

RHB AGRICULTURE FUND

The Fund aims to achieve long-term capital appreciation through an over-the-counter derivative investment in the form of a swap agreement that is linked to the agricultural commodities sector.

INVESTMENT STRATEGY

- Up to 100% of NAV: Investments in bonds, money market instruments, cash and deposits with financial institutions.
- Up to 10% of NAV: As capital payment for an investment in an OTC derivative instrument in the form of a swap agreement that will provide the Fund with exposure to the agricultural commodities sector. With this investment, the Fund can have a Notional Amount of up to 100% of its NAV exposed to a Contag Index.

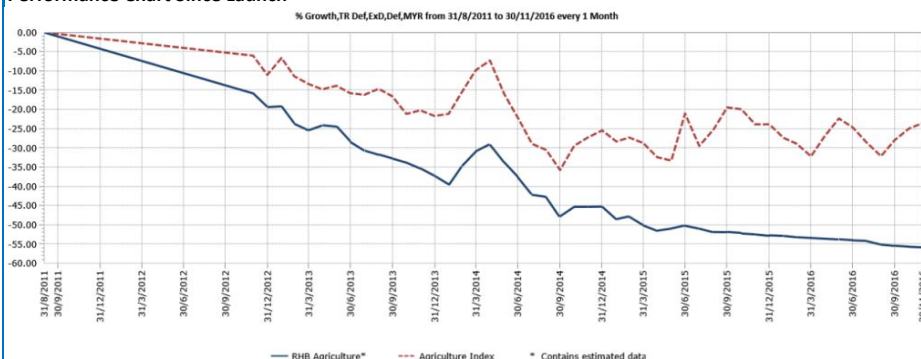
INVESTOR PROFILE

This Fund is suitable for Investors who:

- seek investment opportunities in the agricultural commodities sector;
- seek capital growth;
- have a long term investment horizon; and
- have an appetite for risk to gain higher returns.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-0.36	-1.65	-4.33	-6.52
Benchmark	1.87	12.63	-1.54	0.41

	1 Year	3 Years	Since Launch
Fund	-7.23	-31.65	-55.86
Benchmark	0.40	-4.17	-23.50

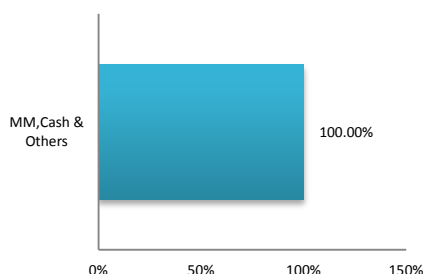
Calendar Year Performance (%)*

	2015	2014	2013	2012
Fund	-13.64	-12.71	-22.30	-7.25
Benchmark	2.12	-4.78	-11.92	2.55

Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.2215	0.2379	0.5003
Low	0.2205	0.2205	0.2205

Source: Lipper IM

Historical Distributions (Last 5 Years) (Net)

	Distribution (sen)	Yield (%)
31 Aug 2016	-	-
31 Aug 2015	-	-
31 Aug 2014	-	-
31 Aug 2013	-	-
31 Aug 2012	-	-

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

The grains sector (corn, wheat, Kansas wheat and soybeans) was down 3.3% in November. Soybeans (+2.0%) was the best performing market and wheat (-7.3%) the worst. The softs sector (cotton, coffee, sugar and cocoa) fell 6.1% in November. Cotton (+3.0%) was the best performing market and cocoa (-12.0%) the worst. YTD, the grains sector is down 9.4% and the softs sector up 12.2%. Corn (-4.2%) prices fell on USDA forecasts of a record corn harvest this fall, with production and yields both up from last month's estimate at 15.226 billion bushels and 175.3 bushels an acre. Soybeans continued their rally in November following USDA reports of strong US exports and an increase in soybean oil, driven by the US Environmental Agency raising the quotas for biofuel in the US gasoline and diesel supply for next year. Wheat was driven lower following the increase of the dollar (moves in the dollar have often have a significant impact on wheat export demand by reduced US wheat's international competitiveness) and ample supplies, with the USDA raising its forecasts of US and global inventories to 1,143 million bushels and 249.2mmt for the year 2016/17. Sugar (-8.2%) continued last month's decline on increased output from Brazil driven by the depreciation of the real after the US elections (USDBRL +6.0%), and forecasts of a lower than expected deficit next year. BRL weakness acts to stimulate exports, elevating global inventories and weakening prices. Cotton prices gained on a combination of strong US exports and expectations of decreasing global inventories fuelled by China's stocks sell-down according to the International Cotton Advisory Committee. Coffee (-10.2%) prices fell in November as favorable weather conditions and the depreciation of the real supported the output from Brazil, the world's largest producer. Cocoa retreated sharply as positive weather in West Africa and South America boosted the crop outlook and lowered the expected world deficit for the year 2015/16, according to the International Cocoa Organization.

