

**RHB RETIREMENT SERIES –
CONSERVATIVE FUND**

ANNUAL REPORT 2023

For the financial year ended 31 May 2023

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB Retirement Series – Conservative Fund
Fund Category	-	Core (Conservative) Fund
Fund Type	-	Private Retirement Scheme

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund seeks to provide capital preservation* for the Members' investment.

* Members are advised that their capital is neither guaranteed nor protected.

Strategy

The Fund will invest up to 100% of its Net Asset Value (“NAV”) in fixed income instruments issued by Malaysian and foreign companies or Malaysian or foreign government. The Fund may also invest in equities listed in Malaysia and foreign markets and up to 50% of its NAV in equities with high dividend yield. Remaining of its NAV will be invested in liquid assets.

The Fund may invest in foreign equities with high dividend yield listed in the Asia Pacific ex-Japan markets (including, but not limited to, Malaysia, Australia, China, Hong Kong, India, Indonesia, New Zealand, South Korea, the Philippines, Singapore, Taiwan and Thailand) including equities with high dividend yield of Asia Pacific ex-Japan companies that are listed on or traded in non-Asia ex-Japan markets. There will be no restriction on country allocation. The objective is to invest into equities that have strong cash flow and strong balance sheet to support a sustainable dividend income, in order to reduce the volatility of the Fund.

The Fund may also opt to invest in the equities with high dividend yield either directly or via collective investment schemes of the PRS Provider or other collective investment schemes (including real estate investment trusts and exchange traded funds).

For the fixed income portion, the Fund may invest in fixed income instruments provided that at the point of purchasing the instruments, issuers or financial institutions carry a minimum rating of ‘A3’ as rated by any reputable Domestic Rating Agencies^{^^} or a minimum rating of ‘BBB-’ as rated by any reputable Global Rating Agencies^{^^^}, without restriction on the tenure of these fixed income instruments.

[^] “Domestic Rating Agencies” refer to local credit assessment institutions that are recognised by the Securities Commission Malaysia.

^{^^} “Global Rating Agencies” refer to global credit assessment institutions that are recognised in line with relevant laws.

The Fund will also invest in liquid assets including money market instruments, deposits with financial institutions and collective investment schemes investing in money market instruments and/or deposits with financial institutions.

The asset allocation of the Fund will be as follows:-

Up to 100% of Net Asset Value - Investments in fixed income instruments

Up to 50% of Net Asset Value - Investments in equities with high dividend yield

Remaining of Net Asset Value - Investments in liquid assets

Performance Benchmark

30% FBM KLCI Index

70% RHB Bank Berhad’s 12 months fixed deposit rate

Permitted Investments

This Fund may invest in securities of companies listed in the eligible markets; securities not listed in or traded under the rules of eligible markets (“unlisted securities”); collective investment schemes; government securities; Cagamas bonds, Bank Negara Malaysia certificates, treasury bills, government investment certificates and other government approved/guaranteed securities; fixed income instruments and private debt securities; deposits and money market instruments; and any other form of investments as may be agreed upon by the PRS Provider and the scheme trustee from time to time that is in line with the Fund’s objective.

Distribution Policy

Distribution is distributed annually and is subject to the availability of income at the end of the financial year. Distribution, if any, will be automatically reinvested into the Fund based on the NAV per unit of the business day on which the distribution is declared.

PRS PROVIDER'S REPORT

MARKET REVIEW

The Financial Times Stock Exchange (“FTSE”) Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) declined by 11.65% during the financial year under review, while the Morgan Stanley Capital International (“MSCI”) All-Country Asia Pacific Ex Japan Index declined by 10.40% during the same financial year.

The global market would still be clouded by external headwinds from hawkish United States (“US”) Federal Reserve (“Fed”)’s statement and fear that continued aggressive interest rate increases will push the US economy into a protracted economic downturn. The better than expected US services industry data and better US employment data reinforced views that the US central bank would not be slowing the pace of interest rate hikes any time soon. US Fed will likely continue the restrictive monetary policy for some time to fight the high inflation which may potentially cause economic pain for households and businesses. The US Central Bank is likely to push the policy rate to above 4.00% and is unlikely to cut rates at all in year 2023. The expectations of further aggressive rate hikes by the US Central Bank has led to a significant jump in the US dollar which also caused the outflows of funds from the emerging markets. In addition, China slowdown due to COVID-19 lockdowns is also another concern to the market. However, China would step up policy support for the economy stressing that it is crucial for rolling out policy measures as economic momentum losing steam. On the other hand, Malaysia economy continue to gain momentum in year 2022. Malaysia’s Industrial Production Index (“IPI”) recoded another strong growth in July 2022, increasing by 12.50% from Year-on-Year (“YoY”) and better than June 2022 of 12.10% YoY. The manufacturing output which makes up 65.90% of total IPI increased by a 14.90% YoY compared to 14.50% YoY in the previous month. It was also the fastest growth since May 2021. Malaysia’s unemployment rate dropped by another 0.10% to 3.70% in July 2022, the lowest rate ever recorded since the pandemic outbreak due to the pick-up in the economic activities. In addition, the government announced that Malaysia’s economic growth may surpass the official estimates of between 5.30% and 6.30% in year 2022 as the country saw faster growth in the second quarter at 8.90%. Meanwhile, Malaysia’s Consumer Price Index (“CPI”) accelerated further by 4.70% YoY in August 2022 which was in line with the consensus forecast.

Historically, the Malaysian Ringgit (“MYR”) has been positively correlated with oil. However, the MYR has been weak recently despite the strength of oil and Crude Palm Oil (“CPO”) prices. Factors that may contribute to the weak MYR are the narrowing interest rate differential between Malaysia and US, higher foreign presence in government bond compared to other regional economies as Malaysia has a more developed bond market and weak Chinese Renminbi. Malaysia’s 15th General Election (“GE15”) took place on 19 November 2022, and ended in the first hung parliament, with the government officially formed 5 days after. Initial uncertainties resulted in some underperformance, but KLCI saw a massive relief when Pakatan

Harapan (“PH”) came into power, with Anwar Ibrahim made the 10th Prime Minister. Based on the latest Purchasing Managers’ Index (“PMI”) survey, Malaysia’s manufacturing sector activities weakened further in November 2022 as manufacturers indicated weaker orders and slower output growth.

The year 2023 started with the FBM KLCI declining by 0.67% in January 2023 making it the worst performer in the Association of Southeast Asian Nations (“ASEAN”) region. The MSCI ASEAN index closed higher by 4.85%. Malaysia was the 2nd worst in ASEAN in terms of net foreign outflows at USD147 million during the month as foreign investors exited out of banks after Bank Negara Malaysia (“BNM”) unexpectedly held rates. Market saw a very volatile month of March 2023 stemming from Federal Open Market Committee (“FOMC”) meeting to the Silicon Valley Bank (“SVB”) (under SVB Financial Group) and Signature Bank (“Signature”) saga, as well as development in Europe on Credit Suisse. On a positive note, the market recovered towards the latter half of the month as banking stress eased after interventions to stem deposit outflows appear to be working, and the thematic play on artificial intelligence driving upside movement. Meanwhile, the FOMC raised the fed funds rate by 25 basis points (“bps”) to the range of 4.75% to 5.00% at its March 2023 meeting, in line with market expectations. China equities rallied in March 2023 thanks to Beijing’s further support to the Internet and Gaming sectors, stabilizing global financial conditions, and easing geopolitics by end March 2023. March 2023 started on a downbeat with Gross Domestic Product (“GDP”) growth target and property stimulus at the National People’s Congress (“NPC”) coming in below expectations. However, State Owned Enterprises (“SOEs”) reform surprised positively and drove returns in Telecom, Oil and Construction.

(All returns above are quoted in USD terms, except for FBM KLCI returns which are quoted in MYR).

