FUND FACTSHEET – DECEMBER 2017

All data expressed as at 30 November 2017 unless otherwise stated

3-year Fund Volatility **11.0** very high — Lipper Analytics 15 NOV 2017

RHB US FOCUS EQUITY FUND

The Fund will invest in a target fund which aims to provide capital growth primarily through investment in equity securities of smaller and medium-sized US companies. Smaller and medium-sized US companies are considered companies which, at the time of purchase, form the bottom 40% by market capitalisation of the US market.

INVESTOR PROFILE

This Fund is suitable for Investors who:

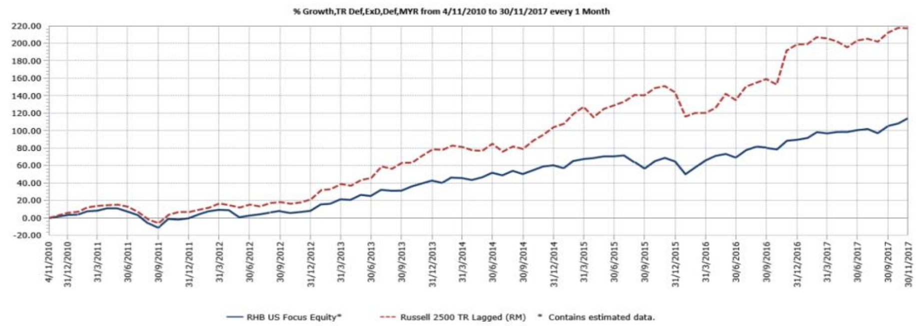
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the X Accumulation Shares of Schroder ISF USSME.
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**3.02**	**8.67**	**7.73**	**12.81**
Benchmark	-0.16	5.06	7.39	6.17

	1 Year	3 Years	5 Years	Since Launch
Fund	**13.50**	**34.52**	**100.47**	**114.10**
Benchmark	8.72	62.29	168.94	217.10

Calendar Year Performance (%)*

	2016	2015	2014	2013	2012
Fund	**15.41**	**2.40**	**12.44**	**32.00**	**8.88**
Benchmark	22.58	19.36	14.25	47.04	13.65

Source: Lipper IM

FUND DETAILS

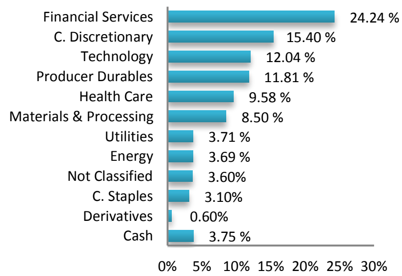
Investment Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	15 October 2010
Unit NAV	RM1.0705
Fund Size (million)	RM131.41
Units In Circulation (million)	122.76
Financial Year End	31 October
MER (as at 31 Oct 2016)	1.01%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	Russell 2500 TR Lagged (RM)
Sales Charge	Up to 5.50% of investment amount*
Redemption Charge	None
Annual Management Fee	1.80% 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
Distribution Policy	Incidental

**The implementation of GST will be effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.*

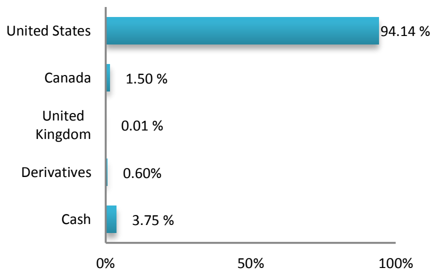
**For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.*

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SCHRODER ISF US DOLLAR LIQUIDITY	3.60
KAR AUCTION SERVICES	1.88
ARAMARK	1.81
ADVANCE AUTO PARTS	1.78
DENTSPLY INTERNATIONAL	1.57

**As percentage of NAV*

**Source: Schroder, 30 November 2017. Exposure in Schroder ISF US Small & Mid-Cap Equity - 93.35%*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0705	1.0705	1.0705
Low	1.0272	0.9256	0.4185

Source: Lipper IM

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RHB Asset Management Sdn Bhd (174588-X)

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MANAGER'S COMMENTS

WHAT HAPPENED IN THE MARKETS

All eyes are on tax reform. Despite generally positive economic data out of the US (a rebound in October payrolls, better-than-expected ISM number, and consumer confidence at long-term highs) it was tax reform that dominated headlines and sentiment.