Palm oil prices are close to the peak, but we think are likely to remain volatile and relatively elevated in the months ahead given the production low cycle, low buyer stocks and relative value. We see downside to prices once palm yields normalize in 2017, with downside driven by factors in the broader vegetable oil complex. Palm oil stocks in Malaysia rose 2% MoM to 1.57 million tons at end-October due to weaker exports. The stock level was 7% below Bloomberg and Reuters poll estimates of 1.68 million tons. On a yearly basis, end-October stocks plunged 44% (or 1.3 million tons) as weaker output trumped exports. October CPO output decreased by 2% month-over-month to 1.68 million tons. The slow recovery in output from El Nino could be due to the Diwali festival as well as a shortage of workers in some estates. Muted CPO output recovery continued to cap the rise in stocks during the peak production season from August to October. In 10M16, CPO output fell 16% to 14.3 million tons due to weaker yields. Market consensus now expects Malaysian output to fall 10% year-over-year in 2016. Seasonally, CPO production in Malaysia peaks in August/October and starts to trend lower in November/December. FFB yields declined by 3.8% on a monthly basis in October 2016. Estates in Selangor, Perak and Sarawak showed the biggest mom decline in October FFB yields. On a yoy basis, FFB yields fell 17% in October on the back of weaker yields from most of the states, except Kelantan. The Malaysian government maintained the CPO export tax at 6.5% in November 2016. The higher export tax on CPO is expected to lower CPO's share of Malaysian palm oil exports, which has fallen from a record high of 30% in 2015 to 25% in 10M16. Palm oil demand looks robust in the months ahead supported by low buyer inventories and attractive pricing (vs soy oil) which can offset seasonally weaker demand during the Northern Hemisphere winter. However, with Malaysian exports down -16% MoM in the first ten days of November 2016, we acknowledge the risk that Malaysia continues to lose export share to Indonesia who is seeing a faster recovery from El Nino disruptions. After strong Indonesian biodiesel growth in 2016, we expect only mild upside to Indonesian blending in 2017 given a finite subsidy pool and ineffective penalties. First Resources indicated that Indonesia is considering lowering the biodiesel formula to drive higher blending, although we note that smaller producers need CPO + US\$125 to breakeven. In our view, another key for global biodiesel demand is the future Trump administration's position on US mandates, with relatively mixed messages provided during the campaign. We think the broader vegetable oils complex in 2017 will be an important determinant in downside to palm prices once supply rebounds. Disruptions to the global rapeseed crop and speculative demand have provided some price support of late. However, we are not sure if broader vegetable oil prices can hold at current levels, particularly if South American yields remain on track and with China meal demand robust on substitution from dried distillers grains with solubles. Upcoming US soybean harvest expectations have been revised upwards to 119mn MT; however, soybean stocks-to-use is expected to stay closer to 22% given a slight decline in South American soybean plantings for 2016-17 and robust Chinese soybean crushing demand. The USDA has also raised soybean oil price forecasts and now expect them to trend between US\$720-780/t for the next 12 months.

Regarding the impact of the election of Trump as the next US president, the impact on CPO could be indirectly linked to a potentially escalating China-US trade war that could see China impose retaliatory import tariffs on US soybean which is the fourth largest US-to-China trade flow. Soybean import tariffs would be a positive for palm oil prices and negative for China crushing volumes. However our base case is that no Chinese soy import tariffs are imposed for now. And soy import tariffs would impose a high cost to the Chinese consumer given limited alternative meal supply sources and the likely food price inflation. While not our base case, Chinese soy import duties would be positive for palm oil prices and negative for Chinese soybean crush volumes (if imposed). Soybean import taxes would likely be a positive for palm oil prices by pushing up Chinese soybean prices and driving demand substitution to palm. And soybean import taxes would likely be a negative for China soybean crush volumes and Wilmar -given the likelihood that some Chinese meal demand would substitute away from oilseeds.

In conclusion, palm production is likely to have passed its low point, in the aftermath of last year El Niño, and therefore palm supply trends are expected to increase in the coming six months on seasonally stronger production and a looming biological upcycle. As the impact of El Niño is fading and demand growth remains lacklustre, we think that the Supply/Demand equilibrium is set to deteriorate significantly in the coming months. Moreover, La Niña is likely to emerge sooner rather than later and this should boost Supply further. Given that there is currently sufficient stock buffer for edible oils and that CPO inventories have reverted their downtrend, we expect near-term prices to be under negative pressure. Therefore, we think that CPO has reached its cyclical highest point and expect CPO price to fluctuate between MYR2400 and MYR2600 in the coming quarters. Potential downside risks exist to MYR2000-MYR2200 if weather related supply disruptions eased faster and crude oil prices resumes its downward trend.

For the 2017, we continue to expect a volatile environment for Agricultural commodities, with Grains (Corn and Wheat) as well as Soybean likely to remain highly volatile given the ongoing ample supply which characterizes these markets. However, the long-term thematic of higher demand from EM and scarcer supply remains intact. Among Grain, we still prefer Soybean to Corn and Wheat. Increasing output continue to pressure prices as farmers recently increased their Corn acreage given that Corn was much more profitable than Wheat and Soybean in the past 6 months. Shrinking global Sugar surplus coupled with limited reinvestment in cane plantings should be the catalyst for further Supply driven recovery in prices. However, after the H1 2016 rally driven by the El-Niño heavy rains in Brazil and falling output in major producing countries, we think that Sugar upside is likely to be limited from here as inventories remain relatively high compared to consumption. Moreover, we remain cautious on Coffee as we think that the rebound in price has been boosted by short-term tightness in Arabica inventories. However, looking out to 2017, there are still plenty of uncertainties surrounding Brazilian and Colombian Coffee output.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 November 2016, the Volatility Factor (VF) for this fund is 11.9 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are above 10.8 (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 2016 which is calculated once every six months and is valid until its next calculation date, i.e. 31 December 2016.

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 6 October 2016 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 credit/default risk, interest rate risk, counterparty credit risk associated with derivatives, derivatives risk, legal/regulatory risk, specific risks relating to the Contag Indices. 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.