MARKET OUTLOOK AND STRATEGY GOING FORWARD

Market volatility remains elevated amid concerns over policy tightening, which has already started to have an impact on the global economy. The recent easing in inflation and thus the ending of tightening was welcomed. Prolonged sustained inflationary pressures may hamper global economy growth, given its negative impacts on consumption for consumers and higher input costs for corporates. This along with any possible policy mistakes, could lead to stagflation before turning into a recession. So far, commodity prices have eased. The Fund Manager is cautiously optimistic, though markets may prove to be bumpy and volatile amid tighter monetary policies and financial conditions. With more nations moving towards protectionism (energy, food and technology security) and nationalism, markets should prepare for an extended period of heightened volatility. The Fund Manager prefers companies with pricing power, as inflation remains relatively higher than pre-pandemic levels, driven by relatively tight monetary stance as rates remain higher for longer even as global economic growth ease next year. The Fund Manager continues to reiterate our strategy

towards quality and value names amid rising market volatility and interest rates, as well as selective reopening plays.

REVIEW OF FUND PERFORMANCE AND STRATEGY DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a negative return of 1.01%* against its benchmark negative return of 1.52%*. The Fund outperformed its benchmark by 0.51% over the financial year under review. The Net Asset Value per unit of the Fund was RM0.5105 (2022: RM0.5157) as at 31 May 2023.

During the financial year under review, the exposure to Indonesia was the top contributor to the Fund's performance, while the main detractor was the exposure to China. Sector wise, the utilities sector was the main contributor to the Fund's performance while the financial sector was the main drag.

The investment strategy and policy employed during the financial year under review were in line with the investment strategy and policy as stated in the prospectus.

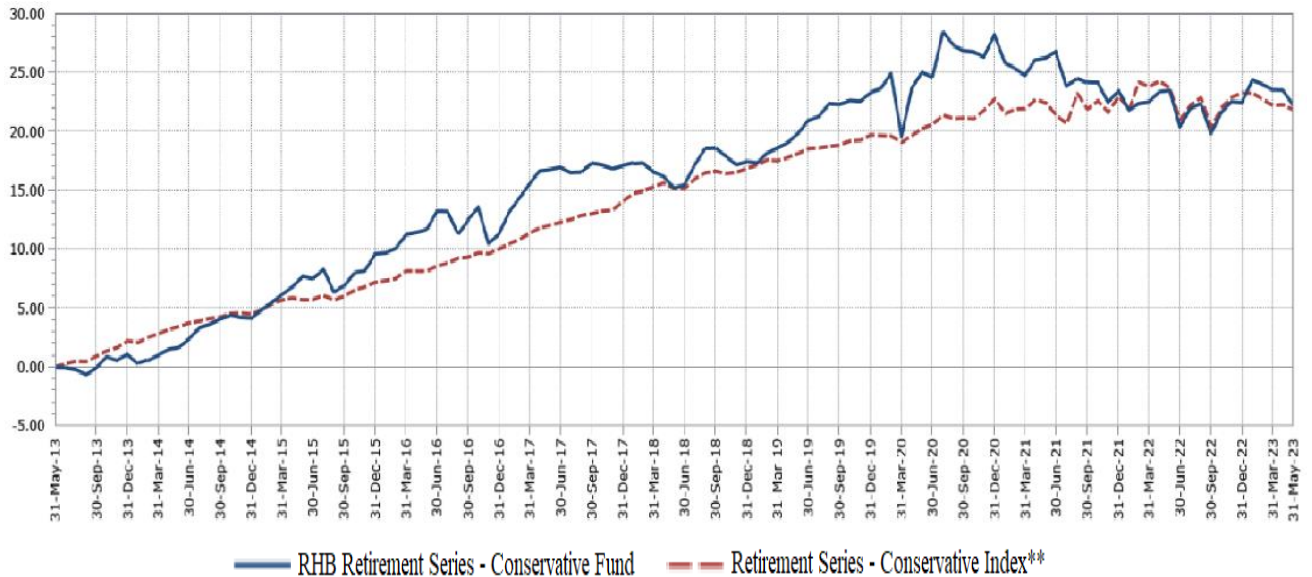
** Source: Lipper Investment Management ("Lipper IM"), 9 June 2023*

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 May				
	2023	2022	2021	2020	2019
	%	%	%	%	%
RHB Retirement Series – Conservative Fund					
- Capital Return	(1.01)	(2.22)	(1.81)	1.82	4.00
- Income Return	-	-	2.85	2.43	-
- Total Return	(1.01)	(2.22)	1.00	4.29	4.00
Retirement Series – Conservative Index**	(1.52)	0.94	1.80	1.79	2.59

	Average Annual Returns			
	1 Year	3 Years	5 Years	10 Years
	31.05.2022-	31.05.2020-	31.05.2018-	31.05.2013-
	31.05.2023	31.05.2023	31.05.2023	31.05.2023
	%	%	%	%
RHB Retirement Series – Conservative Fund	(1.01)	(0.75)	1.18	2.02
Retirement Series – Conservative Index**	(1.52)	0.44	1.13	1.99

**Performance of RHB Retirement Series – Conservative Fund
for the period from 31 May 2013 to 31 May 2023
Cumulative Return Over The Period (%)**



Source: Lipper IM, 9 June 2023

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since inception.

The calculation of the above returns is based on computation methods of Lipper.

*** Effective 1 December 2020, the Fund's composite benchmark (Retirement Series – Conservative Index) was changed from FBM KLCI (10%) + Maybank's 12 Months Fixed Deposits Rate (90%) to FBM KLCI (30%) + RHB Bank Berhad's 12 Months Fixed Deposits Rate (70%). The Fund's composite benchmark performance has been adjusted to reflect the new benchmark.*

A combination of benchmark/composite benchmark has been used for the performance computation as follows:

From 18 December 2012 – 30 November 2020	FBM KLCI (10%) + Maybank's 12 Months Fixed Deposits Rate (90%)
1 December 2020 onwards	FBM KLCI (30%) + RHB Bank Berhad's 12 Months Fixed Deposits Rate (70%)

Note : Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

The abovementioned performance computations have been adjusted to reflect distribution payments and unit splits wherever applicable.

Fund Size	As at 31 May		
	2023	2022	2021
Net Asset Value (RM million)	29.32	28.34	27.48*
Units In Circulation (million)	57.43	54.95	52.10
Net Asset Value Per Unit (RM)	0.5105	0.5157	0.5274*

Historical Data	Financial Year Ended 31 May		
	2023	2022	2021
Unit Prices			
NAV - Highest (RM)	0.5207	0.5299	0.5553*
- Lowest (RM)	0.4993	0.5018	0.5254*
Distribution and Unit Split			
Gross Distribution Per Unit (sen)	-	-	1.5000
Net Distribution Per Unit (sen)	-	-	1.5000
Distribution Date	-	-	27 May 2021
NAV before distribution (cum)	-	-	0.5381
NAV after distribution (ex)	-	-	0.5254
Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.34	1.45	1.23
Portfolio Turnover Ratio (times) (PTR) ##	1.02	1.80	1.33

* *The figures quoted are ex-distribution*

The TER for the financial year was lower compared with the previous financial year due to lower expenses incurred during the financial year under review.

The PTR for the financial year was lower compared with the previous financial year due to lesser investment activities during the financial year under review.

DISTRIBUTION

For the financial year under review, no distribution has been proposed by the Fund.

