

RHB-OSK SMART INCOME FUND

This Fund aims to provide investors with higher than average income returns compared to fixed deposits over the medium to long term period through an investment blend comprising primarily of quality fixed income securities and with the remaining investments in a strategically selected portfolio of companies with market capitalisation of not more than RM1 billion.

INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

- are conservative;
- seek a steady income stream from their investments; and
- have a low to moderate risk tolerance with a medium to long term investment horizon.

INVESTMENT STRATEGY

- 70% - 100% of NAV: Investments in fixed income securities, money market instruments, cash and deposits with financial institutions.
- 0% - 30% of NAV: Investments in securities of companies with market capitalization of not more than RM1 billion.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-1.85	-1.19	-0.20	4.22
Benchmark	0.27	0.81	1.61	2.92

	1 Year	3 Years	5 Years	Since Launch
Fund	4.45	33.35	48.71	109.88
Benchmark	3.18	9.79	16.15	38.97

Calendar Year Performance (%)*

	2013	2012	2011	2010	2009
Fund	17.16	7.90	0.34	11.52	9.88
Benchmark	3.15	3.15	3.05	2.77	2.54

*Source: Lipper IM

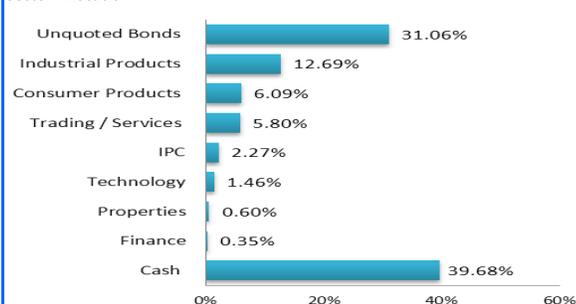
FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Bond Fund
Fund Type	Income Fund
Launch Date	07 September 2004
Unit NAV	RM0.6899
Fund Size (million)	RM18.31
Units In Circulation (million)	26.54
Financial Year End	31 March
MER (as at 31 Mar 2014)	1.68%
Min. Initial Investment	RM200.00
Min. Additional Investment	Any amount
Benchmark	12-month FD rate by Maybank Bhd
Sales Charge	Up to 2.00% of investment amount
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	0.07% p.a. of NAV*
Switching Fee	3% of redemption proceeds
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*



Top Holdings (%)*

HONG LEONG BANK BHD-4.5%(21/06/24)	5.39
YTL POWER INTL-4.5%(10/6/2022)	5.39
BRIGHT FOCUS BHD 2.5% (24/01/2030)	3.49
BGSM MGMT SDN BHD-4.9% (27/12/2018)	2.77
WESTSTAR CAPITAL-4.9%(30/11/2017)	2.76

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7057	0.7284	0.7284
Low	0.6899	0.6777	0.4902

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
31 Mar 2014	5.0000	7.18
31 Mar 2013	3.9000	6.00
31 Mar 2012	3.2780	5.03
31 Mar 2011	-	-
31 Mar 2010	1.4000	2.39

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS**FUND REVIEW**

Smart Income's NAV posted a loss of 1.85%, underperforming its benchmark's (12-month Fixed Deposit) return of 0.27%. The underperformance was due to equity exposure.

MARKET REVIEW

The local indices and market momentum remain weak in the month of November as investors were seen cautious amid lack of catalysts in the markets. Federal govt decision to remove the fuel subsidy and replaced by managed float system was seen as bode move by investors as a reign in fiscal deficit and channel the savings to fund the much needed infrastructure spending. Oil and gas sector was facing renew headwinds with oil price plunging over 30% since June 2014 and potential capex cut by national oil company Petronas put pressure on oil field related activities hence de-rating on broad spectrum of oil and gas stocks. Small mid cap space was not spared from the market weakness, judging by FBM Small Cap Index which fell 7.07% mom in November as investors concern on corporate earnings growth and potential impact on GST implementation on consumer consumption in 2015. In the meantime, Malaysia 3Q14 GDP growth eased to 5.6% yoy vs 6.4% in 2Q as exports growth and domestic demand weaken but inline with global trend. Industrial production also moderated to 5.4% yoy in September vs +6.5% in Aug, in tandem with slowing manufacturing activities.

MARKET OUTLOOK AND STRATEGY

Malaysia is expected to grow between 4.5%-5.5% in 2014, likely nearer the upper band and higher than the 4.7% registered for 2013 and supported by a better global economy and investment spending. Inflation will be higher at 3.0%-4.0% from increased fuel and electricity costs and expectations of more reduction in subsidies moving forward and expected inflationary expectations prior to GST implementation. Against a backdrop of expected lower domestic demand and private consumption due to rising cost, net exports is expected to pick up helped by stronger exports to developed markets on an improving global economic growth outlook. BNM is likely to maintain its 3.25% OPR level for the rest of 2014 after the hike in July. Government fiscal restraints are expected to continue.

The selldown in the Malaysian market was triggered by concern over crude oil price. Since Jun this year, the price of crude oil has fallen by approximately 30%. This resulted in a selldown in oil & gas related stocks, which in turn affected the whole market sentiment. Though the fund has little exposure to the oil & gas sector as we have been advising that the sector is overvalued, the reaction of the overall market affected the fund's performance.

We would analyze situations objectively rather than follow sentiment. The question that we have been asking investors is since when is a low crude oil price bad for economic growth? The answer is low crude oil IS good for economic growth, especially when the global economy (excluding the US), has yet to reach solid footing.

The decision to eliminate fuel subsidy starting from Dec 2014 is a very welcomed moved. The current low price environment made pulling this trigger possible as resistance will be minimal, considering the floated pump price is lower than the subsidy-era price. The implication towards the fiscal condition and economic mentality of the country is immense.

On sector basis, we continue to favour consumer, industrial and telco while selective oil & gas counters.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 November 2014, the Volatility Factor (VF) for this fund is 6.0 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 15 June 2014 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 interest rate risk, credit risk, liquidity risk of underlying investments, equity investment risks such as market risk, particular security risk and inflation/ purchasing power 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.