30 September 2014 unless otherwise stated

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:

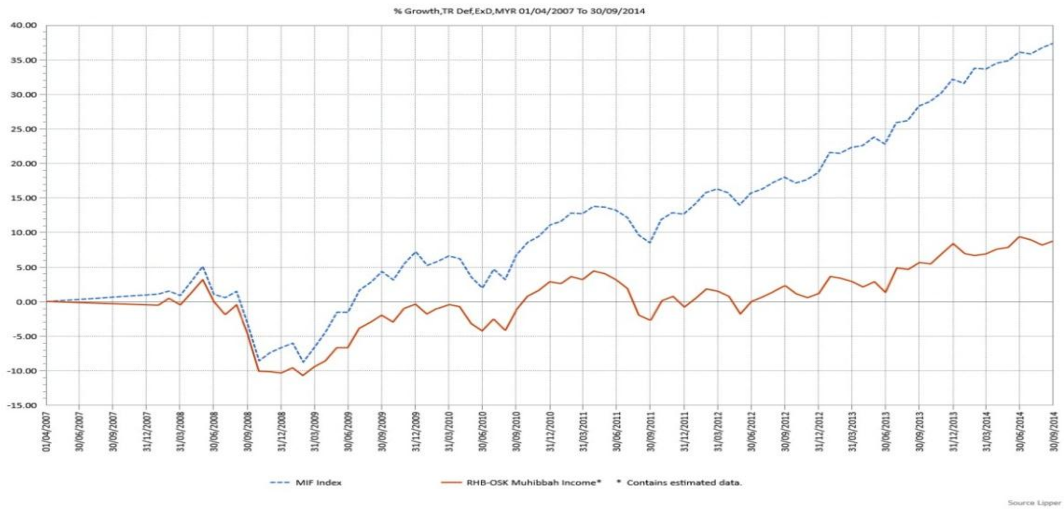
- are conservative and willing to accept moderate risk in their investment;
- wish to have some Shariah-compliant equities exposure in a predominantly sukuk portfolio;
- require investments that comply with Shariah requirements; and
- are concerned with socially responsible investing and ethical issues, 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	**0.53**	**-0.58**	**1.74**	**0.35**
Benchmark	0.47	0.93	2.79	3.93

	1 Year	3 Years	5 Years	Since Launch
Fund	**2.95**	**11.78**	**11.01**	**8.80**
Benchmark	7.08	26.60	31.64	37.38

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*

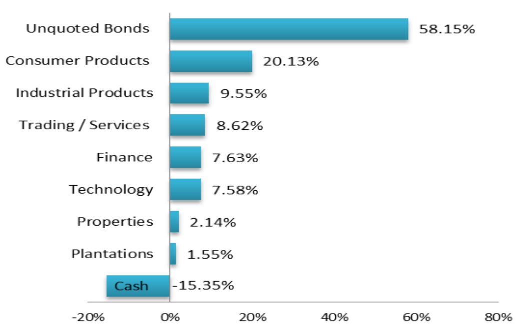
FUND DETAILS

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	RM0.5132
Fund Size (million)	RM2.64
Units In Circulation (million)	5.14
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

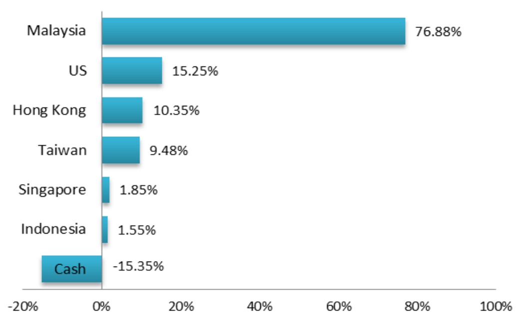
**For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SARAWAK ENERGY BHD-5.15%(23/6/2021)	19.64
BGSM MGMT SDN BHD-5.6% (27/12/2023)	19.54
FIRST RESOURCES-4.45%(31/7/2017)	18.98
NIKE INC-CL B	11.09
RHB ISLAMIC BANK B-4.9%(15/05/2024)	7.63

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5146	0.5193	0.5193
Low	0.5100	0.4918	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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RHB OSK

RHB Asset Management

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3-year Fund Volatility 4.5 LOW Lipper Analytics 15 SEPTEMBER 2014

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MANAGER'S COMMENTS

MARKET REVIEW

EQUITY

Global markets were down in the month of September. MSCI World Index's return was negative 2.7%, and MSCI Asia Pacific continued to underperformed with a negative 7.2% return with US S&P500 Composite Index was also down with a negative return of 1.4% (all in common currency terms).

