

RHB RESOURCES FUND

This Fund aims to achieve long term capital appreciation through investments in securities of companies whose businesses are in or are substantially related to the natural resources sectors.

INVESTOR PROFILE

This Fund is suitable for investors who:

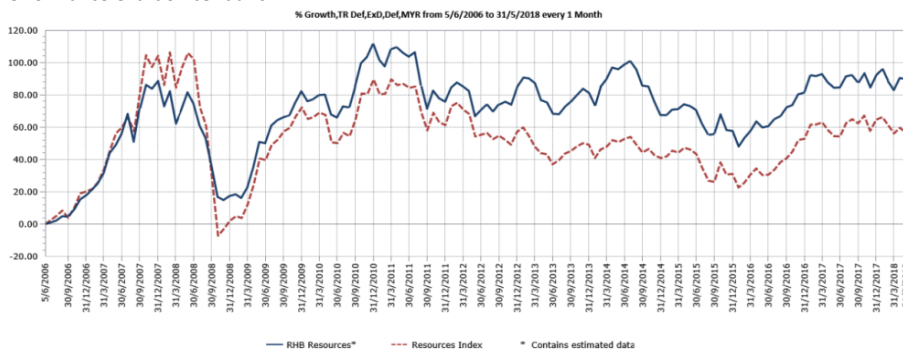
- wish to capitalise on the opportunities offered by the natural resources sectors;
- seek an investment well-diversified across the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

- Up to 98% of NAV: Investments in securities of companies whose businesses are in or are substantially related to the natural resources sectors.
- 2% - 5% of NAV: Investments in liquid assets including bonds, 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	-0.28	0.57	2.75	-1.39
Benchmark	-1.78	-2.96	-0.62	-4.77

	1 Year	3 Years	5 Years	Since Launch
Fund	3.06	9.62	8.19	89.77
Benchmark	1.52	7.27	9.43	56.71

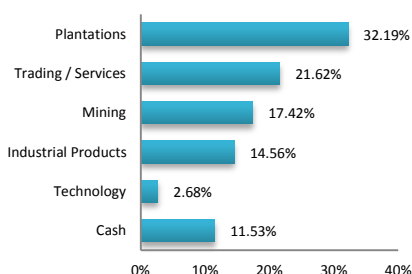
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	6.27	15.01	-6.04	-7.55	-2.12
Benchmark	7.73	16.58	-6.98	-5.53	-5.10

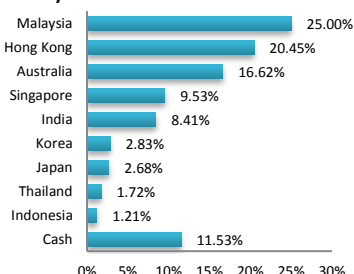
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

IOI CORPORATION BHD	8.03
KUALA LUMPUR KEPONG BHD	7.57
WILMAR INTERNATIONAL LTD	6.86
BHP BILLITON LTD	6.70
CNOOC LTD	4.73

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5954	0.6041	0.8501
Low	0.5738	0.5563	0.3965

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The strengthening of the USD and political tensions were key events for the resources sector for the month of May. Crude oil took the center stage on the back of OPEC/Russia statement on production outlook, coal prices rallied to 6 year high on Chinese heatwave and soft commodities remain undecided.

Energy equities were flat for the month of May. The potential ending of OPEC/Russia supply cut keeps crude prices in check. Saudi and Russia are considering compensating 300k-1m bpd of supply into the market due to political supply disruption by Venezuela and Iran. The easing of output curbs got the market evaluating if OPEC/Russia is ready to end its production cut deal. Crude prices went into corrective mode as market awaits the decision from the upcoming OPEC meeting on the 22 June. WTI and Brent fell 10% and 5% from its April peak respectively but still holding on to year to date gains.

Palm oil equities was the worst performing sector in the resources space; delivering -8% return in May. We are underweight this sector. Malaysian and Indonesian planters generally registered a muted 1Q18 performance. Subdued production and lower CPO selling prices (-21% YoY) dragged profits down. Planters with higher exposure to Indonesian estates (SG and ID planters in particular) recorded lower fresh fruit bunches (FFB) output due to 1) Indonesia being affected by El Nino at a later stage compared to Malaysia thus its FFB recovery lags Malaysia and 2) Extremely wet weather in several Indonesian estates has affected harvesting activities.

MARKET OUTLOOK AND STRATEGY

We remain long-term positive over investing in the resources sector. The cycle is turning and industrial activities out of major economies continue to be solid. Near term dollar strength as well as US-China trade dispute are the major uncertainties for the stock market.

We took profit on our energy positioning as we anticipate volatility ahead of OPEC/ Russia decision that is happening end of June. After that, then we can properly evaluate the impact on energy related equities. We are in the camp that OPEC won't be aggressive but likely to massage supply to keep crude balance around the US\$65-75 (WTI) region to prevent demand destruction. At that level, energy related equities will continue its re-rating story.

We see limited upside for CPO prices due to High stock-to-usage ratio of 16% in 2018 (14% in 2016 and 2017), evidenced by the high inventory figures (+50% YoY for Malaysia and +161% YoY for Indonesia in May). On the flip side, prices should be supported by 1) Higher Brent oil prices and 2) a slow but steady increase in biodiesel consumption in Indonesia. Planters are expected to register an increase in FFB output (seasonality) QoQ but depressed selling prices will continue to hold back earnings.

On the long-term investment themes, we like the proliferation of electric vehicle over the next few decades. We believe the improvement in battery technology and favorable government policy will drive the penetration of electric vehicle. Molybdenum, nickel, and cobalt - related producers are companies who will benefit from this trend.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 May 2018, the Volatility Factor (VF) for this fund is 11.7 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 10.6 (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 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2018.

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 price volatility, focus on natural resources sectors, changes in environmental regulations and laws, country risk and currency 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.