

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:

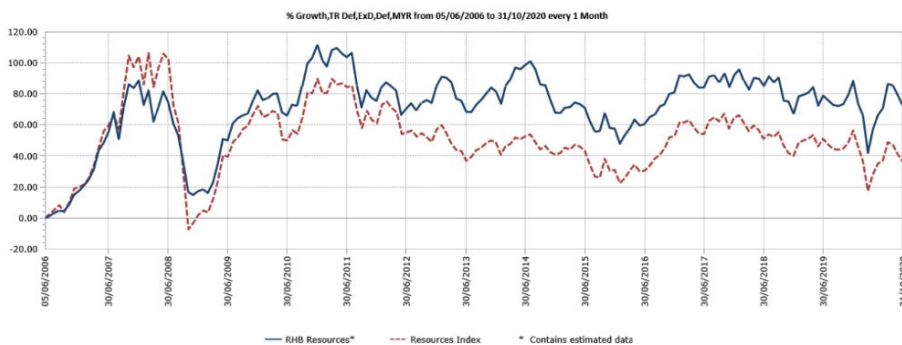
- wish to capitalise on the opportunities offered by the natural resources sectors;
- seek an investment well-diversified across the Asia Pacific markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

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	-3.84	-7.58	9.73	-8.43
Benchmark	-3.56	-8.55	6.29	-12.89

	1 Year	3 Years	5 Years	Since Launch
Fund	-0.55	-10.91	2.77	72.33
Benchmark	-5.94	-18.49	-1.40	36.18

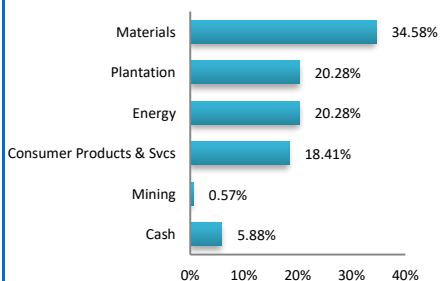
Calendar Year Performance (%)*

	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

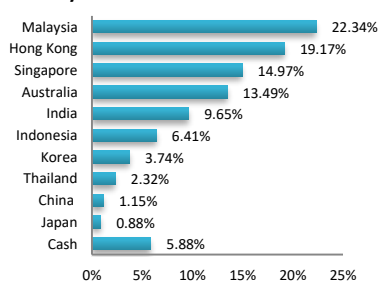
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

WILMAR INTERNATIONAL LTD	10.62
RELIANCE INDUSTRIES LTD	9.24
IOI CORP BHD	8.03
ZIJIN MINING GROUP CO LTD	6.98
KUALA LUMPUR KEPONG BHD	6.90

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.5607	0.5874	0.8501
Low	0.5265	0.3940	0.3940

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

With concerns over rising Covid-19 cases and newly implemented mobility restrictions, the global equity markets fell by 2.5% in October, bringing the year to date return to -2.5%. Communication services (+1.8%) and utilities (+1.7%) sectors registered positive returns for the month, while energy was the worst performing sector, falling by -5.9%. Within regions, Asia ex Japan (+2.8%) registered positive return in USD terms, while the US (-2.7%), Europe (-5.9%), UK (-5.2%) and Japan (-1.6%) delivered negative returns in USD terms.

Increasing Covid-19 numbers have pushed European governments to once again start imposing nation-wide lockdown measures. Until 1 December, people in France will only be allowed to leave their homes to buy essential goods, for medical reasons, or to exercise for an hour a day. Unlike the first lockdown, however, schools and nurseries will remain open. In Germany, Angela Merkel's government will impose a partial lockdown starting 2 November, which will last for four weeks. Spain imposed a national curfew (11 PM-6 AM) since 25 October, while Italy shut down several services and limited operating hours for bars and restaurants for a month since 26 October. Prime Minister see England into a second lockdown on November 2, making the country the latest in Europe to impose new national restrictions.

In the US, hospitalizations for Covid-19 have risen at least 10% over the past week. However, this time it's different – the hospitalization trend is flatter than both the initial and summer outbreak. Fiscal stimulus will have to wait until after the election. On the election front, the odds for Biden victory are increasing again. Biden, along with a Democratic Senate, would most likely lead to a more aggressive stimulus. Fed Chair Powell (among others) has been steadfast in his message that there cannot be a sustainable economic recovery until the virus is controlled.

