

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:

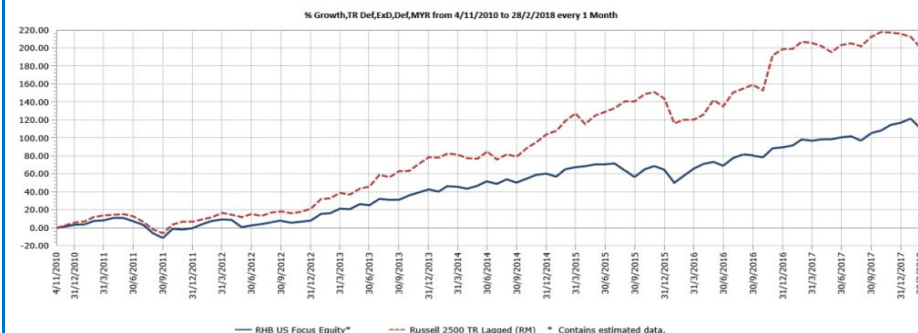
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

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	-4.48	-1.30	7.26	-2.37
Benchmark	-3.56	-4.95	-0.14	-4.55

	1 Year	3 Years	5 Years	Since Launch
Fund	6.47	27.79	81.80	111.32
Benchmark	-1.78	37.69	126.53	201.39

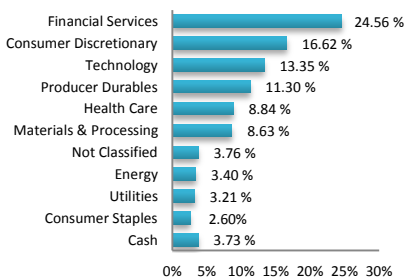
Calendar Year Performance (%)*

	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

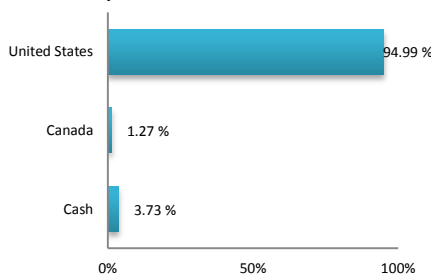
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SCHRODER ISF US DOLLAR LIQUIDITY	3.76
KAR AUCTION SERVICES	2.24
ADVANCE AUTO PARTS	2.14
ARAMARK	1.96
HEXCEL	1.54

*As percentage of NAV

*Source: Schroder, 28 February 2018. Exposure in Schroder ISF US Small & Mid-Cap Equity - 93.15%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.1061	1.1196	1.1196
Low	1.0309	0.9660	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	RM1.0566
Fund Size (million)	RM125.22
Units In Circulation (million)	118.52
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

The nine-day correction: The month began with the US equity markets in full swoon. A sharp correction had begun on 26 January, bottomed on 8 February and was merely a bad memory by 15 February. At its depth the market was down 10% (market close on 8 February) which by the standard yardstick constituted a correction. But it seemingly was over as quickly as it began.

A variety of reasons were proposed for the sell-off, many pointing to various trades betting on low volatility (which was a profitable trade throughout 2017). Once volatility began to spike, speculators rushed to close out these positions and as a result drove the market into a downward spiral. This led to stocks largely moving together in lockstep regardless of market capitalisation and style. Inter-stock correlations approached 1.0 in February which makes it difficult for active managers to find differentiated stocks.

The US economy is in good shape as seen in rising GDP and employment data, declining unemployment and increasing wages. The latter will presumably help stimulate consumer spending. Interest rates, as represented by the 10-year US Treasury Note, continued to rise through most of the month - the 10-year ended February at a yield of 2.86%, extending a steadily rising trend which has been in motion since last September.

In Washington the double barrelled stimulus from the tax bill plus the new US Government budget is unique in its timing. The economy is clearly late cycle and historically prior government stimulus packages have occurred early in the economic cycle. This has raised concerns about the potential for higher inflation to raise its head – more likely in 2019 than 2018.

In the US equity markets certain themes persisted from 2017: large has outperformed small and growth has continued to outpace value. In the Russell 2500, growth has outperformed value by 526 basis points (bps) over the past two months.

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.

The market currently expects three increases 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 February 2018, the Volatility Factor (VF) for this fund is 10.9 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.

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