

RHB-OSK TAIWAN OPPORTUNITY FUND (formerly known as OSK-UOB TAIWAN OPPORTUNITY FUND)

This Fund aims to achieve medium term capital appreciation through an over-the-counter derivative instrument in the form of a swap agreement that is linked to the performance of the TWSE.

INVESTMENT STRATEGY

- 90% of NAV: Investments in bonds, money market instruments, cash and deposits with financial institutions.
- 10% of NAV: As capital payment for an investment in an OTC derivative instrument in the form of a swap agreement that will provide the Fund with exposure to the performance of the TWSE equivalent to 100% of the value of the Fund's units in circulation computed / determined based on the Offer Price.

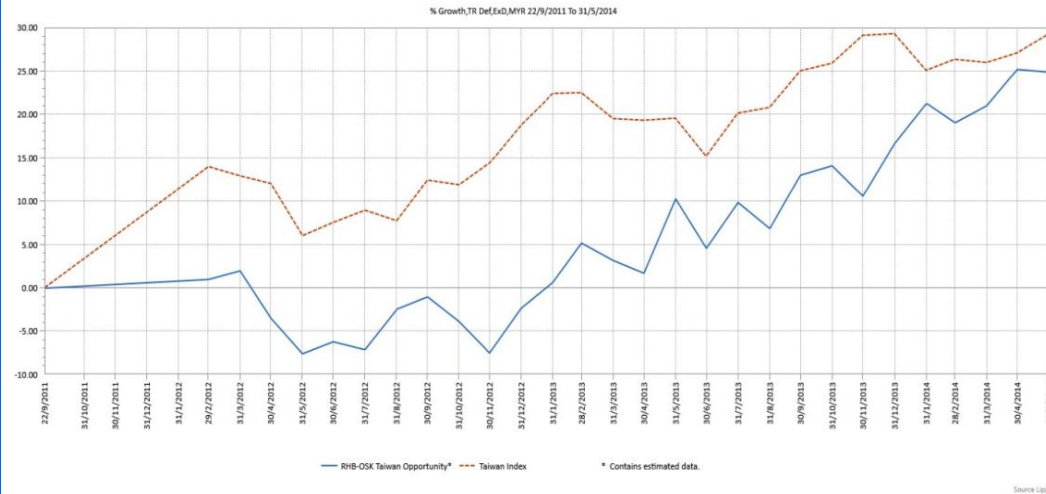
INVESTOR PROFILE

This Fund Is Suitable For Investors Who:

- seek investment opportunities in the Taiwan economy;
- seek capital growth;
- have a medium term investment horizon; and
- have an appetite for risk to gain higher returns.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-0.25	4.94	12.95	7.07
Benchmark	1.72	2.31	0.13	-0.03

	1 Year	Since Launch
Fund	13.29	24.87
Benchmark	8.13	29.29

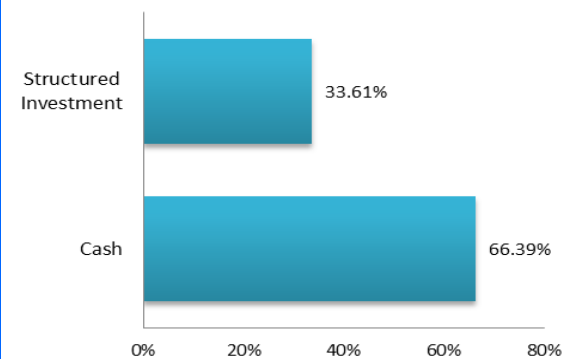
Calendar Year Performance (%)*

	2013	2012
Fund	19.50	12.08
Benchmark	8.86	14.73

*Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

UOB 3-YRS USD SWAP TAIWAN TAIEX INX	33.60
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*As percentage of NAV

FUND DETAILS

Investment Manager	RHB Asset Management Sdn. Bhd. (formerly known as RHB Investment Management Sdn. Bhd.)
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Fixed Income Fund (Closed Ended)
Fund Type	Growth Fund
Launch Date	29 July 2011
Maturity Date	22 September 2014
Unit NAV	RM1.2487
Fund Size (million)	RM1.03
Units In Circulation (million)	0.83
Financial Year End	31 October
MER (as at 31 Oct 2013)	1.90%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM1,000.00
Benchmark	MSCI AC Far East Ex Japan Index (RM)
Sales Charge	Up to 5.00% of investment amount
Redemption Charge	≤ 1 year 1.00% ≥ 1 year till Maturity Nil
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	0.08% p.a. of NAV, subject to a minimum of RM18,000 p.a.*
Switching Fee	Not available
Distribution Policy	None

*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 STATISTICS

Historical NAV (RM)	1 Month	12 Months	Since Launch
High	1.2518	1.2518	1.2518
Low	1.2245	1.0452	0.8708

Source: Lipper IM

Historical Distributions (Last 2 Years) (Net)