PORTFOLIO STRUCTURE

The asset allocations of the Fund as at reporting date were as follows:

Sectors	As at 31 May		
	2023	2022	2021
	%	%	%
Equities			
Agriculture	-	0.28	-
Communication	1.54	0.51	-
Construction	0.54	0.40	-
Consumer Discretionary	0.96	-	-
Consumer Products & Services	8.15	2.34	13.39
Energy	-	1.60	2.55
Financial Services	15.14	23.41	5.17
Health Care	2.93	1.69	-
Industrial Products & Services	0.98	2.77	4.81
Materials	1.19	0.98	4.81
Mining	-	0.25	-
Plantation	-	1.86	-
Retail	-	0.58	-
Technology	1.71	0.15	14.43
Telecommunications & Media	1.78	3.36	2.69
Transportation & Logistics	1.61	0.36	-
Utilities	3.06	1.57	-
	<hr/>	<hr/>	<hr/>
	39.59	42.11	47.85
Collective investment scheme	1.96	0.58	-
Unquoted fixed income securities	31.15	40.30	37.59
Liquid assets and other net current assets	27.30	17.01	14.56
	<hr/>	<hr/>	<hr/>
	100.00	100.00	100.00

The asset allocation was reflective of the PRS Provider's stance to risk manage its portfolio in an environment of volatile markets.

SECURITIES FINANCING TRANSACTIONS

The Fund has not undertaken any securities lending or repurchase transactions for the financial year under review.

CROSS TRADE

The Fund has not carried out any cross trade transactions for the financial year under review.

SOFT COMMISSION

Soft commissions were received by the PRS Provider for the financial year under review from brokers/dealers who have also executed trades for other funds or investment managed by the PRS Provider or Fund Manager. The soft commissions were utilised for research data and materials that assist in the decision making process relating to the Fund's investment. The soft commissions received were for the benefit of the funds and there were no churning of trades.

RHB RETIREMENT SERIES – CONSERVATIVE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
ASSETS			
Bank balances	5	1,935,295	4,596,857
Deposits with licensed financial institutions	5	6,410,715	694,178
Investments	6	21,313,891	23,516,356
Amount due from brokers		132,040	75,730
Amount due from PRS Provider		1,545	19,002
Dividend receivables		10,144	40,619
Other receivables		1,605	-
TOTAL ASSETS		<u>29,805,235</u>	<u>28,942,742</u>
LIABILITIES			
Amount due to brokers		385,638	473,768
Amount due to PRS Provider		34,267	69,735
Amount due to Scheme Trustee		1,009	954
Amount due to Private Pension Administrator (“PPA”)		1,009	954
Accrued management fee		25,223	23,842
Tax payable		8,262	-
Other payables and accruals		31,598	34,315
TOTAL LIABILITIES		<u>487,006</u>	<u>603,568</u>
NET ASSET VALUE		<u>29,318,229</u>	<u>28,339,174</u>
MEMBERS’ FUNDS			
Members’ capital		29,900,448	28,647,368
Accumulated losses		(582,219)	(308,194)
		<u>29,318,229</u>	<u>28,339,174</u>
UNITS IN CIRCULATION (UNITS)	7	<u>57,429,607</u>	<u>54,952,607</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5105</u>	<u>0.5157</u>

The accompanying notes are an integral part of the financial statements.

**RHB RETIREMENT SERIES – CONSERVATIVE FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
INCOME			
Dividend income		379,593	390,698
Interest income from investments		454,811	415,400
Interest income from deposits with licensed financial institutions		117,888	40,711
Net realised loss on disposal		(418,822)	(657,234)
Net unrealised loss on changes in fair value		(431,522)	(104,642)
Net foreign currency exchange gain		283,511	114,392
		<u>385,459</u>	<u>199,325</u>
EXPENSES			
Management fee	8	(288,209)	(277,053)
Scheme Trustee's fee	9	(11,528)	(11,082)
PPA's fee	10	(11,528)	(11,082)
Audit fee		(5,600)	(5,350)
Tax agent's fee		(15,397)	(13,860)
Transaction costs		(236,398)	(374,894)
Other expenses		(69,812)	(115,841)
		<u>(638,472)</u>	<u>(809,162)</u>
Net loss before taxation		(253,013)	(609,837)
Taxation	11	(21,012)	-
Net loss after taxation		<u>(274,025)</u>	<u>(609,837)</u>
Net loss after taxation is made up of the following:			
Realised amount		216,492	(649,657)
Unrealised amount		(490,517)	39,820
		<u>(274,025)</u>	<u>(609,837)</u>

The accompanying notes are an integral part of the financial statements.

**RHB RETIREMENT SERIES – CONSERVATIVE FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**

	<u>Members’ capital</u> RM	<u>Accumulated losses</u> RM	<u>Total net asset value</u> RM
Balance as at 1 June 2021	27,178,184	301,643	27,479,827
Movement in net asset value:			
Net loss after taxation	-	(609,837)	(609,837)
Creation of units arising from applications	2,607,131	-	2,607,131
Cancellation of units	(1,137,947)	-	(1,137,947)
Balance as at 31 May 2022	<u>28,647,368</u>	<u>(308,194)</u>	<u>28,339,174</u>
Balance as at 1 June 2022	28,647,368	(308,194)	28,339,174
Movement in net asset value:			
Net loss after taxation	-	(274,025)	(274,025)
Creation of units arising from applications	2,538,946	-	2,538,946
Cancellation of units	(1,285,866)	-	(1,285,866)
Balance as at 31 May 2023	<u>29,900,448</u>	<u>(582,219)</u>	<u>29,318,229</u>

The accompanying notes are an integral part of the financial statements.

**RHB RETIREMENT SERIES – CONSERVATIVE FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from redemption of investments		2,500,000	-
Proceeds from sale of investments		28,439,367	49,231,182
Purchase of investments		(30,062,729)	(50,020,892)
Dividend received		393,336	311,697
Interest received from deposits with licensed financial institutions		117,888	40,711
Interest received from investments		577,287	507,568
Management fee paid		(286,828)	(276,333)
Scheme Trustee's fee paid		(11,473)	(11,053)
Payment for other fees and expenses		(90,495)	(107,879)
Net realised foreign exchange gain/(loss)		335,988	(11,685)
Tax paid		(12,750)	-
Net cash generated from/(used in) operating activities		<u>1,899,591</u>	<u>(336,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		2,556,403	2,599,769
Cash paid for units cancelled		(1,321,334)	(1,074,525)
Net cash generated from financing activities		<u>1,235,069</u>	<u>1,525,244</u>
Net increase in cash and cash equivalents		3,134,660	1,188,560
Foreign currency translation differences		(79,685)	144,507
Cash and cash equivalents at the beginning of the financial year		<u>5,291,035</u>	<u>3,957,968</u>
Cash and cash equivalents at the end of the financial year	5	<u>8,346,010</u>	<u>5,291,035</u>

The accompanying notes are an integral part of the financial statements.

**RHB RETIREMENT SERIES – CONSERVATIVE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**

1. THE FUND, THE PRS PROVIDER AND THEIR PRINCIPAL ACTIVITIES

The RHB Retirement Series – Conservative Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed (RHB Retirement Series Scheme) dated 28 November 2012 as modified via its first supplemental deed dated 23 September 2014, second supplemental deed dated 6 January 2015, third supplemental deed dated 28 September 2015, fourth supplemental deed dated 3 December 2015 and fifth supplemental deed dated 15 April 2019, between RHB Asset Management Sdn Bhd (“the PRS Provider”) and Deutsche Trustees Malaysia Berhad prior to 1 December 2020. The Sixth supplemental deed dated 7 August 2020 and Seventh supplemental deed dated 14 July 2021 (collectively referred to as the “Deeds”) were entered into between the PRS Provider and CIMB Commerce Trustee Berhad (“the Scheme Trustee”) in relation to the replacement of trustee for the Scheme with effective date 1 December 2020.

The Fund was launched on 18 December 2012 and will continue its operations until terminated according to the conditions provided in the Deeds. The principal activity of the Fund is to invest in Permitted Investments as defined in the Deeds.

All investments will be subject to the Securities Commission Malaysia (“SC”)’s Guidelines on Private Retirement Schemes, SC’s requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and objective of the Fund.

The main objective of the Fund is to provide capital preservation for the Members’ investment.

