

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:

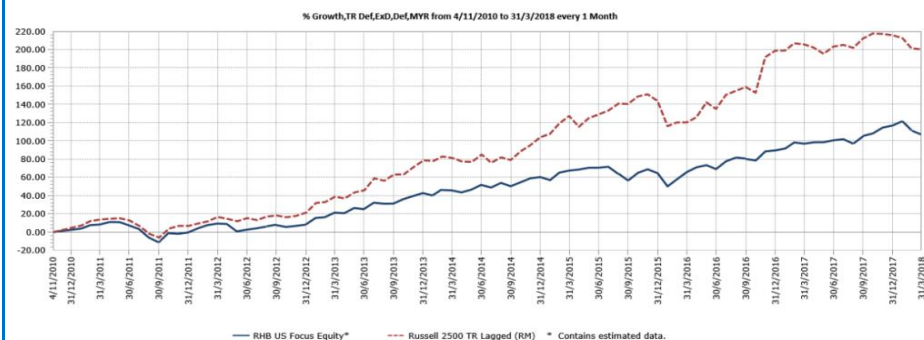
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

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	-2.11	-4.43	0.93	-4.43
Benchmark	-0.42	-4.95	-3.79	-4.95

	1 Year	3 Years	5 Years	Since Launch
Fund	4.95	23.41	70.42	106.86
Benchmark	-1.80	32.13	116.01	200.14

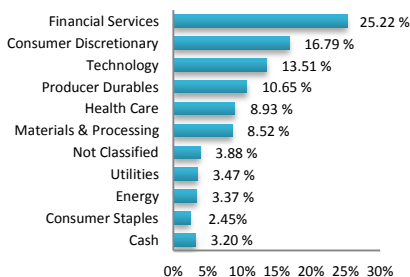
Calendar Year Performance (%)*

	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

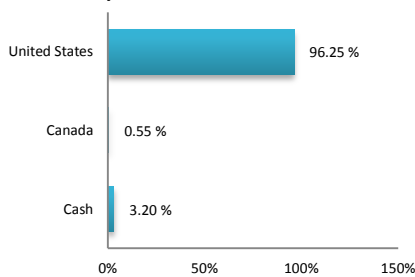
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SCHRODER ISF US DOLLAR LIQUIDITY	3.88
ADVANCE AUTO PARTS	2.42
KAR AUCTION SERVICES	2.41
ARAMARK	1.92
HEXCEL	1.52

*As percentage of NAV

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

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0859	1.1196	1.1196
Low	1.0313	0.9698	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	RM1.0343
Fund Size (million)	RM118.25
Units In Circulation (million)	114.30
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 US economy is strong; the US stockmarket is schizophrenic. Job creation is robust, unemployment low, consumer confidence strong, inflation subdued, and corporate earnings expectations for this year are very high. However, you might not know it from the behaviour of the US stockmarket which has soared and swooped then soared and swooped again. The Russell 2000 index dropped by almost 10% over the course of five trading days. The Target Fund Manager has seen worse declines but many investors reacted to the drop with fear. The market did not regain its prior high and a second decline of 4.5% occurred in March (over 10 trading days through March 29) which also generated heavy concerns. Thus volatility has been more prevalent than in 2017. The factors driving these peaks and valleys have been (on the positive side) the new tax bill plus the stimulus coming from the recently passed \$1.3 trillion US Budget. On the negative, talks of tariffs and trade wars have spooked investors. Stock prices have alternated between rising like champagne bubbles and then dramatically falling as if over a waterfall. The Target Fund Manager has urged investors to pay attention to what the administration does, rather than what it says, and to focus on the long term. The Federal Reserve (Fed) raised rates in March arguing that underlying economic strength enabled them to do so. Consensus now projects a total of three hikes in 2018. The Fed's role is important going forward. If investors believe they are falling behind inflation trends, the market is likely to be unhappy. However, as long as the Fed is perceived as staying ahead of inflation, the market will have confidence in the central bank's ability to manage the inflationary forces. During the quarter smid cap outperformed (the Russell 2500 TR Lagged index ended the period with a decline of -2.1%), primarily due to a rotation into small caps in March.

MARKET OUTLOOK AND STRATEGY

The impact of the tax reform bill and the fiscal stimulus from the new budget has driven earnings expectations higher. According to FactSet, expectations are for a 27% year-over-year earnings increase in the small cap space. This is a significantly large number.

As a result, valuations have come down a lot. For example, the forward price-earnings ratio (P/E) for the Russell 2000 Index is now 17.9x, which is only a 6% premium over large cap at 16.9x. These are almost reasonable numbers but the Target Fund Manager hasten to point out that the long-term average P/E for small caps is 15.8x forecast earnings-per-share (EPS).

As noted at the beginning of this document, economic numbers are good. In some cases the numbers are as good as the Target Fund Manager has seen in years. Both business and consumer confidence are strong, and confidence begets confidence.

Wait and see on tariffs

An interesting point is that after a decade of monetary policy driving growth, fiscal policy is now in the driver's seat. Key headlines from Washington this quarter, at least as far as the market is concerned, centre on trade issues.

The proposed tariffs on foreign steel and aluminium, plus the additional tariffs proposed on an undetermined set of Chinese products, have spooked investors. The Chinese have quickly responded in kind, albeit in a measured fashion. The Target Fund Manager reminds their investors to look at what the Administration does and to not get caught up in various headlines and tweets.

As an example, note the initially proposed blanket tariffs on steel and aluminium, and the subsequent "exceptions" granted to a large number of countries. Poor Norway has been left in the proverbial cold (not receiving an exception) but fortunately for them their steel exports to the US are quite modest.

The Target Fund Manager cautions investors to wait and see the effects of any tariffs. For example, on the steel and aluminium issue the cost of goods has been raised for middlemen who use raw steel and create products to be sold to end-manufacturers. As another example, Boeing's share price took a hit in mid-March because of the anticipated impact of higher steel and aluminium costs. The stock has not yet recovered.

This recalls to mind Hamlet's comment to Horatio that "There are more things in heaven and earth, Horatio, than are dreamt of in your philosophy."

To the extent that tariffs and trade wars materialise, this will be to the disadvantage of US large cap stocks as a larger percentage of their revenues come from non-US sources (36%) than small cap companies (18%).

A rise in the dollar expected

Finally, the Target Fund Manager is keeping a close eye on the US dollar. The Target Fund Manager anticipates that the Federal Reserve will continue on its path of steady rate rises. All things being equal the dollar should rise in value as rates rise. If it doesn't, that could signal problems on the horizon. The US has a significant need to sell US Treasuries.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 March 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.

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