RHB Asset Management

FUND FACTSHEET – APRIL 2020

All data expressed as at 31 March 2020
unless otherwise stated

3-year Fund Volatility 12.5 very high Lipper Analytics 10 MAR 2020

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:

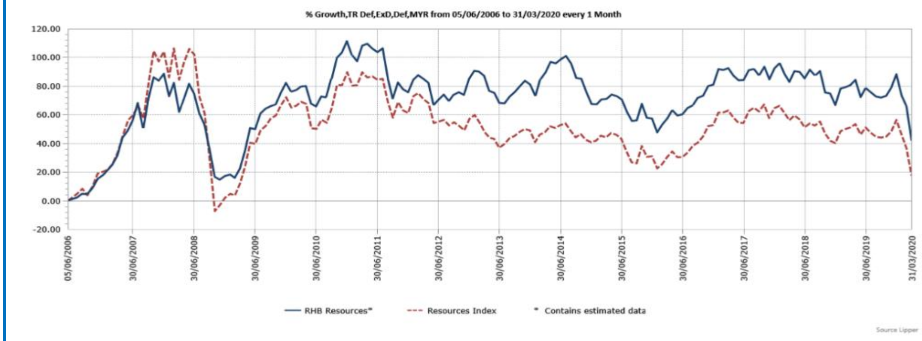
- wish to capitalise on the opportunities offered by the natural resources sectors;
- seek an investment well-diversified across the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

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	**-14.49**	**-24.56**	**-17.50**	**-24.56**
Benchmark	-14.04	-24.83	-18.43	-24.83

	1 Year	3 Years	5 Years	Since Launch
Fund	**-21.44**	**-26.26**	**-17.07**	**41.99**
Benchmark	-22.27	-27.87	-18.51	17.51

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

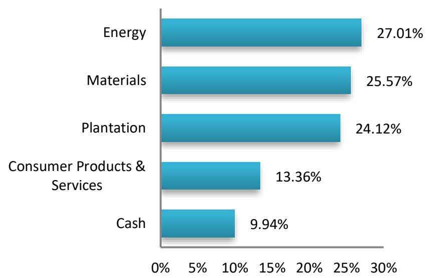
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (Malaysia) Trustee Bhd
Fund Category	Equity Fund
Fund Type	Growth Fund
Launch Date	16 May 2006
Unit NAV	RM0.4338
Fund Size (million)	RM16.06
Units In Circulation (million)	37.01
Financial Year End	31 March
MER (as at 31 Mar 2019)	1.92%
Min. Initial 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.*

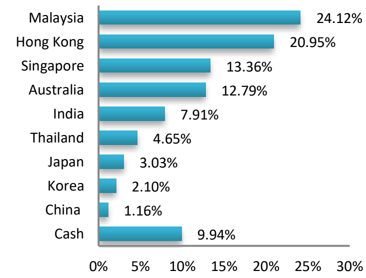
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

IOI CORP BHD	9.96
WILMAR INTERNATIONAL LTD	9.37
KUALA LUMPUR KEPONG BHD	9.19
BHP GROUP LTD	7.20
RELIANCE INDUSTRIES LTD	6.80

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5142	0.5836	0.8501
Low	0.3940	0.3940	0.3940

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The global market fell sharply by 13.7% in the month of March, bringing the market to close the quarter down by 21.7%. Energy (-28.8%) sector continued to be under pressured with WTI oil price sinking close to USD 20 per barrel. All sectors registered a drop in March, with cyclical sectors such as financials (-22.4%), materials (-15.0%) and industrials (-18.0%) underperforming. On the other side, consumer staples (-5.7%) and healthcare (-4.0%) outperformed. Within regions, United States (-12.8%), Asia ex Japan (-12.2%) and Japan (-8.1%) outperformed while UK (-16.4%) and Europe (-15.0%) underperformed.

Confirmed cases across the globe for the novel coronavirus (Covid-19) continue to surge with the World Health Organization declared the outbreak a pandemic on 11th of March and urged countries and administration to take 'urgent and aggressive' action. As of then, the total confirmed cases for Covid-19 has exceeded 126,000 and this number has further increased by six-folds to 860,000 at the time of writing. While lockdown, quarantining and social distancing is the right prescription to combat Covid-19, its impact on the global economy is unprecedented. The Covid-19 outbreak is disrupting both demand as well as supply chain and poses risks to corporate earnings. Under any scenario, International Monetary Fund declared a global economic recession as IMF Managing Director Kristalina Georgieva said on 27th March, "It is now clear that we have entered a recession – as bad as or worse than in 2009,"