The PRS Provider, a company incorporated in Malaysia, is a wholly-owned subsidiary of RHB Investment Bank Berhad, effective 6 January 2003. Its principal activities include rendering of investment management services, management of unit trust funds and private retirement schemes and provision of investment advisory services.

These financial statements were authorised for issue by the PRS Provider on 18 July 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, except those as disclosed in this summary of significant accounting policies, and in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the financial year. It also requires the PRS Provider to exercise its judgement in the process of applying the PRS Provider’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ. There were no areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) Standards and amendments to existing standards effective 1 June 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 June 2022 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 June 2022 and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 June 2022. None of these is expected to have a significant effect on the financial statements of the Fund, except the following set out below:

- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The amendment is effective for the annual financial reporting period beginning on or after 1 January 2024.

The amendment shall be applied retrospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets

Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (“FVTPL”), and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from brokers, amount due from PRS Provider, dividend receivables and other receivables as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of income and expenses.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in statement of income and expenses within net gain or losses on investments in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of income and expenses within dividend income when the Fund's right to receive payments is established.

Interest on debt securities at fair value through profit or loss is recognised in the statement of income and expenses.

Quoted investments and collective investment schemes are initially recognised at fair value and subsequently re-measured at fair value based on the market price quoted on the relevant stock exchanges at the close of the business on the valuation day, where the close price falls within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the PRS Provider will determine the point within the bid-ask spread that is most representative of the fair value.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the scheme trustee, then the securities are valued as determined in good faith by the PRS Provider, based on the methods or bases approved by the scheme trustee after appropriate technical consultation.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the SC as per the SC Guidelines on Private Retirement Schemes.

Where such quotations are not available or where the PRS Provider is of the view that the price quoted by the BPA for a specific unquoted fixed income security differs from the market price by more than 20 basis points, the PRS Provider may use the market price, provided that the PRS Provider:

- (i) Records its basis for using a non-BPA price;
- (ii) Obtains necessary internal approvals to use the non-BPA price; and
- (iii) Keeps an audit trail of all decisions and basis for adopting the market price.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of the statement of financial position, which is a reasonable estimate of fair value due to the short-term nature of the deposits.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. PRS Provider considers both historical analysis and forward-looking information in determining any expected credit loss. PRS Provider considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on the 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on the unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund's financial liabilities which include amount due to brokers, amount due to PRS Provider, amount due to scheme trustee, amount due to PPA, accrued management fee and other payables and accruals are recognised initially at fair value plus directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in statement of income and expenses when the liabilities are derecognised, and through the amortisation process.

2.4 Members' capital

The members' contributions to the Fund meet the criteria of the definition of puttable instruments to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the statement of income and expenses of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if members exercise the right to put the units back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to members with the total number of outstanding units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income recognition

Dividend income from quoted investments and collective investment schemes are recognised when the Fund's right to receive payment is established. Dividend income is received from financial assets measured at FVTPL.

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on an accrual basis using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Realised gain or loss on sale of quoted investments and collective investment schemes are arrived at after accounting for cost of investments, determined on the weighted average cost method.

Realised gain or loss on sale of unquoted fixed income securities are measured by the difference between disposal proceeds and the carrying amount of investments (adjusted for accretion of discount or amortisation of premium).

Net income or loss is the total of income less expenses.

2.6 Taxation

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable income earned during the financial year.

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and deposits with licensed financial institutions with original maturities of three months or less that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

2.8 Amount due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively. The amount due from brokers balance is held for collection.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Amount due from/to brokers (continued)

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the brokers, probability that the brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

2.9 Presentation and functional currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s presentation and functional currency.

Due to mixed factors in determining the functional currency of the Fund, the PRS Provider has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- Part of the Fund’s cash is denominated in RM for the purpose of making settlement of the creation and cancellation.
- The Fund’s units are denominated in RM.
- The Fund’s expenses are denominated in RM.

2.10 Foreign currency translation

Foreign currency transactions in the Fund are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in statement of income and expenses.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks, which include market risk, price risk, interest rate risk, currency risk, credit risk, liquidity risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the PRS Provider and adherence to the investment restrictions as stipulated in the SC Guidelines on Private Retirement Schemes.

Market risk

Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investors' sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities. The market price of securities owned by the Fund might go down or up, sometimes rapidly or unpredictably.

Price risk

Price risk is the risk that the fair value of the investment of the Fund will fluctuate because of changes in market prices.

The Fund is exposed to equity securities and collective investment schemes (other than those arising from interest rate risk) price risk for its investments of RM12,181,485 (2022: RM12,096,606) in quoted investments and collective investment schemes.

The Fund is also exposed to price risk arising from interest rate risk in relation to its investments of RM9,132,406 (2022: RM11,419,750) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate risk and the related sensitivity analysis are disclosed in "Interest rate risk" below.

The sensitivity analysis is based on the assumption that the price of the quoted securities investment and collective investment schemes fluctuate by +/-(-) 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/-(-) RM609,074 (2022: RM604,830).

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

In general, when interest rates rise, fixed income securities prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. In order to mitigate interest rates exposure of the Fund, the PRS Provider will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the PRS Provider, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

The table below summarises the sensitivity of the Fund's profit or loss and net asset value as at reporting date to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate fluctuation by +/- 1% with all other variables held constant.

<u>% Change in interest rate</u>	Impact on profit or loss and net asset value	
	<u>2023</u> RM	<u>2022</u> RM
+1%	(24,073)	(28,852)
-1%	24,265	29,010

The Fund's exposure to interest rate risk arises from investment in money market instruments is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

Currency risk

Currency risk is associated with financial instruments that are quoted and/or priced in foreign currency denomination. Malaysian based investor should be aware that if the Ringgit Malaysia appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the net asset value of the Fund and vice versa. The Fund did not have any significant financial liabilities denominated in foreign currencies as at the financial year end date.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

The PRS Provider or its fund management delegate could utilise two pronged approaches in order to mitigate the currency risk; firstly by spreading the investments across different currencies (i.e. diversification) and secondly, by hedging the currencies when it deemed necessary.

The analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5%, with all other variables remain constants, the impact on statement of income and expenses and net asset value is +/- RM270,476 (2022: RM517,134).

The following table sets out the currency risk concentration of the Fund:

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets/ (liabilities)*</u> RM	<u>Total</u> RM
<u>2023</u>				
Australian Dollar	349,464	-	-	349,464
Chinese Yuan Renminbi	273,966	-	419	274,385
Hong Kong Dollar	991,945	-	-	991,945
Indonesian Rupiah	1,451,695	-	(296,276)	1,155,419
Korean Won	249,778	-	(358)	249,420
Philippine Peso	282,640	-	-	282,640
Taiwan Dollar	250,765	-	(21,840)	228,925
United States Dollar	-	1,877,324	-	1,877,324
	<u>3,850,253</u>	<u>1,877,324</u>	<u>(318,055)</u>	<u>5,409,522</u>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets/ (liabilities)*</u> RM	<u>Total</u> RM
<u>2022</u>				
Australian Dollar	623,011	-	13,703	636,714
Chinese Yuan Renminbi	131,815	-	-	131,815
Hong Kong Dollar	683,184	-	16,186	699,370
Indonesian Rupiah	1,849,460	-	-	1,849,460
Korean Won	454,025	-	(411)	453,614
Philippine Peso	572,762	-	3,220	575,982
Singapore Dollar	1,478,652	-	-	1,478,652
Taiwan Dollar	189,767	188,854	(210,455)	168,166
United States Dollar	-	4,348,908	-	4,348,908
	<u>5,982,676</u>	<u>4,537,762</u>	<u>(177,757)</u>	<u>10,342,681</u>

* Comprise amount due from/(to) brokers, dividend receivables and other payables and accruals.

Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment. For investments in fixed income securities, risk is minimised by spreading its maturity profile. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits with reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC Guidelines on Private Retirement Schemes.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

The following table sets out the credit risk concentrations of the Fund:

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets*</u> RM	<u>Total</u> RM
<u>2023</u>				
AAA	2,509,400	8,346,010	-	10,855,410
AA	1,099,935	-	-	1,099,935
AA2	2,143,499	-	-	2,143,499
Non-rated	3,379,572	-	-	3,379,572
Others	-	-	145,334	145,334
	<u>9,132,406</u>	<u>8,346,010</u>	<u>145,334</u>	<u>17,623,750</u>
<u>2022</u>				
AAA	2,494,266	5,291,035	-	7,785,301
AA	1,072,107	-	-	1,072,107
AA2	2,068,978	-	-	2,068,978
AA3	2,635,527	-	-	2,635,527
Non-rated	3,148,872	-	-	3,148,872
Others	-	-	135,351	135,351
	<u>11,419,750</u>	<u>5,291,035</u>	<u>135,351</u>	<u>16,846,136</u>

* Comprise amount due from brokers, amount due from PRS Provider, dividend receivables and other receivables.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Liquidity risk exists when particular investments are difficult to sell. As such, the Fund may not be able to sell such illiquid investments at an advantageous time or price to meet its liquidity requirements. Private Retirement Schemes with principal investment strategies that involve securities or securities with substantial market and/or credit risk tend to have the greater exposure to liquidity risk. As part of its risk management, the PRS Provider will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The PRS Provider will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 <u>month</u> RM	Between 1 month <u>to 1 year</u> RM
<u>2023</u>		
Amount due to brokers	385,638	-
Amount due to PRS Provider	34,267	-
Amount due to scheme trustee	1,009	-
Amount due to PPA	1,009	-
Accrued management fee	25,223	-
Other payables and accruals	-	31,598
	<hr/> 447,146	<hr/> 31,598
<u>2022</u>		
Amount due to brokers	473,768	-
Amount due to PRS Provider	69,735	-
Amount due to scheme trustee	954	-
Amount due to PPA	954	-
Accrued management fee	23,842	-
Other payables and accruals	-	34,315
	<hr/> 569,253	<hr/> 34,315

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by members' funds consisting of members' capital of RM29,900,448 (2022: RM28,647,368) and accumulated losses of RM582,219 (2022: RM308,194). The amount of members' funds can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets and liabilities traded in an active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial year end date.

An active market is a market in which transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each financial year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

4. FAIR VALUE ESTIMATION (CONTINUED)

The fair values are based on the following methodologies and assumptions:

- (i) For bank balances and deposits with licensed financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value of receivables and payables are assumed to approximate their fair values due to their short term nature.

Fair value hierarchy

The Fund adopted MFRS 13 “Fair Value Measurement” in respect of disclosures about the degree of reliability of fair value measurement. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs)

The following table analyses within the fair value hierarchy the Fund’s financial assets at fair value through profit or loss (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2023</u>				
Financial assets at FVTPL:				
- Quoted investments	11,606,984	-	-	11,606,984
- Collective investment scheme	574,501	-	-	574,501
- Unquoted fixed income securities	-	9,132,406	-	9,132,406
	<u>12,181,485</u>	<u>9,132,406</u>	<u>-</u>	<u>21,313,891</u>

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets at fair value through profit or loss (by class) measured at fair value: (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial assets at FVTPL:				
- Quoted investments	11,931,458	-	-	11,931,458
- Collective investment scheme	165,148	-	-	165,148
- Unquoted fixed income securities	-	11,419,750	-	11,419,750
	<u>12,096,606</u>	<u>11,419,750</u>	<u>-</u>	<u>23,516,356</u>

Investments in active listed equities, i.e. quoted investments and collective investment schemes whose values are based on quoted market prices in active markets are classified within Level 1. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The Fund's policies on valuation of these financial assets are stated in Note 2.2.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2023</u> RM	<u>2022</u> RM
Bank balances	1,935,295	4,596,857
Deposits with licensed financial institutions	6,410,715	694,178
	<u>8,346,010</u>	<u>5,291,035</u>

6. INVESTMENTS

	<u>2023</u> RM	<u>2022</u> RM
Investments:		
- Quoted investments - local	7,756,731	5,948,782
- Quoted investments - foreign	3,850,253	5,982,676
- Collective investment scheme - local	574,501	165,148
- Unquoted fixed income securities	9,132,406	11,419,750
	<u>21,313,891</u>	<u>23,516,356</u>

Investments as at 31 May 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
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QUOTED INVESTMENTS – LOCAL

MALAYSIA

Construction

Gamuda Berhad	35,400	148,652	157,176	0.54
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Consumer Products & Services

British American Tobacco

Malaysia Berhad	56,200	613,854	576,612	1.97
Guan Chong Berhad	116,300	311,521	291,913	1.00
Padini Holdings Berhad	64,200	243,288	238,824	0.81
QL Resources Berhad	94,000	535,353	521,700	1.78
		<u>1,704,016</u>	<u>1,629,049</u>	<u>5.56</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2023 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – LOCAL				
(CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Financial Services				
CIMB Group Holdings Berhad	268,602	1,447,897	1,294,662	4.42
Malayan Banking Berhad	33,728	291,812	291,747	0.99
Public Bank Berhad	425,300	1,782,006	1,620,393	5.53
		<u>3,521,715</u>	<u>3,206,802</u>	<u>10.94</u>
Healthcare				
IHH Healthcare Berhad	101,300	595,010	584,501	1.99
Industrial Products & Services				
Malayan Cement Berhad	55,100	150,627	149,872	0.51
Petronas Chemicals Group Berhad	20,900	145,805	137,104	0.47
		<u>296,432</u>	<u>286,976</u>	<u>0.98</u>
Telecommunications & Media				
Axiata Group Berhad	49,900	133,727	138,722	0.47
Telekom Malaysia Berhad	75,000	388,132	382,500	1.31
		<u>521,859</u>	<u>521,222</u>	<u>1.78</u>
Transportation & Logistics				
MISC Berhad	64,700	465,614	472,310	1.61
Utilities				
Tenaga Nasional Berhad	94,500	856,683	898,695	3.06
TOTAL MALAYSIA		<u>8,109,981</u>	<u>7,756,731</u>	<u>26.46</u>
TOTAL QUOTED INVESTMENTS - LOCAL		<u>8,109,981</u>	<u>7,756,731</u>	<u>26.46</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2023 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – FOREIGN				
<u>AUSTRALIA</u>				
Material				
BHP Group Ltd	2,788	368,485	349,464	1.19
TOTAL AUSTRALIA		368,485	349,464	1.19
<u>CHINA</u>				
Health Care				
Aier Eye Hospital Group Co Ltd	15,800	315,347	273,966	0.94
TOTAL CHINA		315,347	273,966	0.94
<u>HONG KONG</u>				
Consumer Products & Services				
Alibaba Group Holding Ltd	3,800	174,659	174,326	0.59
Anta Sports Products Ltd	4,400	237,206	207,163	0.71
Haier Smart Home Co Ltd	15,600	222,574	206,244	0.70
JD.com Inc	2,350	193,304	174,235	0.59
		827,743	761,968	2.59
Financial Services				
AIA Group Ltd	5,200	235,049	229,977	0.78
TOTAL HONG KONG		1,062,792	991,945	3.37
<u>INDONESIA</u>				
Communication				
PT Telkom Indonesia Persero Tbk	363,100	452,034	450,639	1.54

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2023 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – FOREIGN (CONTINUED)				
<u>INDONESIA (CONTINUED)</u>				
Financial Services				
PT Bank Central Asia Tbk	104,000	295,400	289,137	0.99
PT Bank Mandiri Persero Tbk	458,900	648,939	711,919	2.43
		944,339	1,001,056	3.42
TOTAL INDONESIA		1,396,373	1,451,695	4.96
<u>KOREA</u>				
Technology				
Samsung SDI Co Ltd	100	236,220	249,778	0.85
TOTAL KOREA		236,220	249,778	0.85
<u>PHILIPPINES</u>				
Consumer Discretionary				
Jollibee Foods Corporation	14,630	269,195	282,640	0.96
TOTAL PHILIPPINES		269,195	282,640	0.96

