

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	1.94	1.12	9.94	-12.05
Benchmark	1.76	-0.47	11.22	-1.10

	1 Year	3 Years	5 Years	Since Launch
Fund	-6.69	2.28	28.93	112.55
Benchmark	0.93	10.02	38.51	379.84

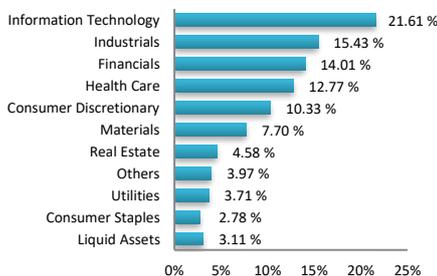
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	27.59	-12.49	14.06	15.41	2.40
Benchmark	25.14	-6.46	-4.62	28.08	46.57

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Top Holdings (%)*

ASSURANT INC	2.18
CATALENT INC	2.04
ENTEGRIS INC	1.81
ADVANCE AUTO PARTS INC	1.80
PENTAIR PLC	1.78

*As percentage of NAV

*Source: Schroder, 31 October 2020. Exposure in Schroder ISF US Small & Mid-Cap Equity - 96.08%

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	1.0097	1.1227	1.1300
Low	0.9452	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

October was noteworthy for several reasons: small outperformed large cap and, value outperformed growth. The value/growth performance can be seen in both small and large cap categories. The outperformance of growth and large cap have been long standing trends that have been frustrating for us at times.

One respected strategist noted that the movements in the US equity market were akin to a classic early cycle rotation with small cap, cyclicals and value all outperforming. The dominant performance of financials and basic materials during the month supports this contention. The market appears to be anticipating additional stimulus help coming from the US government to sustain the economic improvement the Target Fund Manager has witnessed over the last six months.

For some time, the Target Fund Manager has been commenting on the capitalisation and style effects creating difficulties for their strategy. This change in leadership was a welcome development. Fundamentally, the Target Fund Manager has a significant number of smaller companies beating earnings expectations by wide significant margins. Throughout the Q3 reporting season, upward earnings revisions for the Russell 2000 have far surpassed those of large cap stocks, another reminder of why small and mid cap stocks outperform coming out of an economic downturn.

Without doubt this has been an historic year from a variety of perspectives; an economic crisis brought on by a health crisis, unprecedented fiscal and monetary action and a polarising political landscape that. Dr. Fauci (Director of the National Institute of Allergy and Infectious Disease) has warned us that until an effective vaccine is found, the virus remains "in charge". This reality reminds us that in the near term, the sustainability of this recovery is largely dependent on further fiscal stimulus.

Given the uncertain election outcome, and the possibility exists that this election gets decided in the courts, the path for further fiscal stimulus remains uncertain.

Real GDP expanded by 33.1% in the third quarter (a record) after contracting by 31.4% in the second quarter (also a record). The Target Fund Manager has seen two quarters of contraction (the first quarter GDP fell by 5%) creating a very deep and brief recession.

One item of interest this quarter was a 59% surge in spending on goods. However, the Target Fund Manager has yet to experience a comparable move in spending on services. Goods purchases tend to be more of a one-off nature as opposed to service purchases which tend to be more of a recurring nature. Comparing the purchase of a piece of furniture versus a meal in a restaurant illustrates this.

This is the first "services recession" the US has experienced and a recovery in the service sector is necessary to return the economy to good health. By some estimates service jobs constitute almost 85% of the employed workforce and 60% of US GDP. The Target Fund Manager needs service spending (leisure, travel, restaurants, etc...) to return to health to set the stage for sustainable economic growth.

MARKET OUTLOOK

The markets are at a critical juncture, with the timing of further fiscal stimulus hanging in the balance of a contentious election cycle. While the Target Fund Manager expects strong earnings to be delivered during the Q3 reporting period, the market response will likely depend on fiscal stimulus progress, greater certainty around an election outcome, and vaccine progress. The signs of a nascent recovery are cautiously encouraging but the Target Fund Manager is not anticipating a straight path to a return to normal. The shorter term views are quite in flux as noted above, and somewhat disconnected from fundamentals in the near term. The Target Fund Manager's longer term view remains as stated in last quarter's report: The Target Fund Manager remains confident in the resilience of the American economy and its ability to adapt to a new normal. The Target Fund Manager continues to look to invest in companies with sound businesses and good long term prospects, confident that highly profitable, cash generative companies will be rewarded as this cycle normalizes.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 October 2020, the Volatility Factor (VF) for this fund is 20.9 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 15.4 (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 30 June 2020 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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 ("SC") who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Master 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.

RHB Asset Management Sdn Bhd (174588-X)

Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur

General Line: 603-9205 8000

www.rhbgroup.com

 RHB Group
  @RHBGroup
  RHB Group
  RHBGroup

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