

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:

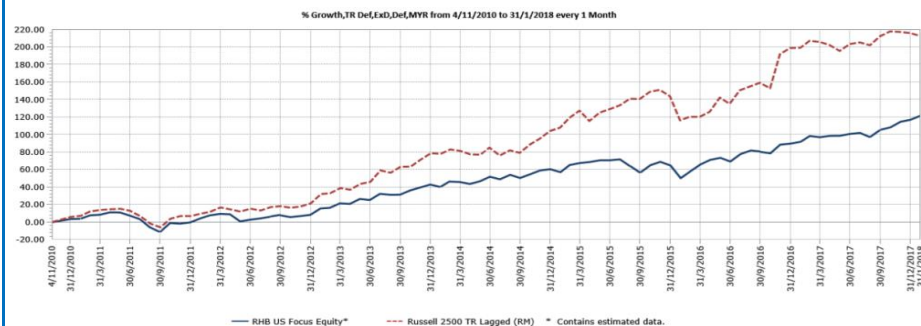
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

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	2.20	6.45	9.49	2.20
Benchmark	-1.03	-1.61	2.42	-1.03

	1 Year	3 Years	5 Years	Since Launch
Fund	15.33	40.73	91.50	121.22
Benchmark	4.55	50.42	136.55	212.52

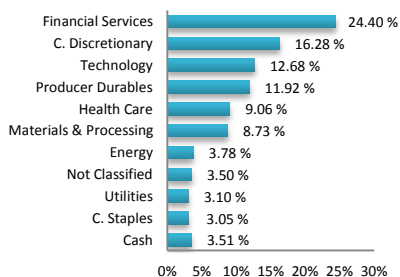
Calendar Year Performance (%)*

	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

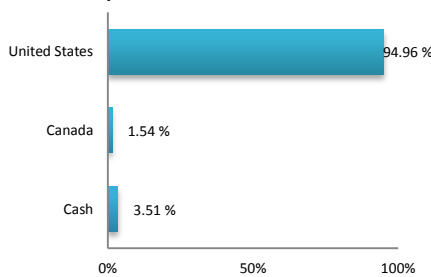
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SCHRODER ISF US DOLLAR LIQUIDITY	3.50
ADVANCE AUTO PARTS	2.17
ARAMARK	1.99
KAR AUCTION SERVICES	1.97
CATALENT	1.80

*As percentage of NAV

*Source: Schroder, 31 January 2018. Exposure in Schroder ISF US Small & Mid-Cap Equity - 92.69%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.1196	1.1196	1.1196
Low	1.0735	0.9591	0.4185

Source: Lipper IM

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MANAGER'S COMMENTS

WHAT HAPPENED IN THE MARKET

The market charged out of the gate with real strength in January, primarily on the back of the new US tax bill. The ongoing rally saw large outperform small (contrary to expectations) and "growth" continued to do better than "value". In the words of songwriter John Fogerty, "it was like déjà vu all over again." The dominant themes of 2017 continued into early 2018, also contrary to expectations.

US corporate tax rates are now among the lowest in the world after being in the top three globally. It is anticipated that the reforms will boost earnings and drive stronger growth for US companies. However, this is a complex bill (over 1000 pages in length) that is still being analysed by company managements, accounting firms, as well as the Internal Revenue Service and US Department of the Treasury. The Target Fund Manager cautions their clients to not expect the same general level of benefit for all companies; much will depend upon the nuances of individual situations. Some are likely to see modest increases in their tax rate.

Broadly speaking the US economy is in good shape as seen in rising GDP and employment, declining unemployment plus some indications of rising wages. The latter will presumably help stimulate consumer spending. Interest rates, as represented by the 10-year US Treasury Note, continued to rise. They have been rising steadily since last September.

As noted above, large cap outperformed small cap, growth is ahead of value, and volatility showed signs of increasing late in the month. The dollar has been weakening, a trend that persisted into January. This favours large caps due to their higher level of overseas revenues. In general analysts have been raising earnings estimates for 2018 in the aftermath of the tax bill. One other item should be mentioned: inflows into exchange traded funds were very powerful this month, totalling over \$50 billion net.

In terms of the strategy's three alpha categories, "mispriced growth" was the only group to outperform in January. This is hardly a surprise given the strong rally in the market. As is usual in a strongly rising market their "steady Eddies" lagged. Utilities and financials, two sectors that are traditional mainstays of the category, were two of the worst performers. Turnarounds also lagged.

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 they were at the beginning of the year and the Target Fund Manager is 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, the market has already priced-in the benefit to many of their companies. The Target Fund Manager has been actively assessing their 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, the Target Fund Manager views 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 January 2018, 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 10.6 (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 31 December 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2018.

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.

RHB Asset Management Sdn Bhd (174588-X)
Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur
General Line: 603-9205 8000
www.rhbgroup.com


RHB Asset Management Sdn Bhd (174588-X)

