

### 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:

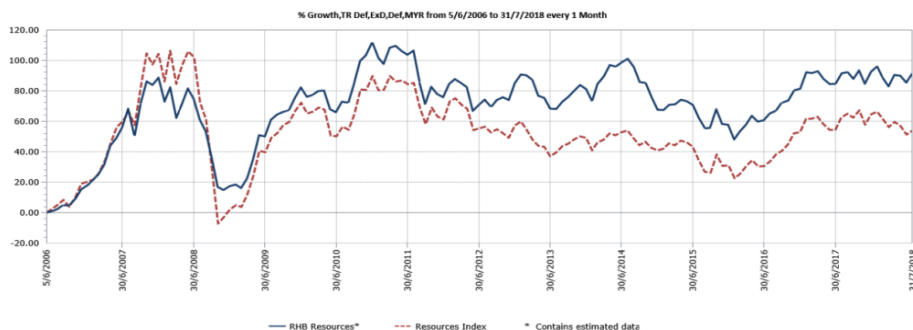
- wish to capitalise on the opportunities offered by the natural resources sectors;
- seek an investment well-diversified across the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

#### 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	3.25	0.53	-2.42	-0.60
Benchmark	1.78	-3.55	-7.39	-6.49

	1 Year	3 Years	5 Years	Since Launch
Fund	0.09	18.06	13.78	91.31
Benchmark	-5.27	14.38	10.32	53.89

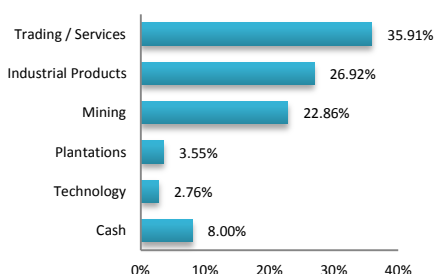
##### Calendar Year Performance (%)\*

	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

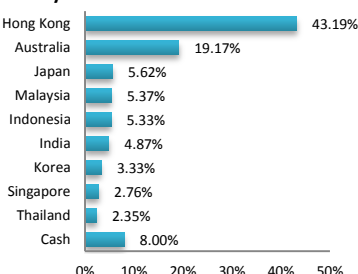
Source: Lipper IM

#### FUND PORTFOLIO ANALYSIS

##### Sector Allocation\*



##### Country Allocation\*



##### Top Holdings (%)\*

CNOOC LTD	5.96
CHINA PETROLEUM & CHEMICAL	5.78
RIO TINTO LTD	5.34
CHINA MOLYBDENUM CO LTD	4.91
CHINA GAS HOLDINGS LTD	4.76

\*As percentage of NAV

#### FUND STATISTICS

##### Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5845	0.6041	0.8501
Low	0.5514	0.5514	0.3965

Source: Lipper IM

#### FUND DETAILS

Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	16 May 2006
Unit NAV	RM0.5845
Fund Size (million)	RM28.03
Units In Circulation (million)	47.96
Financial Year End	31 March
MER (as at 31 Mar 2018)	1.82%
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM100.00
Benchmark	50% FBM Asian Palm Oil Plantation+25% Bloomberg Asia Pac Mining(RM)+25% MSCI Asia Pac Energy(RM)
Sales Charge	Up to 5.26% of investment amount*
Redemption Charge	None
Annual Management Fee	1.50% p.a. of NAV*
Annual Trustee Fee	Up to 0.07% p.a. of NAV*
Redemption Period	Within 10 days after receipt the request to repurchase
Distribution Policy	Annually, if any

\*All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.

For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

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### MANAGER'S COMMENTS

#### MARKET REVIEW

In July, PMI remained in expansionary territory despite slowing down in both US and Asia, spurred forth by improvements in Europe. US's ISM manufacturing PMI eased to 58.1 in July from 60.2 the previous month, while Eurozone's manufacturing PMI improved +0.2pts to 55.1. In Asia, China's Caixin PMI eased by 0.2pts at 50.8, while ASEAN slipped 0.6pts to 50.4 in July.

In China, a relief rally towards month end triggered by State Council's stimulus package which includes potential increased spending on infrastructure projects, as well as the PBOC easing guidance on wealth management products, managed to salvage some stock market performance. Our positions in basic materials that are potential beneficiary from higher infrastructure spending carried the fund's performance this month. Chinese gas distributors have also performed well for us, as pre 2Q earnings announcement for this sector shines through.

