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

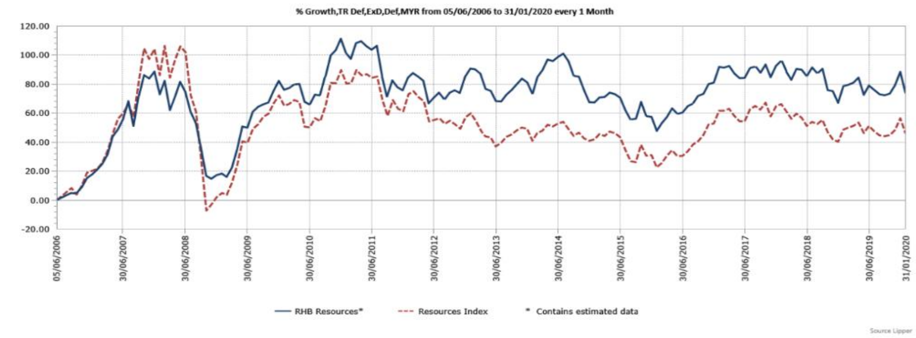
This Fund is suitable for investors who:
- wish to capitalise on the opportunities offered by the natural resources sectors;
- seek an investment well-diversified across the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than 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	**-7.81**	**0.13**	**-1.28**	**-7.81**
Benchmark	-6.59	0.86	-0.95	-6.59

	1 Year	3 Years	5 Years	Since Launch
Fund	**-2.73**	**-9.60**	**3.62**	**73.51**
Benchmark	-1.71	-9.58	2.89	46.02

Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	**12.75**	**-13.27**	**6.27**	**15.01**	**-6.04**
Benchmark	11.49	-14.80	7.73	16.58	-6.98

Source: Lipper IM

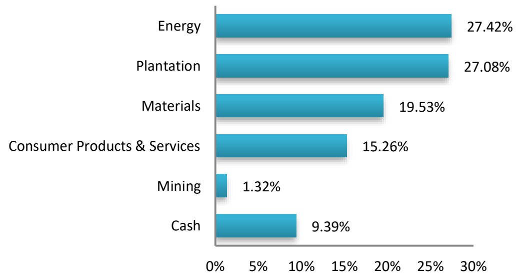
FUND DETAILS

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	RM0.5301
Fund Size (million)	RM20.08
Units In Circulation (million)	37.89
Financial Year End	31 March
MER (as at 31 Mar 2019)	1.92%
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 and will be reinvested

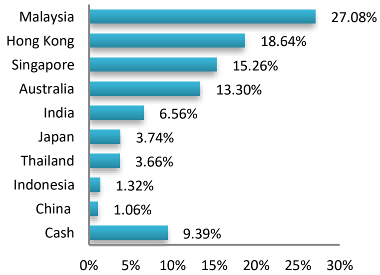
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

WILMAR INTERNATIONAL LTD	10.61
IOI CORP BHD	9.04
KUALA LUMPUR KEPONG BHD	8.07
BHP GROUP LTD	6.02
GENTING PLANTATIONS BHD	5.89

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5836	0.5836	0.8501
Low	0.5301	0.5098	0.3965

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The Federal Reserve announced that it would hold its benchmark rate between 1.5% - 1.75%, marking no change since the latter part of 2019. The Federal Reserve made a technical adjustment to the interest on excess reserves rate by 5bps to 1.6% in order to foster trading of the fed funds rate well within the target range. There is a dovish shift to the statement language suggesting more resolution to the transition to an average inflation target. The FOMC is scheduled to conclude its policy framework review around mid-2020.

On a global perspective which has been capturing the headlines in the past month, the Coronavirus outbreak was first discovered on 8 December 2019 and notified by World Health Organization on 31 December. The World Health Organization has declared the coronavirus outbreak a “Public Health Emergency of International Concern” but has not yet recommended a travel ban. As of 4 February 2020, 194 out of the total 20,679 confirmed cases recorded was outside of China. Following a rise in the number of reported cases of virus outside of China, there are increasing numbers of countries, including the US, Japan, Singapore and Australia, that have announced travel bans, not only for residents and visitors to Wuhan, but for all those who have recently been to China.

