RHB Asset Management

FUND FACTSHEET – JUNE 2020

All data expressed as at 31 May 2020
unless otherwise stated

3-year Fund Volatility
16.2
very high
Lipper Analytics 10 MAY 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:

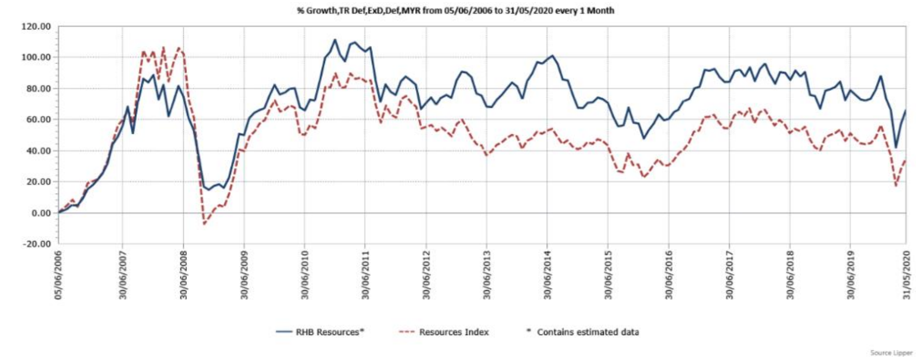
- wish to capitalise on the opportunities offered by the natural resources sectors;
- seek an investment well-diversified across the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

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	**5.86**	**0.12**	**-7.10**	**-11.67**
Benchmark	5.46	-1.16	-8.91	-13.57

	1 Year	3 Years	5 Years	Since Launch
Fund	**-3.59**	**-9.72**	**-3.97**	**66.24**
Benchmark	-7.60	-12.47	-7.51	35.12

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

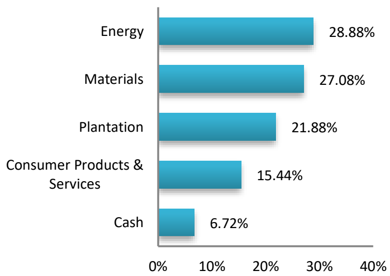
FUND DETAILS

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	RM0.5079
Fund Size (million)	RM21.12
Units In Circulation (million)	41.59
Financial Year End	31 March
MER (as at 31 Mar 2020)	1.67%
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

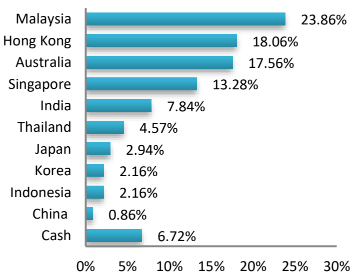
**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management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

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

WILMAR INTERNATIONAL LTD	8.92
IOI CORP BHD	8.62
KUALA LUMPUR KEPONG BHD	8.38
BHP GROUP LTD	7.17
RELIANCE INDUSTRIES LTD	6.83

**As percentage of NAV*

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5079	0.5836	0.8501
Low	0.4643	0.3940	0.3940

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The financial market has welcomed the stimulus as the global market rose 10.6% in April, bringing The financial market welcomed the implemented stimulus measures as well as the easing of lockdown restrictions. The global market rose 4.1% in May, bringing the year to date loss to 9.9%. All sectors registered a gain in May, with sectors such as information technology (+6.6%), Industrial (+5.8%), consumer discretionary (5.7%) and materials (+5.6%) outperforming. On the other side, real estates (+0.3%), financials (+1.1%) and energy (+1.1%) underperformed. Within regions, Japan (+5.9%), United States (+5.0%) and Europe (+4.3%) outperformed global peers. Asia ex-Japan (-1.4%) and UK (+0.7%) underperformed.

News was primarily centered on the US-China tensions in May. Following the US' Holding Foreign Companies Accountable Act and China's National Security Bill for Hong Kong, the US continues to ratchet up the pressure on China as US Congress passed the "Uighur Human Rights Policy Act of 2020" on 27 May. if signed into law, the bill would give the Trump Administration 180 days to compile a list of Chinese official and companies for sanctions in response to its alleged human rights abuses against Muslim minorities. On that same day, Secretary of State Mike Pompeo officially notified Congress that Hong Kong can no longer be considered politically autonomous from China. The move could trigger visa restrictions and asset freezes on top Chinese officials, and the US could also revoke special trading privileges for Hong Kong. Elsewhere, the US said it would expel any Chinese graduate students with ties to the People's Liberation Army, which could affect over 3000 students, a small slice of the more than 350,000 Chinese students currently studying in the US. Wall Street turned higher on Friday's session after President Trump's "very powerful details" aimed at China did not deliver the harsh sanctions investors had feared.

