

### 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	1.10	5.61	7.77	14.06
Benchmark	-0.42	1.22	4.15	5.73

	1 Year	3 Years	5 Years	Since Launch
Fund	14.06	34.80	100.06	116.46
Benchmark	5.73	54.70	159.87	215.78

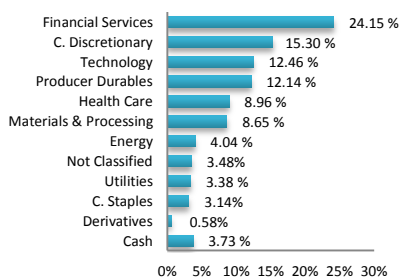
##### Calendar Year Performance (%)\*

	2017	2016	2015	2014	2013
Fund	14.06	15.41	2.40	12.44	32.00
Benchmark	5.73	22.58	19.36	14.25	47.04

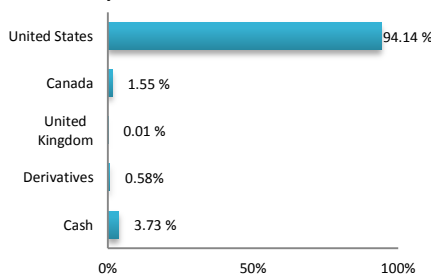
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



##### Top Holdings (%)\*

SCHRODER ISF US DOLLAR LIQUIDITY	3.50
KAR AUCTION SERVICES	1.90
ADVANCE AUTO PARTS	1.80
ARAMARK	1.80
DENTSPLY INTERNATIONAL	1.60

\*As percentage of NAV

\*Source: Schroder, 31 December 2017. Exposure in Schroder ISF US Small & Mid-Cap Equity - 96.59%

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0823	1.0823	1.0823
Low	1.0606	0.9489	0.4185

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	RM1.0823
Fund Size (million)	RM130.29
Units In Circulation (million)	120.39
Financial Year End	31 October
MER (as at 31 Oct 2017)	1.04%
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.

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### MANAGER'S COMMENTS

#### WHAT HAPPENED IN THE MARKET

There was no coal in the stockings this year for US corporations as the Republican tax bill was passed on December 22, 2017. The Republicans released their initial bill in early November and after many fits and starts, iterations and a last minute reconciliation of both the Senate and House versions, they finally obtained enough votes to pass it into a piece of unified legislation. In its final state, the bill slashes the corporate tax rate to 21% effective January 1 2018, eliminates the corporate alternative minimum tax, changes the way overseas profits and repatriated foreign profits are treated and simplifies the individual tax code. On the economic front, the data out of the US was generally positive with the highlight being a better-than-expected third quarter GDP print. Real GDP expanded at a 3.0% annual rate in Q3 ahead of the 2.6% consensus. A change in Federal Reserve leadership was announced in November with the nomination Jerome "Jay" Powell to succeed Janet Yellen as chairperson when her term ends on February 3, 2018. However, there were few changes or surprises at the December Federal Open Market Committee meeting as it delivered with a widely expected 25 basis point rate hike. In terms of factors, the largest companies outperformed their smaller brethren across the capitalisation spectrum for the month, quarter and year. Growth continued to outperform value this quarter; interestingly however, that trend reversed within the large- and mid-cap space in December. Volatility remained subdued in the fourth quarter with 2017 as a whole posting the lowest volatility on record - this is based on the average daily CBOE (Chicago Board Options Exchange) VIX Index since 1990, which fell to 11 (the average is 19). Companies with higher tax rates also outperformed. This was not surprising given the passage of the Republicans' tax bill.

#### MARKET OUTLOOK AND STRATEGY

Valuations are still stretched, in large part due to the very low level of interest rates, which does allow for higher price-to-earnings ratios. Relative to large-cap US stocks, smaller-cap companies are fairly valued. The Target Fund Manager is much more comfortable with valuations versus large caps than were at the beginning of the year and they are finding more investment ideas in the smaller cap space.

On the corporate front, 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 on non-farm payrolls (the standard government measure to assess employment conditions).

A lower corporate tax rate is more beneficial to small-cap companies than large-cap companies. Small-cap companies pay a much higher effective tax rate than their large-cap counterparts. However, within the last month the market has already priced-in the benefit to many of our companies. The Target Fund Manager has been actively assessing our holdings to see which will be the greatest beneficiaries of the new legislation. At the same time, The Target Fund Manager has been trimming companies that the market perceives to be beneficiaries but which have already optimised their tax rate (i.e. these companies have seen their stock price move even though they already pay lower taxes than their headline rate). The Target Fund Manager also has some concerns about the unintended consequences of the tax bill that was written and passed so quickly.

It is also worth noting that the yield curve has continued to flatten. The market and the Federal Reserve are at odds over the number of rate increases in the coming year. The market currently expects two increases in 2018. The Federal Reserve, on the other hand, is signalling three in 2018. Higher short rates and lower long rates will result in technical pressure on the yield curve, which is at its flattest level since 2005. This is something The Target Fund Manager is closely watching. While there is much debate on the 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 financials).

#### DISCLAIMER:

Based on the fund's portfolio returns as at 15 December 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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