Oil (WTI) was trading in our estimated range of US\$65-75 bbl and it bodes well for our positions in energy companies especially in India and Japan. We have been highlighting our optimism on the oil and gas sector - the former for its pricing, and the latter for its volume driven story. This thesis has been driving our performance thus far. Oil came off -5% this month as the market is starting to feel the pressure from the increase in production by Russia and Saudi Arabia, as per agreed after the June OPEC meeting. However, as driving summer season is approaching the end, Saudi Arabia has indicated that they will dial back on production for August to keep the balance, amidst demand uncertainty, due to the trade spat between the world's two biggest economies.

Global LNG supply was also tight in 2Q18 amid rising oil prices, and has driven up import prices. China has rapidly grown its consumption of natural gas, switching from coal due to political pressure to control air pollution. In 1H18, China apparent natural gas consumption registered a +17.5% yoy growth and the import seaborne gas market (+35.4% yoy) is an important supplier for this strong demand. In order to prevent gas shortages like last winter, gas importers have been filling up their storage tank religiously. We are monitoring this situation closely leading into winter.

Gross refining margin recovered to US\$6.7/bbl after one month weakness due to (1) startup of new capacity in Vietnam, and (2) high gasoline inventory in the U.S. pressuring regional gasoline crack spread. We are bullish on the refining sector in the medium term on the back of (1) limited capacity growth over the next 2 years, and (2) IMO low sulphur fuel oil (LSFO) regulations to benefit complex refineries with high diesel yields as the demand for LSFO will rise substantially in 2020, pushing up diesel crack spread. That being said, we are cautious on the sector in the near-term due to crude oil price decline QTD that may lead to weaker refining earnings in 3Q18 due to inventory losses.

We continue to stay bearish on CPO as prices have continue to trend lower amid high stock-to-usage ratio and the ongoing trade war. We are still of the view that CPO will trade at RM2,400-2,500/ton for the year given that Indonesia's production is expected to increase 6% YoY while exports are expected to remain flat. Despite the increased domestic usage on the back of higher biodiesel production driven by higher crude oil prices, the increase is not enough to offset the higher production. According to Bloomberg, palm oil inventories in Indonesia has unexpectedly increased to the highest record in over 2 years, with stockpiles rising by 2% MoM in June to 4.85 million metric ton.

#### MARKET OUTLOOK AND STRATEGY

The policy shift from China as well as the supply reform will benefit the basic material sector. The material sector i.e. Cement and steel rallied around +4% on the back of policy easing towards outright fiscal stimulus into infrastructure projects. Furthermore, supply reform is helping to keep capacity in check, helping companies' margins in those sectors. Also, the supply and demand equation are favorable to the oil and gas sector. We have been highlighting the long term story of the coal to gas switch as a cleaner energy source. China's consumption of natural gas will grow rapidly in the next few years in order for the country to fulfil its clean energy target. Apparent gas consumption growth was around +16% yoy in 1H18.

We see commodity on a recovery mode and provide good inflation coverage. Furthermore, cleaner balance sheet and inexpensive valuation are supportive elements for its performance. Hence, we remain long-term positive in the resources sector. However, we are closely monitoring the trade dispute and its impact on demand.

Gradual interest is running to electric vehicles after Tesla announced its investment for a China plant. Therefore, we have selectively enter into molybdenum, nickel, and cobalt - related producers in order to participate on this longer term trend. We believe the improvement in battery technology and favourable government policy will drive the penetration of electric vehicle.

For Palm oil, the expectations for Indonesian and Malaysian production to pick up in the second half of the year as the production season kicks in. Demand from India has also slowed down due to higher import taxes on crude palm oil and palm oil products. All in all, inventory has risen and as we move into peak production periods in Indonesia and Malaysia, export demand will be very important. However, given that soy oil prices have also collapsed YTD, we could see exports for palm oil slowing, at least until we see a recovery in soy oil prices.

#### DISCLAIMER:

Based on the fund's portfolio returns as at 15 July 2018, the Volatility Factor (VF) for this fund is 11.8 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 11.1 (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 2018 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 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.