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2023 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – FOREIGN (CONTINUED)				
<u>TAIWAN</u>				
Technology				
Taiwan Semiconductor Manufacturing Co Ltd	3,000	227,956	250,765	0.86
TOTAL TAIWAN		227,956	250,765	0.86
TOTAL QUOTED INVESTMENTS – FOREIGN		3,876,368	3,850,253	13.13
COLLECTIVE INVESTMENT SCHEME - LOCAL				
<u>MALAYSIA</u>				
Real Estate Investment Trusts				
AME Real Estate Investment Trust	60,000	67,800	73,200	0.25
IGB Real Estate Investment Trust	319,300	508,354	501,301	1.71
		576,154	574,501	1.96
TOTAL COLLECTIVE INVESTMENT SCHEME - LOCAL		576,154	574,501	1.96

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2023 are as follows: (continued)

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES					
Unquoted Bond					
6.15% ANIH Berhad IMTN 29/11/2029	AA	1,000,000	1,067,131	1,099,935	3.75
5.31% Konsortium ProHAWK Sdn Bhd IMTN 28/06/2032	AA2	2,000,000	2,072,601	2,143,499	7.31
4.893% Malaysian Government Securities 08/06/2038	Non- rated	3,000,000	3,527,802	3,379,572	11.53
3.40% Swirl Assets Berhad ABSMTN 18/09/2023	AAA	2,500,000	2,510,519	2,509,400	8.56
TOTAL UNQUOTED FIXED INCOME SECURITIES			9,178,053	9,132,406	31.15
TOTAL INVESTMENTS			21,740,556	21,313,891	72.70

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2022 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
QUOTED INVESTMENTS – LOCAL				
<u>MALAYSIA</u>				
Consumer Products & Services				
Aeon Co (M) Berhad	97,900	145,940	139,018	0.49
Magnum Berhad	47,800	91,104	83,650	0.30
PBB Group Berhad	12,300	210,249	204,426	0.72
		447,293	427,094	1.51
Energy				
Dialog Group Berhad	87,100	224,290	211,653	0.75
Financial Services				
CIMB Group Holdings Berhad	114,102	592,798	587,625	2.07
Hong Leong Bank Berhad	21,000	413,725	443,100	1.57
Malayan Banking Berhad	114,328	989,158	1,040,385	3.67
Public Bank Berhad	241,900	1,031,550	1,144,187	4.04
		3,027,231	3,215,297	11.35
Healthcare				
IHH Healthcare Berhad	35,900	224,253	240,530	0.85
Industrial Products & Services				
Petronas Chemicals Group Berhad	19,400	184,769	199,044	0.70
Press Metal Aluminium Holdings Berhad	39,000	227,517	216,060	0.76
SKP Resources Berhad	57,200	86,967	86,372	0.31
		499,253	501,476	1.77
Plantation				
IOI Corp Berhad	79,500	342,923	341,850	1.20
Kuala Lumpur Kepong Berhad	7,300	195,450	186,588	0.66
		538,373	528,438	1.86

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2022 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – LOCAL				
(CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Telecommunications & Media				
Telekom Malaysia Berhad	51,200	252,493	274,432	0.97
Transportation & Logistics				
TASCO Berhad	102,900	112,254	102,900	0.36
Utilities				
Gas Malaysia Berhad	65,200	196,585	196,252	0.69
Tenaga Nasional Berhad	27,400	252,001	250,710	0.88
		448,586	446,962	1.57
TOTAL MALAYSIA		5,774,026	5,948,782	20.99
TOTAL QUOTED INVESTMENTS - LOCAL		5,774,026	5,948,782	20.99
QUOTED INVESTMENTS – FOREIGN				
<u>AUSTRALIA</u>				
Financial Services				
National Australia Bank Ltd	3,074	270,029	301,541	1.07
Westpac Banking Corporation	79	6,482	5,917	0.02
		276,511	307,458	1.09
Healthcare				
CSL Ltd	278	219,153	237,135	0.84
Material				
Newcrest Mining Ltd	998	83,334	78,418	0.28
TOTAL AUSTRALIA		578,998	623,011	2.21

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2022 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – FOREIGN				
(CONTINUED)				
<u>CHINA</u>				
Agriculture				
Tongwei Co Ltd	2,700	78,425	79,931	0.28
Energy				
LONGi Green Energy Technology Co Ltd	1,000	46,037	51,884	0.18
TOTAL CHINA		124,462	131,815	0.46
<u>HONG KONG</u>				
Consumer Products & Services				
Alibaba Group Holding Ltd	500	31,368	26,844	0.09
Geely Automobile Holdings Ltd	10,000	80,560	83,670	0.30
JD.com Inc	333	50,506	41,979	0.15
		162,434	152,493	0.54
Industrial Products & Services				
Techtronic Industries Co Ltd	1,500	106,400	86,013	0.30
Mining				
Zijin Mining Group Co Ltd	12,000	73,847	71,354	0.25
Telecommunications & Media				
China Telecom Corp Ltd	128,000	213,852	199,201	0.70
Kuaishou Technology Co Ltd	2,200	80,203	93,264	0.33
Tencent Holdings Ltd	400	89,058	80,859	0.28
		383,113	373,324	1.31
TOTAL HONG KONG		725,794	683,184	2.40

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2022 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
QUOTED INVESTMENTS – FOREIGN (CONTINUED)				
<u>INDONESIA</u>				
Communication				
PT Telkom Indonesia Persero Tbk	110,600	142,868	143,196	0.51
Construction				
PT Sarana Menara Nusantara Tbk	377,500	125,505	113,401	0.40
Consumer Product & Services				
PT Erajaya Swasembada Tbk	506,700	87,227	81,434	0.29
Financial Services				
PT Bank Mandiri Persero Tbk	373,200	794,349	952,929	3.36
PT Bank Rakyat Indonesia Persero Tbk	210,200	283,150	292,357	1.03
		1,077,499	1,245,286	4.39
Materials				
PT Semen Indonesia Persero Tbk	45,900	96,218	100,655	0.36
Retail				
PT Mitra Adiperkasa Tbk	612,100	156,929	165,487	0.58
TOTAL INDONESIA		1,686,246	1,849,459	6.53

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2022 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
QUOTED INVESTMENTS – FOREIGN (CONTINUED)				
<u>KOREA</u>				
Energy				
SK Innovation Co Ltd	1	1,770	762	-
Financial Services				
KB Financial Group Inc	1,476	310,184	315,334	1.11
Technology				
Samsung SDI Co Ltd	20	41,126	40,677	0.15
Materials				
LG Chem Ltd	47	83,058	97,253	0.34
TOTAL KOREA		436,138	454,026	1.60
<u>PHILIPPINES</u>				
Financial Services				
BDO Unibank Inc	51,420	548,805	572,762	2.02
TOTAL PHILIPPINES		548,805	572,762	2.02
<u>SINGAPORE</u>				
Financial Services				
DBS Group Holdings Ltd	5,600	630,013	553,024	1.95
United Overseas Bank Ltd	4,500	389,162	423,855	1.50
		1,019,175	976,879	3.45
Industrial Products & Services				
ComfortDelGro Corp Ltd	18,400	84,574	84,570	0.30
SIA Engineering Co Ltd	14,000	100,228	112,160	0.40
		184,802	196,730	0.70

