RHB Asset Management

FUND FACTSHEET – AUGUST 2018

All data expressed as at 31 July 2018 unless otherwise stated

3-year Fund Volatility **11.8** very high
Lipper Analytics 15 JUL 2018

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

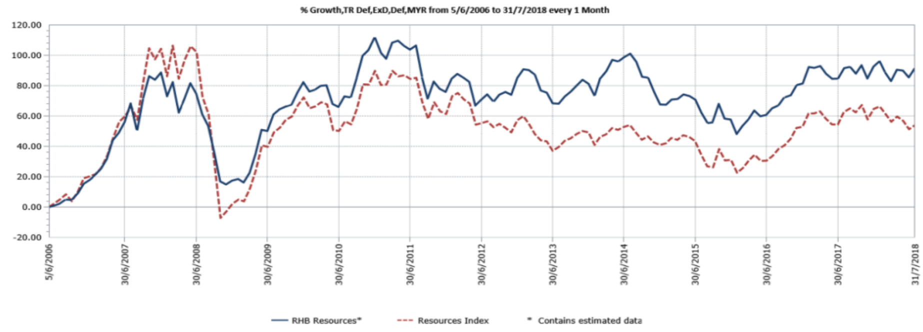
This Fund is suitable for investors who:
- wish to capitalise on the opportunities offered by the natural resources sectors;
- seek an investment well-diversified across the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than 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

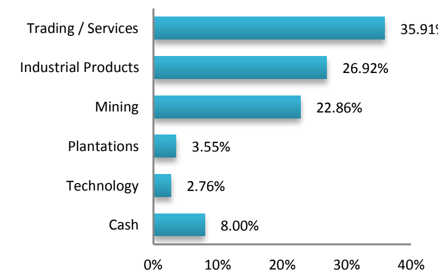
FUND DETAILS

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

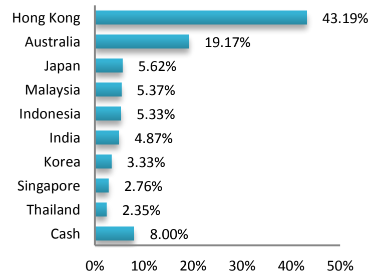
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

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

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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.