

### 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:

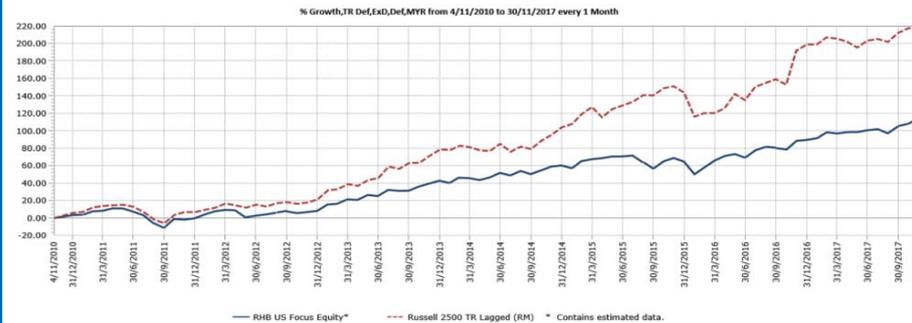
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

#### 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          |
|-------------|-------------|-------------|-------------|--------------|
| <b>Fund</b> | <b>3.02</b> | <b>8.67</b> | <b>7.73</b> | <b>12.81</b> |
| Benchmark   | -0.16       | 5.06        | 7.39        | 6.17         |

|             | 1 Year       | 3 Years      | 5 Years       | Since Launch  |
|-------------|--------------|--------------|---------------|---------------|
| <b>Fund</b> | <b>13.50</b> | <b>34.52</b> | <b>100.47</b> | <b>114.10</b> |
| Benchmark   | 8.72         | 62.29        | 168.94        | 217.10        |

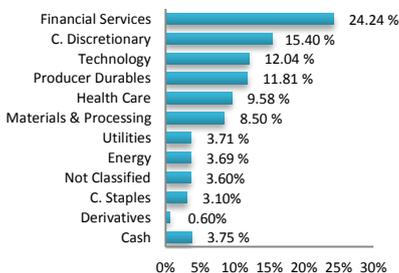
##### Calendar Year Performance (%)\*

|             | 2016         | 2015        | 2014         | 2013         | 2012        |
|-------------|--------------|-------------|--------------|--------------|-------------|
| <b>Fund</b> | <b>15.41</b> | <b>2.40</b> | <b>12.44</b> | <b>32.00</b> | <b>8.88</b> |
| Benchmark   | 22.58        | 19.36       | 14.25        | 47.04        | 13.65       |

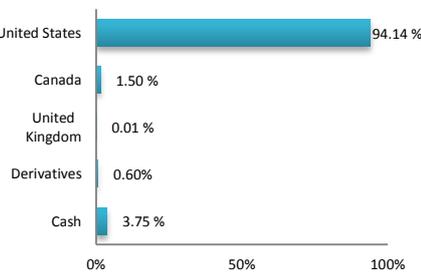
Source: Lipper IM

#### 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

#### FUND DETAILS

|                                       |  |
|---------------------------------------|--|
| <b>Investment Manager</b>             | RHB Asset Management Sdn. Bhd.                         |
| <b>Trustee</b>                        | HSBC (Malaysia) Trustee Bhd                            |
| <b>Fund Category</b>                  | Feeder Fund  |
| <b>Fund Type</b>                      | Growth Fund  |
| <b>Launch Date</b>                    | 15 October 2010  |
| <b>Unit NAV</b>                       | RM1.0705   |
| <b>Fund Size (million)</b>            | RM131.41   |
| <b>Units In Circulation (million)</b> | 122.76   |
| <b>Financial Year End</b>             | 31 October   |
| <b>MER (as at 31 Oct 2016)</b>        | 1.01%  |
| <b>Min. Initial Investment</b>        | RM1,000.00   |
| <b>Min. Additional Investment</b>     | RM100.00   |
| <b>Benchmark</b>                      | Russell 2500 TR Lagged (RM)                            |
| <b>Sales Charge</b>                   | Up to 5.50% of investment amount*                      |
| <b>Redemption Charge</b>              | None   |
| <b>Annual Management Fee</b>          | 1.80% p.a. of NAV*                                     |
| <b>Annual Trustee Fee</b>             | Up to 0.08% p.a. of NAV*                               |
| <b>Switching Fee</b>                  | RM25.00 per switch*                                    |
| <b>Redemption Period</b>              | Within 10 days after receipt the request to repurchase |
| <b>Distribution Policy</b>            | 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.

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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 disproportionately 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.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 15 November 2017, the Volatility Factor (VF) for this fund is 11.0 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 10.7 (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 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2017.

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 3 September 2017 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 management risk and foreign investment risks such as currency risk and country risk and the specific risks of the target fund are general risks, investment objective risk, regulatory risk, risk of suspension of share dealings, liquidity risk, financial derivative instrument risk, warrants risk, counterparty risk, custody risk, smaller companies risk, initial public offerings risk, emerging and less developed markets securities risk, specific risks linked to securities lending and repurchase transactions and potential conflict of interest 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.

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