

RHB GROWTH AND INCOME FOCUS TRUST

This Fund aims to achieve maximum total returns through a combination of long term growth of capital and current income.

INVESTOR PROFILE

This Fund is suitable for Investors who:

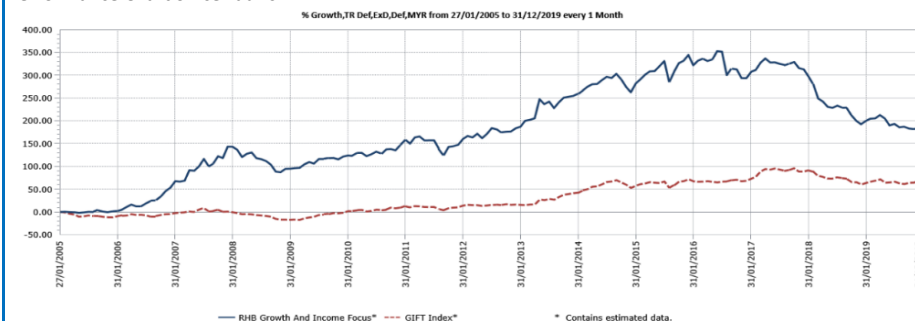
- seek long term capital appreciation through investments in high growth potential small cap securities whilst requiring the flexibility of a conservative portfolio of fixed income securities in order to capitalise and adapt to prevailing market conditions; and
- are willing to accept slightly higher risk in their investments than that normally associated with a general balanced fund in order to achieve long term capital growth and income.

INVESTMENT STRATEGY

- 30% - 70% of NAV: Investments in securities of companies with market capitalization of not more than RM750 million ("small cap securities").
- 30% - 70% of NAV: Investments in fixed income securities, money market instruments, cash and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.61	-1.23	-2.21	-3.04
Benchmark	2.76	4.73	2.41	5.33

	1 Year	3 Years	5 Years	Since Launch
Fund	-3.04	-27.78	-21.66	183.86
Benchmark	5.33	0.69	11.34	69.42

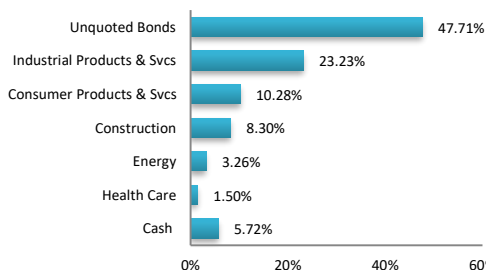
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	-3.04	-29.12	5.08	-11.62	22.73
Benchmark	5.33	-14.77	12.19	-1.96	12.80

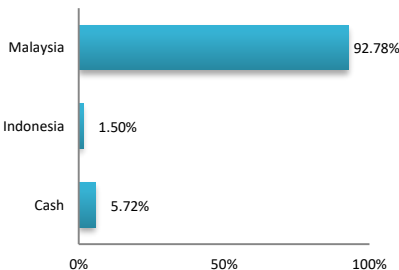
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

MEX II SDN BHD 5.7% (29/04/2027)	15.07
BRIGHT FOCUS BHD 2.5% (24/01/2030)	13.88
GENM CAPITAL BHD 4.98%(31/03/2027)	4.96
FORMOSA PROSONIC INDUSTRIES BHD	4.44
GABUNGAN AQRS BHD	4.01

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.2656	0.2932	0.9179
Low	0.2629	0.2629	0.2629

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
20 Dec 2018	1.0000	3.02
20 Dec 2017	4.5000	9.89
Dec 2016	-	-
16 Dec 2015	2.0500	4.27
16 Dec 2014	2.7800	6.05

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

2019 was a good year for global equity market. Global equity markets rallied 24.0% in 2019, to cap off its best year since the Global Financial Crisis in 2009. The performance was primarily driven by Developed Markets (+25.2%). The United States (US) (+29.1%) led from the front in Developed Markets, closely followed by Europe (+20.0%) and Japan (+17.1%). Although 2019 predominantly circled around the US-China trade tensions, an abundance of liquidity made available by the capitulation of central banks globally played an equally important role. The US Federal Reserve seems to have engineered a soft landing through balance sheet expansion and numerous rate cuts. The Equity markets closed the year on a high as two imminent bottlenecks inched slightly closer to resolution with the progress on the US-China Phase 1 trade deal and the emphatic victory of the Conservatives in the United Kingdom elections paving the way to a potential breakthrough in the Brexit impasse. The Asia Ex Japan equities advanced 15.4% in 2019, primarily driven by index heavyweights in China (+20.9%) and Taiwan (+31.5%), as the markets moved largely in tandem with the progress on the US-China trade talks.

The commodities ended 2019 on a positive note as well. Brent Crude rose 19.0%, driven by the supply cuts by The Organization of the Petroleum Exporting Countries (OPEC) and the US decision to end waivers on Iranian oil imports in April 2019. On 16 September 2019, a drone attack shut down about 5.7 million barrels per day (b/d) of crude production in Saudi Arabia in the single biggest supply disruption ever, but softened subsequently as output was restored and the global growth slowdown weighed in. Similarly, Crude Palm Oil prices shot up to above RM3,000 per metric tonne due to lower production, drought season and B30 bio diesel mandate in Indonesia.

The FBM KLCI rose 1.7% MoM (or 27 points) to close at 1,588 points at end December 2019. As a result, the benchmark index narrowed its 2019 losses to 6%. The FBM KLCI rose steadily in December 2019 and peaked at 1,615 points on 30 December. However, it succumbed to profit-taking and lost 26.9 points on the last trading day to close at 1,588.7 points. Against regional/global peers, Malaysia was the worst-performing Asian market.

MARKET OUTLOOK AND STRATEGY

On the local front, the key events to watch out for are how the new minimum wage and smoking ban will impact consumption patterns, Bank Negara's decision on Overnight Policy Rate on 22 January 2020 and update on government plans to acquire highway concessionaires and toll roads. On the external front, investors will be following up on the US Federal Reserve policy meeting on 29 January 2020, signing of US-China Phase one trade deal and Brexit day on 31 January 2020.

Malaysian equities are set for a better year in 2020 with the resumption of earnings growth after a 2-year hiatus thanks firstly, to subsiding external risks; secondly, to recovering commodity prices; thirdly, to the anticipated revival of mega infrastructure projects and finally, to the positive impact of trade diversion on investments and exports.

In terms of strategy, the domestic equity market will continue to adjust to external developments especially on the global trade tensions, US interest rate movement and domestically on the government's new policies and actions. However, with the gradual revival of earnings growth, undemanding valuation and subsiding foreign selling flows, the market will gradually perform. We will focus on stocks with good earnings growth potential and accumulating good quality stocks during weakness to benefit the fund in the longer term.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 December 2019, the Volatility Factor (VF) for this fund is 9.2 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 11.2 (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 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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 for the Fund are liquidity risk of underlying investments, interest rate risk, credit/default risk, inflation/purchasing power risk, 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.