

RHB SMALL CAP OPPORTUNITY UNIT TRUST

The Fund aims to achieve long term* capital growth by investing in small capitalisation companies.

*Note: "long term" in this context refers to a period of between 5 – 7 years.

INVESTOR PROFILE

This Fund is suitable for Investors who:

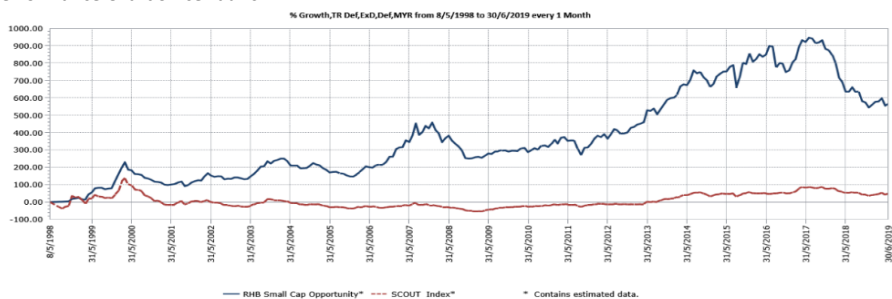
- are fairly aggressive investors; and
- are willing to accept higher risk in order to obtain higher growth of their capital over a long term period.

INVESTMENT STRATEGY

- 70% - 95% of NAV: Investments in securities of small capitalisation companies; and
- The balance of NAV: Investments in liquid assets including money market instruments, deposits and collective investment schemes investing in money market instruments and deposits.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Benchmark: Effective from 12 April 2019, the performance of this Fund is benchmarked against the FBM Small Cap Index. Prior to 12 April 2019, the performance of the Fund is benchmarked against the FBM Fledging Index.

Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	1.72	-1.91	3.36	3.36
Benchmark	3.58	0.35	8.50	8.50

	1 Year	3 Years	5 Years	Since Launch
Fund	-9.43	-33.14	-16.84	567.41
Benchmark	-3.85	-0.24	0.75	46.82

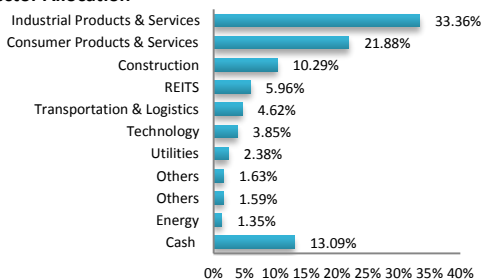
Calendar Year Performance (%)*

	2018	2017	2016	2015	2014
Fund	-33.76	13.44	-10.09	25.39	9.27
Benchmark	-23.34	17.05	-4.54	18.18	11.07

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

AMANAHRAYA REIT	5.96
HSS ENGINEERS BHD	3.59
MMC CORP BHD	3.36
CYPARK RESOURCES BHD	3.18
LII HEN INDUSTRIES BHD	3.03

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6376	0.7441	1.3063
Low	0.6232	0.6075	0.5291

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
Dec 2018	-	-
20 Dec 2017	8.1000	7.80
28 Dec 2016	9.6000	8.99
16 Dec 2015	14.1500	12.83
16 Dec 2014	13.7500	11.63

Source: RHB Asset Management Sdn. Bhd.

RHB SMALL CAP OPPORTUNITY UNIT TRUST

This Fund aims to achieve long term capital appreciation through investments in companies with market capitalisation of not more than RM750 million.

MANAGER'S COMMENTS

MARKET REVIEW

Global equity markets made a strong come back advancing 6.4% during the month of June 2019 and extending YTD returns to 14.9%. U.S dollar weakened as market participants price in three rate cuts by the Fed in 2019, starting in July 2019. A basket of emerging market (EM) currencies gained 2.0% against the USD in June 2019, with the Pakistan Rupee being the only EM currency to depreciate (-7.5%). Asia ex-Japan equities inched up 6.1% in June 2019 (YTD: 9.4%) driven by strong recovery in China (7.3% in June 19). Tele-conversation between President Xi and President Trump raised expectations of a phasedown in the US-China trade tensions, coupled with some consumption stimulus. Korea (8.5%) and Taiwan (4.2%) partially recuperated their losses from the prior month, with the former being driven by the strong gains in the tech hardware sector (13.6%). ASEAN registered positive return of 6.8% was driven by Singapore (10.3%) and Thailand (9.6%). Singapore reflected firmer banking stock prices while foreign equity inflows propelled Thailand on the back of receding political noise.

The KLCI rose 1.3% MoM (or 21.4 pts) but fell 1.1% in 1H19 to close at 1,672 pts at the end of June 2019. The market rebound was driven by optimism over potential rate cuts in the US and easing US-China trade tensions. In June 2019, KLCI underperformed the FTSE Bursa Emas or the broader market, and small-cap sector. It also underperformed the MSCI Asia Pacific ex-Japan Index (MXASJ).

On the economic front, Malaysia registered a 3.1% YoY increase in approved investments in 1Q19 on the back of robust manufacturing sector, in which 54.4% of RM53.9 bil were foreign investments. Malaysia Nikkei PMI fell to 48.8 in May 2019 vs. the seven-month high of 49.4 in April 2019.

There were slew of corporate news in the month of June 2019. Gamuda has received takeover offers from the government for all of its highway concessions for RM2.36 bil which the market believe is a fair price. Meanwhile, Mavcom has released its Second Consultation Paper, proposing a WACC of 10.88% while MAHB is seeking 12.7%. Aabar Investments has ceased to a substantial shareholder of RHB Bank after disposing around 231 mil shares to institutional investors. The Domestic Trade and Consumer Affairs Minister has intervened to prevent a 40-50% hike in cement price hike, citing cement is a controlled item.

MARKET OUTLOOK AND STRATEGY

The recently concluded G-20 meeting in Osaka ended on a modestly positive note, with trade talks between US and China to resume soon. Although earlier punitive measures have not been rolled back, additional tariffs have been delayed indefinitely, with the partial lift of the ban on Huawei an added positive. This will likely lead to lower economic policy uncertainty, adding another upside catalyst to risk assets that could disproportionately help Asia/EM equities. We opined that growth will remain weak in 2H19 due to sluggish external demand and soft investment momentum. Given the external uncertainties, our portfolio will focus on domestic related sectors that are less affected by overseas demand.

DISCLAIMER:

Based on the fund’s portfolio returns as at 10 June 2019, the Volatility Factor (VF) for this fund is 14.9 and is classified as “Very High”. (source: Lipper) “Very High” includes funds with VF that are more than 11.4 (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 2018 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2019.

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 August 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 market risk and particular securities 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.