

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:

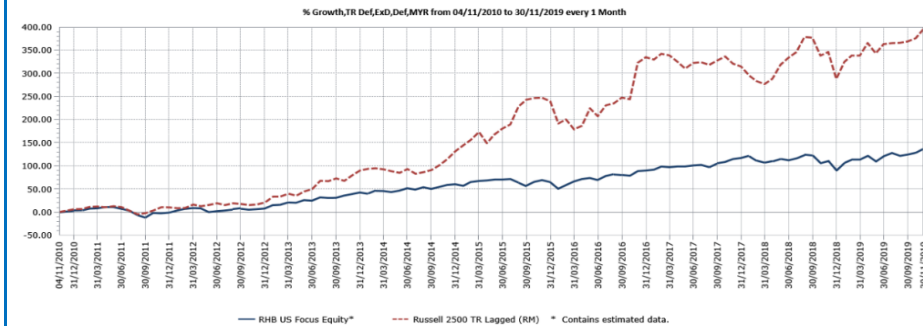
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

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	3.81	7.00	13.24	24.84
Benchmark	4.22	6.42	11.90	27.80

	1 Year	3 Years	5 Years	Since Launch
Fund	12.73	25.35	48.57	136.46
Benchmark	11.15	17.28	131.15	395.51

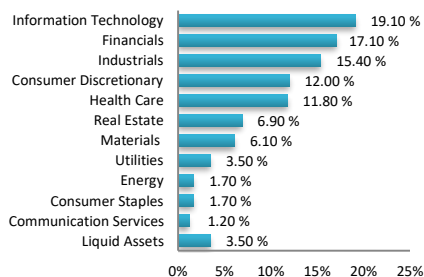
Calendar Year Performance (%)*

	2018	2017	2016	2015	2014
Fund	-12.49	14.06	15.41	2.40	12.44
Benchmark	-6.46	5.73	22.58	19.36	14.25

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

ASSURANT	2.10
FORTUNE BRANDS HOME & SECURITY	2.00
BRUNSWICK	1.70
REINSURANCE GROUP OF AMERICA	1.70
ENCOMPASS HEALTH	1.60

*As percentage of NAV

*Source: Schroder, 30 November 2019. Exposure in Schroder ISF US Small & Mid-Cap Equity - 96.76%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0739	1.0781	1.1300
Low	1.0345	0.8740	0.4185

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
29 Oct 2019	4.2000	4.15
25 Oct 2018	5.5000	5.12

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

The Target Fund Manager has a lot to be thankful for this November:

- Equities have continued to rally into the holiday season; small outperformed large cap, however the S&P is on course for its best calendar year since 2013.
- PMIs were better than feared with upticks in activity in both services and manufacturing.
- The US consumer remains solid due to modest wage gains, lower interest rates and a continued decline in unemployment, however, the Target Fund Manager is closely watching consumer confidence as a key leading indicator. To date it is sending positive signals.
- Directionally positive trade talks between the US and China, at least temporarily.
- The US housing market remains strong.

It was another strong month for US equities, with strong returns across the capitalisation spectrum. For the third month in a row, small cap has outperformed large cap. Healthcare, thanks to biotechnology and speciality pharmaceuticals was the driver of returns this month. However, there was a dichotomy in factor performance dependant on market cap. In the small cap universe growth, non-earners, momentum and low return-on-equity names rallied in November. By contrast, value factors were the strongest performers in the US large cap market. Even with the strong performance of the small cap market over the last four months, valuations remain attractive relative to large cap and the discount remains the largest since 2003.

From a news flow perspective, volatile, albeit overall more positive headlines around the US-China trade tensions dominated in November. The economic backdrop continues to be generally positive with good employment, moderately rising wages and low levels of debt. If the consumer has the ability and propensity to spend, the US economy will be in good shape. The Target Fund Manager is closely monitoring consumer confidence; given the US consumer is still two thirds of the US economy and a critical component of the economic momentum continuing.

November completed another weak earnings season for small cap, however investors seem encouraged about the 2020 outlook. Earnings revisions for small cap bottomed in September, potentially signalling a re-rating of small cap into 2020. Current estimates for 2020 earnings growth are already coming down, but at 15.9% (source: Jefferies as of December 1, 2019), they are poised to outperform large cap again.

MARKET OUTLOOK

Concerns about where the Target Fund Manager is in the (late) cycle are becoming more common in their conversations with clients and other investors. Patches of softness in the US economy (such as the ISM PMI report) are of concern, but the Target Fund Manager is not yet ready to declare that the next recession is on the doorstep. However, the Target Fund Manager is encouraging their companies to take down debt levels in general and variable debt in particular.

The Target Fund Manager continues to remain constructive on the US consumer (who represents two thirds of the US economy) as low unemployment, low rates and wage inflation all point to a positive backdrop. Even though consumers have an ability to spend, the Target Fund Manager is closely monitoring their confidence and willingness to spend.

The Target Fund Manager will continue to be underweight healthcare. This is due to half of the healthcare weight in their index being biotechnology or speciality pharmaceuticals. The vast majority of companies in these two industries have yet to generate positive earnings, and will need to raise money in the next five quarters.

It is important to recall that the Target Fund Manager does not build their underlying portfolios around macro themes and developments. The Target Fund Manager is bottom-up stock pickers with a sensitivity to downside risk and a strong appetite for companies with sustainable business models growing returns on capital over time.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 November 2019, the Volatility Factor (VF) for this fund is 12.6 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 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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