RHB Asset Management

FUND FACTSHEET – OCTOBER 2018

All data expressed as at 30 September 2018 unless otherwise stated

3-year Fund Volatility 11.3 very high
Lipper Analytics 15 SEP 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

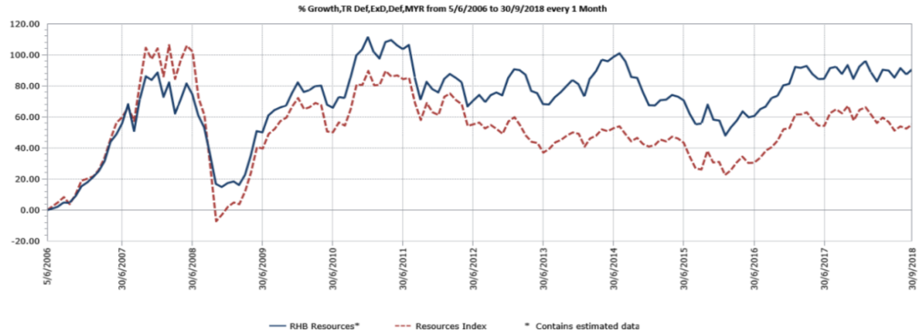
This Fund is suitable for investors who:
- wish to capitalise on the opportunities offered by the natural resources sectors;
- seek an investment well-diversified across the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than 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	**1.75**	**2.84**	**4.22**	**-0.99**
Benchmark	1.85	2.68	-0.55	-5.66

	1 Year	3 Years	5 Years	Since Launch
Fund	**1.64**	**22.21**	**8.28**	**90.56**
Benchmark	-4.35	23.06	6.93	55.25

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

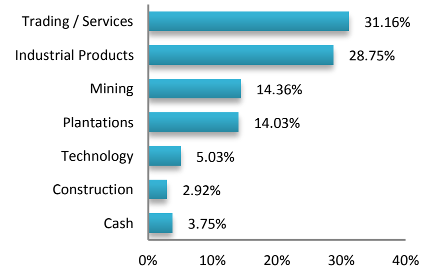
FUND DETAILS

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	RM0.5822
Fund Size (million)	RM27.39
Units In Circulation (million)	47.05
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

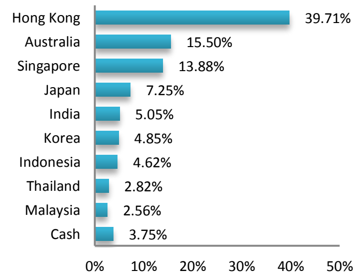
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

PETROCHINA CO LTD	6.00
WILMAR INTERNATIONAL LTD	5.48
CHINA PETROLEUM & CHEMICAL	5.27
CNOOC LTD	5.09
FIRST RESOURCES LTD	5.03

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5822	0.6041	0.8501
Low	0.5536	0.5503	0.3965

Source: Lipper IM

RHB Asset Management Sdn Bhd (174588-x) **Head Office: Level 8, Tower 2 & 3, RHB Centre, 50400 Kuala Lumpur** **General Line: 603-9205 8000**

3-year Fund Volatility 11.3 very high Lipper Analytics 15 SEP 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.

MANAGER'S COMMENTS

MARKET REVIEW

In September, Markit Manufacturing PMI remained in expansion territory, but we are starting to see a slight deceleration of growth momentum in EU and China. U.S.'s Markit Manufacturing PMI added 0.9pts to reach 55.6, while Eurozone's manufacturing PMI eased -1.2pts to 53.1 for the month of September. In Asia, Korea stands out, improving its PMI by 1.4pts to 51.30, while China's official PMI declined -0.5pts to 50.8 for the month.

Oil prices powered ahead in September, with Brent and WTI gaining +6.9% and +5% respectively. No new update followed OPEC's Joint Ministerial Monitoring Committee in Algiers. Oil prices leaped higher post meeting, as there remains no commitment to increase supplies or allocate country-specific quotas. It was speculated that the focus of the meeting was to discuss whether further supply increases are necessary due to 1) higher oil prices; 2) likely further declines in Iranian supply as the US re-imposes sanctions and 3) plummeting Venezuelan production. OPEC/Russia has added just 830m bbl/day compared to the headlines number of 1m bbl/day agreed during the June meeting. We continued to see tightness in the oil market as Iranian export will likely be shunned before the sanctions bite in November. Our upper range of WTI US$75 will have upside potential over the coming months as oil market gets through one of its tightest period (low inventory level, spare capacity in question) assuming no material supply addition from OPEC/Russia.

Refining stocks had a strong run in September due to solid Gross Refining Margin (GRM) and a strong recovery in crude oil price. Refineries are expected to record another good set of results in 3Q18 with ~US$5/bbl inventory gain, only a tad bit lower than ~US$7/bbl of inventory gain in 2Q18. GRM was slightly up in 3Q18, averaging US$6.1/bbl v.s. US$6.0/bbl in 2Q18. We continue to remain bullish on Asian refineries in anticipation of further improvement in GRM on 2020 IMO regulation.

CPO remained range-bound for the month of September (RM2100/ton) as there was no meaningful drawdown in the stock-to-supply ratio / entering into peak production season in both Malaysia and Indonesia. There were a couple of developments in the CPO space in addition to the B20 program extension last month. On the positive, crude oil prices continued to inch higher due to supply side risks, which will in turn drive global bio-diesel demand. Specifically, the discount of CPO to gas and oil currently stands around US$150/ton, relative to historical average of US$100/ton premium. In our view, this makes Indonesia's target of domestic bio-diesel consumption of 6.0-6.2mn kilolitres in 2019 a lot more feasible economically.

However, the record harvest in US soybean harvest, 11-year high soybean stockpile (438m bushels) and China's willingness to use less soybean in its protein meal (thus importing less) will eventually lead to higher stock-to-usage ratio for soybean. Evidently, we saw US soybean prices ($8.45/bushel) remained flat in September. This put a cap on CPO prices.

MARKET OUTLOOK AND STRATEGY

Our positioning in the Energy sector has yielded positive results for the Resources Fund as the sector continues to outperform. We remain positive on oil prices and the E&P sector. We believe the market remains modestly undersupplied in 2019 and capex spending is starting to turn the corner. "Higher for longer" oil prices will be beneficial for E&P companies. The capex related sector recovery is expected to be broader in 2019 than 2017-18. Furthermore, this time round, we are also seeing acceleration in projects in the gas sector. From discussions with upstream oil and gas companies, they are indicating that order flows are coming back as well. We are starting to position our fund into oil and gas services related companies.

With regards to oil and gas related industries, we like Hyundai Heavy Industries Holdings. On top of oil fundamentals, we do see another catalyst from restructuring in this company. The holding company owns Hyundai Oilbank, which is due for an IPO next year. Hyundai Oilbank is in midst of debottlenecking efforts to increase its production capacity by 20% by mid-2019. The listing of Hyundai Oilbank will further narrow the shareholdings discount of Hyundai Heavy Industries Holdings.

We remain slight positive on CPO, and our view of MYR2400 – 2500/ton in 2019 remain unchanged, as we believe the successful implementation of B20 remain an upside. On stocks specifically, First Resources is still our top pick as it is still the lowest cost producer with a relatively younger estate. It did well in the month of September (+8% total return), whereas the sector generally returned between -12% to flat this month.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 September 2018, the Volatility Factor (VF) for this fund is 11.3 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.

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

RHB Asset Management Sdn Bhd (174588-X)