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2022 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – FOREIGN (CONTINUED)				
<u>SINGAPORE</u> (CONTINUED)				
Telecommunications & Media				
Singapore Telecommunications Ltd	36,900	286,146	305,043	1.08
TOTAL SINGAPORE		1,490,123	1,478,652	5.23
<u>TAIWAN</u>				
Energy				
Formosa Petrochemical Corporation	13,000	188,227	189,767	0.67
TOTAL TAIWAN		188,227	189,767	0.67
TOTAL QUOTED INVESTMENTS – FOREIGN		5,778,793	5,982,676	21.12
COLLECTIVE INVESTMENT SCHEME – LOCAL				
<u>MALAYSIA</u>				
Real Estate Investment Trusts				
IGB Real Estate Investment Trust	100,700	158,152	165,148	0.58
TOTAL COLLECTIVE INVESTMENT SCHEME – LOCAL		158,152	165,148	0.58

6. INVESTMENTS (CONTINUED)

Investments as at 31 May 2022 are as follows: (continued)

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES					
Unquoted Bond					
6.15% ANIH Berhad IMTN 29/11/2029	AA-IS	1,000,000	1,075,466	1,072,107	3.79
7.10% BGSM Management Sdn Bhd IMTN 28/12/2022	AA3	2,500,000	2,609,360	2,635,527	9.30
5.31% Konsortium ProHAWK Sdn Bhd IMTN 28/06/2032	AA2	2,000,000	2,074,937	2,068,978	7.30
4.893% Malaysian Government Securities 08/06/2038	Non-rated	3,000,000	3,550,554	3,148,872	11.11
3.40% Swirl Assets Berhad ABSMTN 18/09/2023	AAA	2,500,000	2,490,212	2,494,266	8.80
TOTAL UNQUOTED FIXED INCOME SECURITIES			11,800,529	11,419,750	40.30
TOTAL INVESTMENTS			23,511,500	23,516,356	82.99

7. UNITS IN CIRCULATION

	<u>2023</u> Units	<u>2022</u> Units
At the beginning of the financial year	54,952,607	52,103,607
Creation of units arising from applications during the financial year	4,981,000	5,052,000
Cancellation of units during the financial year	<u>(2,504,000)</u>	<u>(2,203,000)</u>
At the end of the financial year	<u>57,429,607</u>	<u>54,952,607</u>

8. MANAGEMENT FEE

In accordance with the Disclosure Documents, the management fee provided in the financial statements is 1.00% (2022: 1.00%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

9. SCHEME TRUSTEE'S FEE

In accordance with the Disclosure Documents, the scheme trustee's fee provided in financial statement is 0.04% (2022: 0.04%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

10. PPA'S FEE

The PPA's fee provided in the financial statements is 0.04% (2022: 0.04%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

11. TAXATION

(a) Tax charge for the financial year

	<u>2023</u> RM	<u>2022</u> RM
Current taxation	<u>21,012</u>	<u>-</u>

11. TAXATION (CONTINUED)

(b) Numerical reconciliation of income tax expense

The numerical reconciliation between the net loss before taxation multiplied by the Malaysian statutory income tax rate and the tax expense of the Fund is as follows:

	<u>2023</u> RM	<u>2022</u> RM
Net loss before taxation	<u>(253,013)</u>	<u>(609,837)</u>
Tax calculated at statutory income tax rate of 24%	(60,723)	(146,361)
Tax effects of:		
- Income not subject to tax	(64,553)	(47,838)
- Expenses not deductible for tax purposes	80,201	125,093
- Restriction on tax deductible expenses	65,875	69,106
- Income subject to different tax rate	<u>212</u>	<u>-</u>
Tax expense	<u>21,012</u>	<u>-</u>

12. TOTAL EXPENSE RATIO (“TER”)

	<u>2023</u> %	<u>2022</u> %
TER	<u>1.34</u>	<u>1.45</u>

The TER ratio is calculated based on total expenses excluding investment transaction related costs of the Fund to the average net asset value of the Fund calculated on a daily basis.

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2023</u>	<u>2022</u>
PTR (times)	<u>1.02</u>	<u>1.80</u>

The PTR ratio is calculated based on average of acquisition and disposals of the Fund for the financial year to the average net asset value of the Fund calculated on a daily basis.

14. UNITS HELD BY THE PRS PROVIDER AND PARTIES RELATED TO THE PRS PROVIDER

The number of units held by the PRS Provider is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The PRS Provider	5,135	2,622	16,794	8,661

The units are held beneficially by the PRS Provider for booking purposes. The PRS Provider is of the opinion that all transactions with the related parties have been entered into in the normal course of business at agreed terms between the related parties.

The number of units held by the Directors of the PRS Provider are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
Mohd Rashid Bin Mohamad (<i>Resigned with effect from 20 June 2022</i>)	17,735	9,054	11,872	6,122

Other than the above, there were no units held by parties related to the PRS Provider.

The holding company and the ultimate holding company of the PRS Provider is RHB Investment Bank Berhad and RHB Bank Berhad respectively. The PRS Provider treats RHB Bank Berhad group of companies including RHB Investment Bank Berhad and its subsidiaries as related parties.

15. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 31 May 2023 are as follows:

Brokers/ <u>Financial institutions</u>	Value of <u>trades</u> RM	Percentage of total <u>trades</u> %	Brokerage <u>fees</u> RM	Percentage of total brokerage <u>fees</u> %
RHB Investment Bank Berhad*	15,118,138	25.85	44,001	29.41
Maybank Investment Bank Berhad	13,617,242	23.28	33,363	22.30
CGS-CIMB Securities Sdn Bhd	10,994,435	18.80	28,707	19.19
Macquarie Securities Australia	3,138,075	5.36	6,545	4.38
China International Capital Corporation	3,103,298	5.30	6,207	4.15
Affin Hwang Investment Bank Berhad	2,335,271	3.99	7,006	4.68
KAF Equities Sdn Bhd	2,220,467	3.80	6,124	4.09
MIDF Amanah Investment Bank Berhad	1,712,640	2.93	5,138	3.44
UOB Kay Hian Securities (M) Sdn Bhd	1,648,339	2.82	3,297	2.20
Nomura Securities Malaysia Sdn Bhd	1,135,024	1.94	2,270	1.52
Others	3,467,299	5.93	6,934	4.64
	<u>58,490,228</u>	<u>100.00</u>	<u>149,592</u>	<u>100.00</u>

15. TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial year ended 31 May 2022 are as follows:

Brokers/ <u>Financial institutions</u>	Value of <u>trades</u> RM	Percentage of total <u>trades</u> %	Brokerage <u>fees</u> RM	Percentage of total brokerage <u>fees</u> %
RHB Investment Bank Berhad*	23,303,538	23.52	58,932	25.46
Maybank Investment Bank Berhad	21,070,582	21.27	52,232	22.57
Macquarie Securities Australia	14,322,102	14.46	33,724	14.57
CSG-CIMB Securities Sdn Bhd	5,670,551	5.72	15,452	6.68
CLSA Securities - Taiwan	4,017,850	4.06	8,036	3.47
KAF Equities Sdn Bhd	3,970,202	4.01	10,722	4.63
Affin Hwang Investment Bank Berhad	3,388,500	3.42	9,222	3.98
Macquarie Securities Korea Ltd	3,123,416	3.15	6,246	2.70
MIDF Amanah Investment Bank Berhad	3,109,055	3.14	9,327	4.03
CLSA Securities Korea Ltd	3,009,109	3.04	6,018	2.60
Others	14,077,776	14.21	21,552	9.31
	99,062,681	100.00	231,463	100.00

* Included in transactions by the Fund are trades with RHB Investment Bank Berhad, the holding company of the PRS Provider. The PRS Provider is of the opinion that all transactions with the related parties have been entered into in the normal course of business at agreed terms between the related parties.

