

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:

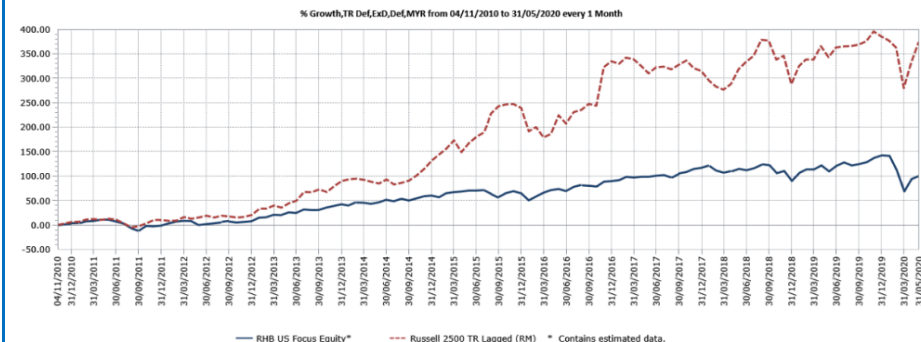
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

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	3.36	-5.68	-15.49	-17.32
Benchmark	9.90	2.53	-4.31	-2.28

	1 Year	3 Years	5 Years	Since Launch
Fund	-4.31	0.55	17.03	99.82
Benchmark	7.07	15.67	77.34	374.15

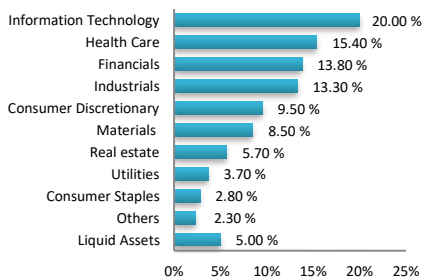
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	27.59	-12.49	14.06	15.41	2.40
Benchmark	25.14	-6.46	5.73	22.58	19.36

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

CATALENT INC	2.40
ENCOMPASS HEALTH CORP	2.10
ASSURANT INC	1.90
MASIMO CORP	1.90
BERRY GLOBAL GROUP INC	1.80

*As percentage of NAV

*Source: Schroder, 31 May 2020. Exposure in Schroder ISF US Small & Mid-Cap Equity - 101.23%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.9237	1.1227	1.1300
Low	0.7912	0.6423	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

Equity markets continued to rally in May, although not as furiously as in April. Nonetheless the numbers were strong for the month. Year-to-date returns were still under water, although the S&P 500 has recovered the bulk of the 30% loss experienced between late February through late March. With the exception of the S&P 500, 12 month returns have been tepid at best. Since the bottom in March, small caps have risen by 40% and have outperformed large caps over that period by over 11%. Growth has strongly outperformed value across the capitalisation spectrum and also for the month, year-to-date and since the market low.

There has been a lot of buzz in the market around the development of a vaccine for the coronavirus. In early May the chatter and stock action was around Gilead and their drug under development Remdesivir. Late in the month Moderna announced encouraging preliminary results from a Phase I vaccine trial. This set off a round of optimistic news reports and commentaries.

There has been a collapse in earnings expectations for 2020 – there is little to no visibility on the part of analysts, investors and company managements. Thus the rotation in the market to companies that have demonstrated secular growth historically.

ECONOMIC REVIEW

Economic numbers continued to be weak in May, although unemployment has shown some signs of relative improvement with unemployment claims increasing at a declining rate. For the current quarter GDP is forecast to be the worst since the Great Depression. One respected firm is projecting a -40% GDP contraction for 2Q. They also forecast the beginning of a recovery in the latter half of the year but project that GDP will not surpass the 2019 peak until 2022. While the “V” recovery may be taking hold in the market, it will be some time before the economy catches up.

Unemployment stands at almost 14.0% as of the last report. These numbers are the worst since the 1930s.

On a related note, the Federal Reserve’s Beige Book of economic activity reports that employers are having trouble hiring workers, claiming that many are making more on unemployment than a pay check would provide. Consumer sales have dropped significantly as expected.

There is continuing talk of additional stimulus money from the Federal Government. The Federal Reserve asserts they are prepared to do more to support the economy. Chairman Powell continues to commit to a “lower for longer” outlook for interest rates and shows very little concern for inflation until the unemployment rate drops significantly, which could take years. The US continues the process of reopening on a state-by-state basis. New York City, which was the epicentre of the outbreak, is looking to re-open in mid June.

MARKET OUTLOOK

The global health crisis has brought the global economy to a grinding halt. When the year began the Target Fund Manager had the view that good earnings were required to drive equity markets in the US this year. The Target Fund Manager had expectations for a reasonable year in US equities, led by a strong US consumer that was benefiting from strong employment and steady wage growth. That has all changed, dramatically and swiftly. The Target Fund Manager will see a worse GDP number in Q2 than anything they experienced even during the Great Depression. The Target Fund Manager will see bad earnings numbers for calendar 2020. The key question as the Target Fund Manager gets to the back half of the year will be how are company earnings setting up for 2021.

The Target Fund Manager thinks that by year-end earnings expectations for small cap will be much better than those for large cap. But to get to that point the Target Fund Manager will pass through a recession, multiple federal government economic aid packages and a presidential election in November.

This is not to minimize the pain and difficulty all of us will face getting through these unprecedented times. The economic contraction will be significant, but the Target Fund Manager remains confident in the resilience in the American economy and the ability to adapt to a new normal.

DISCLAIMER:

Based on the fund’s portfolio returns as at 10 May 2020, the Volatility Factor (VF) for this fund is 20.7 and is classified as “Very High”. (source: Lipper) “Very High” includes funds with VF that are more than 14.9 (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 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2020.

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. This update does not amount to indicate that the SC has recommended or endorsed the Fund. 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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