Oil prices were strong in the first few days of the month on heightened geopolitical risk as the US-Iran tensions reached a boiling point following the assassination of Iranian Maj. Gen. Soleimani on 3 January 2020. Iran retaliated to the US attack by launching a series of missile strikes on Iraqi bases housing US troops, in the early hours of 8 January 2020. However, the premium on oil prices dissipated and declined sharply into the month despite the US and China signing the “Phase I” trade deal. Oil further declined on potential demand shock from the virus outbreak. The expectation for existing supply-side disruptions and prospect of deeper cuts/extension of OPEC+ supply deal was unable to limit the impact to oil balances. At one particular point, the WTI oil dipped below the US$50/bbl mark.

Iron ore demand likely to remain depressed toward end of February as a result of the coronavirus, and construction demand will see further delay versus manufacturing. Large-size manufacturers can restart production on time, as China returns to work on February 10th, given employees are mostly fixed and are locals. However, small-to-medium sized manufacturers may be subject to delay towards end of February or even March, due to the potential delay of migrant worker returns and the 14 days of quarantine requirement for intra-provincial travelers. Construction demand will likely see more delay than manufacturing due to higher exposures to migrant workers.

CPO price has corrected from its 2020 peak of US$700 per MT mainly driven by the reintroduction of US$18 per MT Indonesian export levies and India 44% import tax starting Feb 2020. So far, the global coronavirus outbreak has not affected supply and demand. On the other hand, supply was the key driver of CPO price and helped withstand the soybean oil price correction lately due to coronavirus fears.

MARKET OUTLOOK AND STRATEGY

On CPO – Palm oil prices have staged an 8% rebound since the irrational sell down in January. Spot is now back at ~RM2,900/t, though futures trade lower at ~RM2,600/t. Palm oil inventories has fallen by 13%, due primarily to lower production and expects inventory tightness to provide price support going forward. Palm oil is a significant ingredient of instant noodles, the food of choice for those faced with home quarantine. As a result, there should be firm demand for palm oil.

Looking forward to 2H20, we expect construction activity is likely to accelerate, once the virus outbreak is behind. The project pipeline for 2Q20 was solid and strong. Steel margin is likely to return to mid-cycle level by late second half of the year, assuming the virus outbreak comes under-control in mid of the year.

On oil, the market have already priced in a significant demand shock as reflected by the decline in oil prices. However, recovery in demand remains challenging given the uncertain trade-off between aggressive policy response to curb supply and increase demand, versus the duration of the coronavirus outbreak. Refining and petrochemical spaces were hit as well given the weak demand. As such, the market could expect a slower recovery in the refining and petrochemical space and may drag longer than expected given the virus outbreak. On the other hand, upstream players which had a direct impact from lower oil prices, could see some stabilization in the near-term post the steep decline. Preference for upstream players would be more reasonable given the current weak environment. Key drivers to watch would be on extend of the outbreak, potential OPEC response, as well as potential recovery in demand.

In summary, we believe CPO plays will still be in favor despite the coronavirus outbreak as supply and inventory continues to trend lower. However, we cannot say the same for iron ore in the shorter-term as demand would fall much behind the supply (steel production and import iron ore shipment), leading to rising inventory for both steel and iron ore, in particular construction steel such as rebar. Prices and margins are expected to be depressed, as a result of extreme short-term oversupply, followed by destocking in the coming months. Oil space remain a lackluster industry given the weak environment. As such, we have trimmed our exposure in the refining and petrochemical spaces, and kept our exposure in the upstream players and oilfield services names. We continue to monitor for any opportunities and remain nimble to act on names that have favourable structural growth themes.