	Distribution (sen)	Yield (%)
31 Oct 2013	-	-
31 Oct 2012	-	-

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

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MANAGER'S COMMENTS

TAIWAN EQUITY MARKET REVIEW AND OUTLOOK

The TWSE Index had its best monthly gain in 2014 this May, posting a 3.24% gain to push decisively above the psychologically important 9,000 mark for the first time since mid-2011. The index traded mostly flat early in the month before surging in the second half of the month and now appears to be consolidating around 9,100. This maintains the long-term uptrend seen since the index bottomed out in December 2011 and extends 2014's gains to 5.39%. Improving economic fundamentals globally has benefited Taiwanese companies and boosted their profits, while foreign institutional investors continue to move funds into Taiwan, helping to drive the market's gains. Till 28 May, the net inflow of foreign funds into the Taiwanese stock market in May totaled USD 2.29 billion, while the year-to-date figure stood at USD 188.67 billion.

Economic data during the month provided a boost to Taiwanese stocks as well. The Q1 GDP figure was revised up from 3% yoy and 0.3% qoq to 3.1% yoy and 0.5% qoq, driven largely by services exports and tourism-related activity, although both government spending and consumption were revised upwards. During the month, the official government statistics agency revised its forecast for 2014 GDP growth up to 2.98% from 2.82% and full-year inflation to 1.53% from 1.07%. The April industrial production figure was also a positive surprise, rising by 4.8% yoy against the expected 3.6% rise, driven by a further recovery in the production of PCs and mobiles. The overall figures suggest that Taiwan's recovery is broadening and should be sustained and Taiwan's central bank, the CBC, should continue to support the recovery with liquidity injections in the coming months. Rate normalization should only begin in H2, and considering that inflation remains subdued, it is possible that any tightening of money supply may not happen soon.

In the near-term, market watchers expect the TWSE Index to consolidate above 9,000 after crossing the level for the first time in nearly 3 years. While the market remains awash in liquidity and the economy should keep improving, the index has rallied sharply over the past few months and will likely have limited room for further gains and could trade in a narrow range in the short-term. Many analysts are currently favouring Apple-related Taiwanese stocks – focusing on the shares of suppliers of Apple with Apple expected to launch the next generation of iPhones later this year. They are expected to benefit from the boost in shipments as a consequence of the new devices.

MALAYSIA BOND MARKET REVIEW AND OUTLOOK

The hawkish tone from Bank Negara's Monetary Policy Committee ("MPC") meeting, as well as strong 1Q2014 GDP growth has caused the Malaysia Government Securities ("MGS") yield curve to underperform on the short end. The curve inched up by 10bps on the short end while tightened by 1 – 6bps on the long end, exhibiting a bearish flattening trend in May. At close, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.48% (April: 3.38%), 3.72% (3.62%), 3.94% (3.94%), 4.03% (4.08%), 4.36% (4.42%), 4.59% (4.60%) and 4.89% (4.89%) respectively.

On the domestic economic front, March trade surplus narrowed slightly as both exports and imports declined sequentially. Export growth slowed to 8.4% yoy (February: 12.3% yoy, consensus: 9.2% yoy) and imports slowed sharply to 0.5% yoy (February: 9.5% yoy, consensus: 5.7% yoy). BNM kept Overnight Policy Rate on hold at 3%, as widely expected. However, the Central Bank's assessment of the global economy appears to have turned optimistic, with no reference to the recovery being "uneven". With the MPC thus concluding that "the degree of monetary accommodation may need to be adjusted", market has brought forward the interest rate hike scenario to the next MPC meeting in July. This is further supported by a strong GDP growth of 6.2% YoY in 1Q2014 (4Q2013: 5.1% YoY, consensus: 5.7% YoY), which leaves little room to delay rate hikes.

Previous study shows that bulk of the market adjustments usually takes place a month prior to the rate hike. As such we expect a near term bear flattening trend with an upward pressure on the front end of the curve depending on the subsequent inflation expectations and build up in financial imbalances. Subsequently, yield curve should bear steepen in the long term to reflect higher inflation and underlying interest rate risk. Overall, we still favor neutral duration with overweight in PDS over MGS/GII for better yield pick-up.

DISCLAIMER:

As this is a close-ended fund, units are no longer available for sale on the basis of the Prospectus dated 29 July 2011. Investors are advised to read and understand the contents of the Prospectus dated 29 July 2011, which has been registered with Securities Commission who takes no responsibility for its contents, before investing. 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 Prospectus relates will only be made on receipt of a form of application referred to in the Prospectus. For more details, please call 1-800-88-3175 for a copy of the Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the principal risk factors of the funds are credit/default risk, interest rate risk, counterparty credit risk associated with derivatives, derivatives risk, returns are not guaranteed, legal/regulatory risk, currency risk, country risk, and risk relating to the underlying. These risks and other general risk are elaborated in the 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.