

### 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:

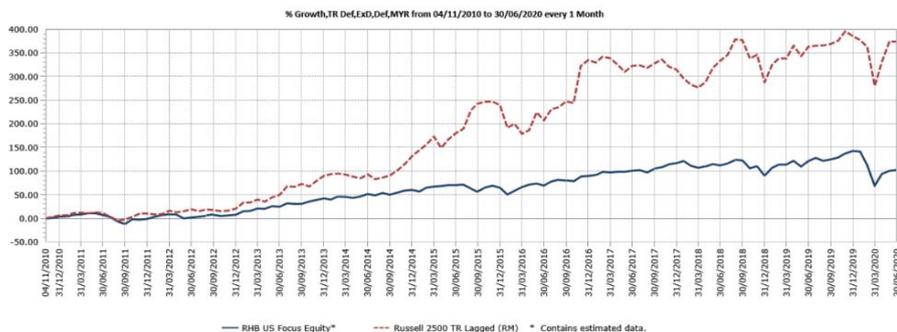
- seek investment opportunities in the US market;
- have medium to high risk appetite; and
- seek capital growth.

#### 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      | 0.87    | 19.90    | -16.60   | -16.60 |
| Benchmark | -0.13   | 24.64    | -2.40    | -2.40  |

|           | 1 Year | 3 Years | 5 Years | Since Launch |
|-----------|--------|---------|---------|--------------|
| Fund      | -8.48  | 0.35    | 18.01   | 101.56       |
| Benchmark | 2.34   | 12.17   | 69.14   | 373.53       |

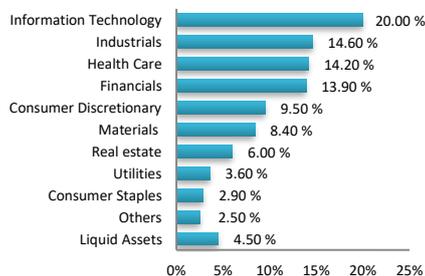
##### Calendar Year Performance (%)\*

|           | 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           | 2.30 |
| ASSURANT INC           | 1.90 |
| MASIMO CORP            | 1.80 |
| ENTEGRIS INC           | 1.80 |
| BERRY GLOBAL GROUP INC | 1.70 |

\*As percentage of NAV

\*Source: Schroder, 30 June 2020. Exposure in Schroder ISF US Small & Mid-Cap Equity - 96.91%

#### FUND STATISTICS

##### Historical NAV (RM)

|      | 1 Month | 12 Months | Since Launch |
|------|---------|-----------|--------------|
| High | 0.9798  | 1.1227    | 1.1300       |
| Low  | 0.8961  | 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.

## RHB US FOCUS EQUITY FUND

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### MANAGER'S COMMENTS

#### MARKET REVIEW

In June the US equity markets slowed down a bit, alternating weeks of gains with weeks of loses yet still delivering a good positive return for the month. The Russell 2000 was up over 9% in the month after six trading days, gave it all back and more before rallying into positive territory late in the month.

Despite the upsurge in Covid-19 cases in the US among the states that were early to re-open, the investment community seems to feel more confidence about prospects for containing the spread of the virus in part due to hopes surrounding the development of a vaccine. There are enough companies furiously researching and testing to make that a reasonable expectation.

Additionally, the political tides seems to be shifting (for the moment?). Those who follow the goings on in Washington are beginning to assess the possible impact of a Biden victory in November. Some polls suggest that the possibility of a Democratic sweep of the House and Senate is could occur. There is still too much time before the election to make a prediction on that occurring. Should that happen, however, current thinking is that would lead to a roll back of corporate tax cuts (from 21% to 28%) along with roll backs of tax cuts for high income earners. A Democratic victory would seem likely to bring in higher levels of regulation also. The debate is on between those who argue it won't be as bad as it seems with those who anticipate much worse.

Initial unemployment claims filed during June totalled 4.67 million, but the new claims decreased with each passing week. The number of claims filed in the last week of June was 1.4 million. The unemployment rate has been declining since peaking in April at 14.7%. In June it was down to 11.15%. Forecasts for GDP growth for Q2 (quarter over quarter) are very high but likely already discounted in the stock market, which is looking across the valley to the recovery.

While personal income is down, unsurprisingly, it is noteworthy that personal consumptions expenditures have been up over the past two months. This is due to the large amount of unemployment and other transfer payments support provided by the Federal government to individuals. Retail sales reflected that showing a 17.7% month over month increase in June.

#### MARKET OUTLOOK

Unprecedented has been an overused word of late for understandable reasons. The Target Fund Manager is certainly living through a time with few comparisons. The deliberate shutting down of national economies is an extreme, and dare the Target Fund Manager says it, unprecedented measure. Maybe this time it really is different. Some days it certainly feels that way, and the Target Fund Manager suspects that is true for most.

From an investment viewpoint the forced shut down of the economy has never been contemplated before. Business models are not built with the assumption that an operating company will have to go through an extended period of no revenues. The Target Fund Manager's economic crisis was a deliberate attempt to contain a health crisis. Navigating these uncharted waters has been treacherous at times, as historically defensive businesses were caught in the crosshairs of the shutdown.

As noted in the comments above, investors are not focusing on 2020 earnings, and many are looking to 2022 earnings estimates to support current valuations. Discounting an earnings and cash flow scenario that far out is fraught with risks. How long can the government continue to shoulder the burden of support for families and individuals? How long can the Federal Reserve keep the financial system awash in liquidity? How will businesses need to adapt to new (and as yet unclear) patterns of consumption and distribution? How will a changed administration in Washington D.C. impact companies' ability to generate earnings and cashflow? In the background is the vaccine question – when will the Target Fund Manager gets one? How effective will it be?

While there is a high level of uncertainty, the Target Fund Manager is beginning to see the US economy starting to emerge from the crisis. On the surface, the economic data will continue to look abysmal – the Target Fund Manager expects the worst quarterly GDP number since the Great Depression. Broadly speaking, the sequential rate of change for economic improvement will determine if the market is overly aggressive in discounting a recovery. This “second derivative” will remain their focus as they navigate through the volatile markets.

Last quarter the Target Fund Manager ended their outlook with the assertion that they remain confident in the resilience of the American economy and its ability to adapt to a new normal. That remains the Target Fund Manager's view today.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 10 June 2020, the Volatility Factor (VF) for this fund is 20.8 and is classified as “Very High”. (source: Lipper) “Very High” includes funds with VF that are more than 15.2 (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 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 contents of the PHS and Master Prospectus dated 3 September 2017 and its supplementary(ies) (if any) (“collectively known as the Master Prospectus”) before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Prospectus should not be taken to indicate that the SC has recommended 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. If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

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 Fund 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.

This Fund Factsheet has not been reviewed by the SC.

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