Following weeks of debate and backroom negotiations, Republicans released their initial bill early in the month. There have subsequently been many fits and starts, iterations and last-minute edits. However, at time of print it appears they may have the votes to pass the bill if the Senate and House versions can be reconciled into a piece of unified legislation. In its current state, the bill slashes the corporate tax rate to 20%, places a cap on corporate interest deductions, overseas profits are moved to a territorial system, deferred foreign profits repatriated and the individual tax code simplified. To cap off a busy month, a change in Federal Reserve leadership was announced with the nomination Jerome “Jay” Powell to succeed Janet Yellen as the chairperson.

Large cap continued to outperform despite tax cuts disproportionally benefiting small cap companies. Within the small cap space, consumer durables and discretionary were the best performers due to better-than-expected earnings and potential tax reform. Small cap exchange traded funds (ETFs) saw large inflows in November, driving up performance in the smallest companies in the index. The fastest growers continued to outperform.

LOOKING AHEAD

When we look at the market landscape we begin with valuations which are stretched. The saving grace is the very low level of interest rates, which does allow for higher price-to-earnings ratios. In fact, small cap is attractively valued relative to US Treasuries on an earnings yield basis.

Relative to large cap US stocks, smaller cap companies are fairly valued. We are much more comfortable with valuations versus large caps than we were at the beginning of the year and we are finding more investment ideas in the smaller cap space.

On the corporate front there is good evidence that businesses are relatively optimistic. A leading small business association, the NFIB (National Federation of Independent Business) publishes its Index of Small Business Optimism which has been elevated since President Trump won the US election.

This is a particularly positive indicator given the impact that small businesses have on the US economy: these companies account for 83% of the jobs in the non-farm payrolls (the standard government measure to assess employment conditions). That said, the NFIB Uncertainty Index, although at lower levels than pre-election remains elevated.

It is also worth noting that the yield curve has continued to flatten (ie the difference has narrowed between the yields on short-term and long-term interest rates on US Treasuries).

The market and the Federal Reserve are at odds over the number of rate increases in the coming year. The market is currently expecting an increase in December (2017) and one increase in 2018. The Federal Reserve, on the other hand, is signalling one increase this December and three in 2018.

The US Treasury yield curve is at its flattest level since 2005. While there is much debate on the root reason for the curve flattening our view is that rising rates signal that economic growth is more certain. This should lead to outperformance by cyclical stocks (industrials, materials, consumer discretionary and the financials).

There is a debate occurring about what stage of the economic cycle we are in. This has been the longest post-war recovery on record with some suggesting there must be an imminent end to the expansion. However, we would assert that recoveries do not die of old age. We would also point out that this recovery, while long, has also been less robust than average. Annual GDP growth has averaged 2.1%, while prior post-war recoveries have seen average annual GDP growth ranging from 3.2% to 7.4%.

Additionally, in our analysis of companies we are not seeing the kind of acceleration in capital expenditure which you would typically expect to see in the late stage of an economic cycle. Such an acceleration can be a sign of overly optimistic demand projections. Addition of capacity is a stair step – a large increase in the expense base and it takes time for demand to catch up with the larger capacity. This interim period can be difficult for companies which have become overextended.

We are concerned about the potential for inflation. We feel that central banks globally have been underpricing inflation risk. An unexpected rise in inflation would be an event that could create a pullback in the market and perhaps an economic recession.

To date the market has blissfully continued to rise, sidestepping various concerns along the way. This has contributed to the massive inflows to passive investment vehicles such as ETFs. ETFs are a cheap way to participate in the market which is very attractive during bull phases.

However, markets eventually stumble and fall and the passive world will not be able to avoid that. As investors become more focused on risk they may turn more readily to those active managers who have the potential to provide a buffer in falling markets.

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