The market also welcomed more support both from fiscal as well as monetary. The Federal Reserve has taken another historic step on May 12; now adding corporate debt to its balance sheets through ETFs buying. They have bought their first USD305 million and more is to come. European Commission will propose a fiscal rescue package worth €750bn.It would be built on the Franco-German €500bn grant proposal, adding an envelope of €250bn for cheap loans after taking on board some of the concerns from the 'Frugal Four' (Austria, the Netherlands, Sweden, Denmark). Japan also announced another round of fiscal stimulus. An economic package totalling JPY117 trillion (USD1.1 trillion) and a second FY2020 supplementary budget to fund it (an additional ¥31.9trn in fiscal spending in the general account and ¥39.4trn in the Fiscal Investment Loan Program). Funds will be targeted to help struggling companies, rent subsidies, and healthcare assistance.

CPO demand outlook has begun to improve, especially as edible oil Inventory levels in key destination countries such as China/India had run low across lockdown and have come back in late-April/May to replenish stocks. While Chinese volumes are back near 2019 levels, India still has long way to go before reaching peak demand levels. Indonesia's B30 program also remains on track on strong political push. Several issues remain such as a possible locust crop attack in India, the worsening COVID-19 situation in Brazil (a big producer of soybeans) that would affect CPO's outlook in the coming months, in addition to the regular supply/demand dynamics.

The latest manufacturing PMIs show a modest improvement for most of the world's major economies but with all countries (bar China) still deep in contractionary territory due to COVID-19. China's NBS & Caixin PMI both managed to remain above 50 in May, consolidating the country's relative outperformance vs. rest of the world in managing the economic disruption as a result of COVID-19. Base metal related equities held firm in Q2 20 as output has been affected by mobility restrictions out of Latin America, which has helped support prices. In contrast, the extended lockdown in India has been a significant headwind for met & thermal coal demand. Iron ore remains the focus with prices boosted by China's demand recovery & increased concerns on Brazil supply.

In the month of May, the oil market staged a strong recovery after hitting the negative territory for the first time in April. Given the unsustainability of oil at low levels, the strong rebound is expected. The oil price recovery was supported by the OPEC+ agreement on production cuts in May and June, alongside a record decline in output from non-members such as the United States and Canada helped. The US land rig count fell to a low of 289 at the end of May, down almost 63% year-to-date. International monthly rig count fell to 879, below the 2016 level of 925 comparatively where we saw the most recent oil price collapsed.

MARKET OUTLOOK AND STRATEGY

On the 5th of June, Malaysia's Prime Minister has announced a RM 35B short term economic recovery plan to alleviate the impact of the COVID-19 pandemic. One of the announced measures is the 100% export duty exemption on crude palm oil (CPO), crude palm kernel oil (CPKO) and processed palm kernel oil from Jul-Dec 2020 to support the palm oil sector. While we foresee the demand for CPO to stay weak in the coming quarters, the announced measure will act as a temporary relief especially since. Stabilizing crude oil price is another positive. As such, we will be reducing the sector's underweight.

Oil has seen a quick recovery since mid-April. Going into 2H20, oil prices would be dependent on a confluence of factors, including the upcoming OPEC meeting on 4 June and the pace of global economy recovery, where we do see potential support and upside to oil prices should OPEC+ agrees to further or extended production curtailments in the upcoming meetings till the rest of the year. In 3Q20, the market expects demand to recover as business activities returned post the lockdown period across the globe. However, inventory build-up will continue as some of the rigs resumed operations. As such, oil prices could remain range-bound till 4Q20, but with potential upside should the OPEC+ meeting reached another agreement. Going into 4Q20, the market expects drawdown of oil, which will help support oil prices. On a longer term, current low oil price levels remain unsustainable for most oil companies given that the global average marginal cost is estimated to be around US$50. Hence, we could expect gradual recovery of oil prices in 2021 back to at least the marginal cost levels.

In summary, we will be reducing our underweight in CPO companies in light of policies support and stronger crude oil prices. We will also be maintaining our oil positions as we look forward to a gradual recovery.