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2023</u> RM	<u>2022</u> RM
Financial assets		
Financial assets at FVTPL		
• Quoted investments	11,606,984	11,931,458
• Collective investment scheme	574,501	165,148
• Unquoted fixed income securities	9,132,406	11,419,750
	<u>21,313,891</u>	<u>23,516,356</u>
Financial assets at amortised cost		
• Bank balances	1,935,295	4,596,857
• Deposits with licensed financial institutions	6,410,715	694,178
• Amount due from brokers	132,040	75,730
• Amount due from PRS Provider	1,545	19,002
• Dividend receivables	10,144	40,619
• Other receivables	1,605	-
	<u>8,491,344</u>	<u>5,426,386</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to brokers	385,638	473,768
• Amount due to PRS Provider	34,267	69,735
• Amount due to Scheme Trustee	1,009	954
• Amount due to PPA	1,009	954
• Accrued management fee	25,223	23,842
• Other payables and accruals	31,598	34,315
	<u>478,744</u>	<u>603,568</u>

**STATEMENT BY PRS PROVIDER
RHB RETIREMENT SERIES – CONSERVATIVE FUND**

We, Dato' Darawati Hussain and Syed Ahmad Taufik Albar, two of the Directors of RHB Asset Management Sdn Bhd, do hereby state that in the opinion of the Directors of the PRS Provider, the accompanying statement of financial position, statement of income and expenses, statement of changes in net asset value, statement of cash flows and the accompanying notes, are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 31 May 2023 and of its financial performance and cash flows for the financial year then ended and comply with provisions of the Deeds.

On behalf of the PRS Provider,

Dato' Darawati Hussain
Director

Syed Ahmad Taufik Albar
Director

18 July 2023

SCHEME TRUSTEE'S REPORT

To the members of RHB Retirement Series – Conservative Fund (“Fund”),

We have acted as Scheme Trustee of the Fund for the financial year ended 31 May 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **RHB Asset Management Sdn Bhd** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the PRS Provider under the deed, securities laws and the Guidelines on Private Retirement Schemes;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
CIMB Commerce Trustee Berhad

Datin Ezreen Eliza Binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
18 July 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHB RETIREMENT SERIES – CONSERVATIVE FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Retirement Series – Conservative Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 May 2023 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 May 2023, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 50.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHB RETIREMENT SERIES – CONSERVATIVE FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The PRS Provider of the Fund is responsible for the other information. The other information comprises PRS Provider's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the PRS Provider for the financial statements

The PRS Provider of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The PRS Provider is also responsible for such internal control as the PRS Provider determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the PRS Provider is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the PRS Provider either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHB RETIREMENT SERIES – CONSERVATIVE FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the PRS Provider.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RHB RETIREMENT SERIES – CONSERVATIVE FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (d) Conclude on the appropriateness of the PRS Provider's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the PRS Provider regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the members of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 July 2023

CORPORATE INFORMATION

PRS PROVIDER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

PRINCIPAL AND BUSINESS OFFICE

Level 8, Tower Two & Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

Email address: rhbam@rhbgroup.com

Tel: 03-9205 8000

Fax: 03-9205 8100

Website: www.rhbgroup.com

BOARD OF DIRECTORS

Mr Yap Chee Meng (*Independent Non-Executive Chairman*)

(*Resigned with effect from 22 May 2023*)

Mr Chin Yoong Kheong (*Independent Non-Executive Chairman*)

(*Redesignated with effect from 22 May 2023*)

YBhg Dato' Darawati Hussain (*Senior Independent Non-Executive Director*)

(*Redesignated with effect from 22 May 2023*)

Tuan Syed Ahmad Taufik Albar (*Non-Independent Non-Executive Director*)

Puan Hijah Arifakh Binti Othman (*Independent Non-Executive Director*)

(*Appointed with effect from 30 September 2022*)

(*Resigned with effect from 1 June 2023*)

Puan Sharizad Binti Juma'at (*Independent Non-Executive Director*)

(*Appointed with effect from 22 May 2023*)

INVESTMENT COMMITTEE MEMBERS

Mr Yap Chee Meng (*Independent Chairman*)

(*Resigned with effect from 22 May 2023*)

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

(*Redesignated with effect from 22 May 2023*)

Puan Hijah Arifakh Binti Othman

(*Appointed with effect from 30 September 2022*)

(*Resigned with effect from 1 June 2023*)

Mr Chin Yoong Kheong (*Appointed with effect from 22 May 2023*)

Puan Sharizad Binti Juma'at (*Appointed with effect from 22 May 2023*)

ACTING CHIEF EXECUTIVE OFFICER / ACTING MANAGING DIRECTOR

Mohd Farid Bin Kamarudin (*Appointed with effect from 1 December 2022*)

CORPORATE INFORMATION (CONTINUED)

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

AUDIT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

(Redesignated with effect from 22 May 2023)

Mr Chin Yoong Kheong (*Redesignated with effect from 22 May 2023*)

Puan Hijah Arifakh Binti Othman

(Appointed with effect from 30 September 2022)

(Resigned with effect from 1 June 2023)

Puan Sharizad Binti Juma'at (*Appointed with effect from 22 May 2023*)

BRANCH OFFICE

- Shah Alam Office** B-3-1, 1st Floor
Jalan Serai Wangi G16/G, Alam Avenue
Persiaran Selangor, Section 16
40200 Shah Alam
Tel: 03-5523 1909 Fax: 03-5524 3471
- Sri Petaling Office** Level 1 & 2, No 53 Jalan Radin Tengah
Bandar Baru Seri Petaling
57000 Kuala Lumpur
Tel: 03-9054 2470 Fax: 03-9054 0934
- Ipoh Office** No.7A, Persiaran Greentown 9
Pusat Perdagangan Greentown
30450 Ipoh, Perak
Tel: 05-242 4311 Fax: 05-242 4312
- Johor Bahru Office** No 34 Jalan Kebun Teh 1
Pusat Perdagangan Kebun Teh
80250 Johor Bahru, Johor
Tel: 07-221 0129 Fax: 07-221 0291
- 2nd Floor, 21 & 23
Jalan Molek 1/30, Taman Molek
81100 Johor Bahru, Johor
Tel: 07-358 3587 Fax: 07-358 3581
- Kuantan Office** 1st Floor, Lot 10, Jalan Putra Square 1
Putra Square
25300 Kuantan, Pahang
Tel: 09-517 3611/ 09-517 3612/ 09-531 6213
Fax: 09-517 3615
- Kuching Office** Lot 133, Section 20, Sublot 2 & 3
1st Floor, Jalan Tun Ahmad Zaidi Adruce
93200 Kuching, Sarawak
Tel: 082-550 838 Fax: 082-550 508
- Yung Kong Abell, Units 1-10
2nd Floor Lot 365
Section 50 Jalan Abell
93100 Kuching, Sarawak
Tel: 082-245 611 Fax: 082-230 326

Kota Bharu Office	Ground Floor, No 3486-G Jalan Sultan Ibrahim 15050 Kota Bharu, Kelantan Tel: 09-740 6891 Fax: 09-740 6890
Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu, Sabah Tel: 088-528 686/ 088-528 692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211/ 06-281 4110 Fax: 06-292 2212
Penang Office	3rd Floor, 44 Lebuhraya Pantai 10300 Georgetown, Penang Tel: 04-264 5639 Fax: 04-264 5640
Prai Office	No. 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528

SCHEME TRUSTEE	CIMB Commerce Trustee Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers PLT
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd
PRIVATE PENSION ADMINISTRATOR	Private Pension Administrator Malaysia
INSTITUTIONAL/ CORPORATE PRIVATE RETIREMENT SCHEME ADVISERS	RHB Asset Management Sdn Bhd RHB Bank Berhad iFAST Capital Sdn Bhd Kenanga Investment Bank Berhad Phillip Mutual Berhad UOB Kay Hian Securities (M) Sdn Bhd VKA Wealth Planners Sdn Bhd Whitman Independent Advisors Sdn Bhd

RHB  **Asset Management**

RHB Asset Management Sdn Bhd 198801007231 (174588-X)

Head Office

Level 8, Tower 2 & 3,

RHB Centre, Jalan Tun Razak,

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