

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:

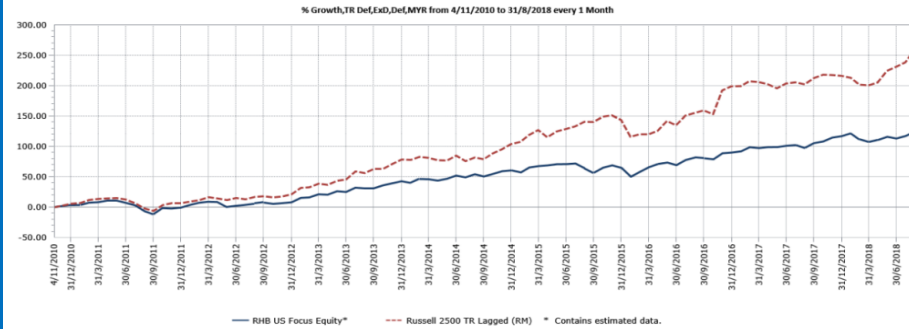
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

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	3.31	3.98	5.99	3.47
Benchmark	6.16	10.76	19.07	13.64

	1 Year	3 Years	5 Years	Since Launch
Fund	13.68	36.61	70.77	123.98
Benchmark	18.90	49.07	129.43	258.85

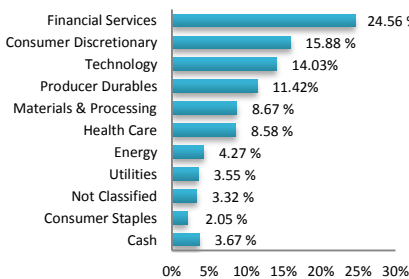
Calendar Year Performance (%)*

	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

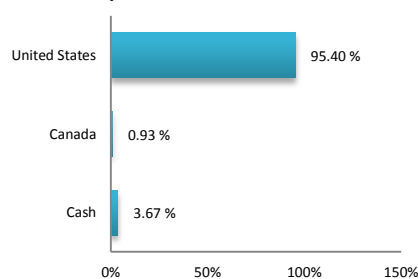
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

SCHRODER ISF US DOLLAR LIQUIDITY	3.32
ARAMARK	2.21
ADVANCE AUTO PARTS	1.99
KAR AUCTION SERVICES	1.56
FORTUNE BRANDS HOME & SECURITY	1.56

*As percentage of NAV

*Source: Schroder, 31 August 2018. Exposure in Schroder ISF US Small & Mid-Cap Equity - 96.08%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.1222	1.1222	1.1222
Low	1.0839	0.9851	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	RM1.1199
Fund Size (million)	RM129.34
Units In Circulation (million)	115.50
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

*All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.

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.

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.

MANAGER'S COMMENTS

WHAT HAPPENED IN THE MARKET

It's getting hot in here! August brought the US both scorching temperatures and stockmarkets. Things heated up as the US stockmarket surged to end the month. Investors continued to shrug off Trump headlines and the "occasional" tweet and instead focused on the strong US fundamental narrative. The underlying US economy remains robust and more favourable trade headlines that included a deal with Mexico aided investor returns this month. The corporate earnings season was better than expected and expectations for a record amount of buybacks are high. August commentary from the Federal Reserve (Fed) was also as expected and supports the market thesis of another rate hike in September. Another sign of economic strength; the early Q3 GDP estimates from the Atlanta Fed are anticipating another 4%+ expansion.

Growth was back with a vengeance in August as the highest growth, lowest quality and smallest capitalisation names were the best performers. According to Bank of America Merrill Lynch, at the current pace growth is slated to outperform value by the widest spread since the tech bubble (1999). Biotechnology rallied again, as did lower return on equity and non-earners (not surprising given the number of small cap biotechnology stocks that fall into those two categories).

It was a strong earnings season across the capitalisation spectrum with small, mid and large caps in aggregate all reporting over 23% earnings growth. US small caps saw the best earnings growth since 2010 after posting earnings growth of 26.8% and sales growth of 9.8% (source: Jefferies). It was also the first time that small caps beat large caps in the past two years, driven by strong growth in healthcare and consumer staples. Estimates for 2019 are also solid for small cap (not as good as 2018, but still growing at a significant rate).

MARKET OUTLOOK AND STRATEGY

As noted last quarter the tax bill has had an important impact on American business, with smaller companies experiencing a larger positive effect due to their higher level of effective taxes relative to large cap. Combined with the good economy, earnings expectations are quite robust.

According to RBC Capital Markets (citing Thomson Reuters) expectations for small cap earnings in calendar year 2018 are now 26.8%, compared with 21.0% for large cap. Expectations for 2019 also favour small over large: 20.5% vs. 10.0%. The combination of tax relief, a strong economy and the lowering of regulations has had a salutary effect on American business.

Unfortunately valuations have been creeping up, with small caps looking more expensive relative to history on forward earnings, although they still appear to be fairly valued versus large cap.

Trade wars?

The developing "tit for tat" tariff spat between the US and China, US and Canada, US and the EU, etc... is gathering an unsettling momentum. The Target Fund Manager is not quite at the point where they are willing to describe this as a trade war, but if it continues on this path then it may approach the point where we will have to do so. This could be expected to be a problem for the US economy, as well as most economies around the world.

In the medium-term, tariffs and trade wars can be expected to have a larger negative impact on US large cap stocks. A greater percentage of their revenues come from non-US sources (36%) than small-cap companies (18%).

A rise in the dollar expected

The Target Fund Manager continues to keep a close eye on the US dollar. The Target Fund Manager still anticipates 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. This can be expected to create problems in particular for emerging market currencies and economies. China has effectively devalued the yuan to mitigate the impact of dollar strength.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 August 2018, the Volatility Factor (VF) for this fund is 11.3 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 11.1 (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 2018 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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)