On the positive side, the AstraZenica-University of Oxford vaccine has reportedly shown promising results in treatment for the elderly, but we would need to wait for the phase 3 trial results to get a more conclusive picture about its safety metrics. Separately, J&J's vaccine could be available for emergency use by January, assuming no surprise in the results from its latest trial, expected later this year.

In the month of October, oil prices was relatively muted initially before sliding downwards near the end of the month amid the rise in new coronavirus cases globally and concerns around a return to lockdowns. Germany and France, two of Europe's largest economies, announced lockdown measures to combat the pandemic, eroding demand for fuel and exacerbate the supply glut. Crude inventories was also higher than market expectation despite Hurricane Zeta disrupting US production. Higher Libyan production and fear of demand weakness continue to weigh on oil prices.

Amid a wave of broader risk-on sentiment (minus the last week), base metals prices and palm oil prices rallied this month. The S&P Industrial Metals index was up 3.0%. Despite a rise in US 10-year real yields, gold prices closed flat for the month at \$1,879/oz, post a ~4% correction in September. Aluminium and Nickel posted gains of 4.7% and 4.4% respectively.

Palm oil prices gained 12.1% in October. Malaysian Palm Oil Board (MPOB) reported September further shrinkage of inventory to only 1.7mn mt (-30% YoY, -9% MoM), as exports have continually risen since May 2020. Production picked up significantly in 3Q20, with cumulative volume of 5.5mn mt (+7% vs 2Q20; +44% vs 1Q20).

MARKET OUTLOOK AND STRATEGY

Over the medium term, we remain positive on Asia ex-Japan on prospects of growth uptick and hence returns for industrial metals. China is the only major economy that registered a positive 2Q GDP growth. Amid "First in First out", China is at the forefront of restarting the economy and more policy space to revive activity. While manufacturing PMI was largely flat, services PMI accelerated in October amid Golden Week spending. The Chinese Communist Party (CCP) will hold the Fifth Plenum of the 19th Party Congress on October 26-29 to discuss the proposals for the 14th Five-Year Plan that runs from 2021 through 2025. Outcome of the Fifth Plenum will be important given China's relative importance on end use consumption. We expect the trend of the iron ore price from here will really depend on China's steel demand in Sep-Oct and anti-pollution measures. Prices are expected to remain firm as the peak steel demand period is yet to start.

The macro backdrop continues to favor precious exposure: falling real rates; worldwide adoption of the rate cut cycle by central banks and, of course, universal anxiety about the virus. Biggest cap for gold & silver's upside is perhaps the preference for cash on collapsing inflation expectations. Any price upside depends on rates/stimulus strategies delivering a recovery and an unexpectedly sharp return of inflation risk.

On the oil front, investors are barely tipping their toes in the oil market. Most participants are awaiting for the elections to be over and re-engage ahead of the next OPEC+ meeting on 1st December 2020. The market expect for OPEC+ to exercise caution in bringing 1.9 million barrels per day of oil production back online amid the tepid recovery in the pandemic and dampened end-user demand. Meanwhile positives of trade normalization and stimulus spending could be more meaningful amid a tightening oil market in 2021, but the shift towards renewables may eventually cap some of the upside of oil prices going forward.

We reduce the underweight in CPO companies as CPO demand/supply outlook improves. Malaysia's palm oil inventories has been declining since May 2020. Current CPO prices are at an 8-year high, in RM terms. Soya prices are also at a 4-year high, driven by dry weather in South America, resulting in poor planting conditions. Stocks are incredibly tight in Argentina & Brazil, thanks to buying from China. La Nina conditions could further impact the soya crop, keeping CPO prices high.

DISCLAIMER:

Based on the fund's portfolio returns as at 10 October 2020, the Volatility Factor (VF) for this fund is 17.5 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 15.4 (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 2020 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2020.

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 contents of the PHS and Master Prospectus dated 3 September 2017 and its supplementary(ies) (if any) ("collectively known as the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia ("SC") who takes no responsibility for its contents. The SC's approval or authorization, or the registration of the Master Prospectus should not be taken to indicate that the SC has recommended the fund. 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. If in any doubt, consult your banker, lawyer, stockbroker or an independent financial adviser.

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 Fund 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.

This Fund Factsheet has not been reviewed by the SC.

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