Action areas to support global economy includes fiscal stimulus to prevent long-lasting economic damage, monetary policy to ease financial conditions and ensure flow of credit and regulatory response to safeguarding financial stability. The case for a coordinated and synchronized global effort is needed to stablise the global economy and we are seeing various stimulus and measures from all around the world. While these measures should be deployed, the first and foremost important is the health security policies and control. Indeed, how far it will fall, and for how long, is difficult to predict, and would depend on the pandemic, but also on the timeliness and effectiveness of government actions. Price of steel fell and the price of iron ore rose. Rebar -5%/ HRC -8% from the pre-holiday period due to delayed demand and soaring inventory pressure. In the first week after the Spring Festival, the price of iron ore dropped, but due to the recent hurricanes and heavy rains in Vale, some mining companies lowered their 1Q production forecasts, making the market worried about short-term ore supply, leading to the recent iron ore price increase.

Regional plantations share prices are down 21% YTD, led by an 21% CPO price drop, which we view as a medium-term Covid-19 led demand disruption and lack of near-term biofuel blending demand on low oil prices. Uncertainty around resolution of the global Covid-19 crisis has implications for palm oil demand (from both oil and non-crude oil factors). Moreover, Brent crude oil decline (-66% YTD) has and will continue to hurt demand for palm oil. Instead of a positive growth for CPO demand in 2020, we now expet to see a 4ppt drop, largely due to removal of Indo projected incremental blending for B30 and, to a lesser extent, temporarily lower global demand.

Covid-19 has had a severe impact on global steel demand since late January. Iron ore prices have been well-supported though, in spite of weak demand and rapidly mounting stocks at both mills and traders in China due to supply-side issues and low Chinese EAF production. However, since mid-March, steel inventories have started declining rapidly and Chinese apparent steel demand has accelerated back to 2019 levels. We think the recovery in Chinese steel demand is due to the fact that Chinese infrastructure activity has accelerated and the government has announced stimulus policies since early Feb. However, since late February, Covid-19 has been spreading quickly in ex-China. ArcelorMittal, Tata, Liberty, Riva and Feralpi have all recently announced steel mill closures. A collapse in Europe steel is the biggest risk to iron ore prices in our view as seaborne cargoes become distressed as mills declare force majeure. The supply side is also being disrupted by forced mine shuts in Canada, South Africa, Peru and India, and seasonal weather impacts in Brazil and Australia. It is estimated that c. 90Mtpa of seaborne supply (c. 6% of the market) has been disrupted due to Covid-19 related shuts so far. Furthermore, Chinese domestic iron ore has been impacted by logistical issues, which has increased China's demand for seaborne iron ore. Overall these disruptions to supply have resulted in a gradual drawdown of China port stocks.

Oil prices suffered a dramatic collapse when Saudi Arabia surprised investors by launching a price war with one-time ally Russia in March 2020. This shocking move comes after OPEC and Russia failed to reach an agreement over supply cuts to address the declining demand for oil. Saudi Arabia has announced plans to raise production to 12.3 million bpd from 1st April 2020, up from its current production of 9.7 million bpd. Oil prices have since collapsed to levels below the Global Financial Crisis (2009) and the US shale boom (2016) periods. Global oil supply is expected to remain at about 100.8mbpd while demand to is expected to fall to 97mbpd as demand from China slowed during the outbreak, resulting in an oversupply condition for 1Q20. The oversupply condition is expected to further deteriorate going into 2Q20, and could further increased to 5.7mbpd excess supply.

MARKET OUTLOOK AND STRATEGY

Covid-19 has indubitably destroyed the demand for CPO amidst a global recession. As mentioned above, we are seeing huge lost in demand and so we are now lowering our exposure to this sector and stick only with very selective CPO companies with excellent balance sheet.

We continue to like cement names which will benefit from a resumption of activity in China as well as a concerted stimulus by both central and local governments. down production lines to maintain a limited level of inventories (less than two weeks). Our last channel check suggests that the resumption of cement production accelerated in March.

The low oil prices will hurt companies with high cost per barrel and economies are largely dependent on oil revenue. However, Saudi Arabia, Russia and the US unlikely to budge in the current price war situation. The market is also already starting to see large inventory builds as well, which would lead to a further steepening of the forward curve into contango to cover the quickly rising costs of storing all these barrels. As such, oil prices will remain low in the near term, and any further decline to oil prices would likely be temporary as current oil prices are at breakeven levels for most oil companies.

In summary, we have trimmed our positions in CPO companies in light of demand destruction and are now favoring China material plays such as cement to capitalize on the recovery of the Chinese industrial activities, notwithstanding the impact of Covid-19. We have also trimmed our positions in oil given that the low oil prices are likely to remain particularly going into 2Q2020.