In Asia, the best performing countries for the month were Philippines, Thailand and India. The weakest were Australia, Korea and Hong Kong. Overall, Asian markets underperformed global markets both in USD and local currency terms. Currencies in Asia were down against the US Dollars in September. The only currency gain against the US Dollars was China (CNY).

In Hong Kong and China, risk appetite among investors has deteriorated amid the outbreak of Occupy Central Movement. MSCI indices for both markets were down 7.2% and 6.2% respectively, as profit taking pressure continued after a strong rally in early September.

However, in the U.S, there is some positivity from its economic figures. US jobless rate decreased to 5.9% in September from 6.1% in August, the lowest rate since July of 2008, which is a sign that U.S is on track for a labor market recovery and improvement of consumer sentiment thereafter.

Locally, the KLCI slide to its year lows as investors digested Aug's poor results season. Smaller cap stocks resumed their outperformance after last month's short breather. The KLCI ended the month 20pts or 1.1% lower to close at 1,846pts. The broader market also ended the month lower but managed to outperform the KLCI, with the FBM Emas falling 0.5% m-o-m to 12,925 pts.

SUKUK MARKET

US Treasuries weakened towards the mid-September FOMC meeting which saw 10year UST yields spiked up to 2.58%. The market also responded to a San Francisco Fed report that indicated players have not priced in, tighter monetary policy moves by the Fed going forward. Nonetheless the Fed Chairwoman reiterated her statement that low interest rates environment will remain for a "considerable time" upon termination of QE but increased their median estimate for Fed Fund Rate by 25bp to 1.375% by end of 2015. Meanwhile combination of mixed to disappointing US data and weakening European, China and Japanese economies halted the ascending trend in global bond yields. Further boosting the UST market were continued geopolitical unrest in Middle East and Eastern Europe and political protests in Hong Kong.

Back at home, BNM held OPR unchanged at 3.25% in the September Monetary Policy Committee ("MPC"). The pause spurred buying interest on the short to medium term of the curve. As a result, the local government bond market bullish steepened with short-end yields compressed more than long-end yields. At the close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.47% (August: 3.50%), 3.67% (3.68%), 3.80% (3.81%), 3.89% (3.91%), 4.21% (4.21%), 4.31% (4.30%) and 4.71% (4.64%) respectively. On the other hand, performance of the Government Investment Issues ("GII") were rather range bound and traded higher across all tenures with the 3-, 5-, 7-, 10-, 15-year and 20-year benchmark yields transacted at 3.66% (July: 3.61%), 3.80% (3.79%), 4.00% (4.00%), 4.14% (4.14%), 4.42% (4.39%) and 4.62% (4.61%) respectively.

Corporate bond yields compressed further to almost at 1 year low. Mixed activities were seen as some investors took the opportunity to trim their longer term holdings in view of higher yields in 2015. Even as sentiment was boosted by the no-rate-hike action, players are now guessing the next step for Bank Negara. Sentiment was also negatively affected by the firm USD which was hampering offshore interest. Volumes were much lower due to shorter month as well as anticipation of MPC and FOMC meetings. At the close , average 5 years AAA and AA were traded at 4.25% and 4.52% respectively whilst 10 years closed at 4.70% and 5.04% respectively, an average of 1-2 basis points tighter.

OUTLOOK AND STRATEGY

September was always a down month for the most of the years, however, there are still some sense optimism in the market especially in the U.S. Economists' believed that US rates hike would be in the first half of 2015. The U.S. Federal Reserve will likely tighten its monetary policy in the second quarter of next year against a backdrop of stronger economic growth and building inflation pressures, a survey of economist by Reuters showed. Most analysts say the U.S. economy has entered a phase of sustainable firmer growth, marked by relatively strong job creation that should help lower the unemployment rate to a level with which the Fed is comfortable.

While positive data has been emanating from the US, other major economies have not been encouraging, with China's and Japan slowing down and geopolitical risks in Europe and Middle East. However, we are still positive on the global markets over the mid-to-long term. Global growth is still on an upward trajectory coming into 2015, especially in the Asian economies. We view that the volatility in the riskier assets would continue in the short-term, and will prudently managing any downside risk emanating from the financial markets.

As for local economic data, the August inflation number came slightly higher than expected at +3.3% yoy, in comparison to +3.2% consensus. Meanwhile, Malaysia's IPI showed a small 0.5% yoy growth in July, or its smallest gain since February 2013. In contrast, consensus amongst economists was growth of 4.3% after the 7.0% yoy growth the month before.

On that note we may continue to overweight our equity portfolio and remain neutral to tactically overweight duration alongside a no hike in OPR lookout for the rest of 2014.

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