

**RHB RETIREMENT SERIES - ISLAMIC BALANCED FUND**

**ANNUAL REPORT 2024**

For the financial year ended 31 May 2024

## GENERAL INFORMATION ABOUT THE FUND

### **Name, Category and Type**

Fund Name	-	RHB Retirement Series - Islamic Balanced Fund
Fund Category	-	Feeder Fund - Balanced (Shariah-Compliant)
Fund Type	-	Private Retirement Scheme

### **Investment Objective, Policy and Strategy**

#### Objective of the Fund

The Fund aims to maximise total returns through a combination of long term<sup>^</sup> growth of capital and current income<sup>#</sup> consistent with the preservation of capital\* by investing in one Target Fund.

#### Strategy

The Fund will invest principally in the Target Fund, i.e. the RHB Dana Hazeem (“Dana Hazeem”), a Malaysia domiciled fund established on 28 February 2013 and managed by the Private Retirement Scheme (“PRS”) Provider. Both the PRS Provider and Dana Hazeem are regulated by the Securities Commission Malaysia under the Capital Markets and Services Act 2007. The investment objective of Dana Hazeem is to maximize total returns through a combination of long term<sup>^</sup> growth of capital and current income consistent with the preservation of capital.

Although the Fund is passively managed, the investments of the Fund will be rebalanced from time to time to meet sales and redemption transactions and to enable the proper and efficient management of the Fund.

The Fund’s asset allocation is as follows:-

At least 95% of Net Asset Value (“NAV”)

- Investments in units of Dana Hazeem.

1% to 5% of NAV

- Investments in liquid assets including Islamic money market instruments and placements of cash.

Note:

<sup>^</sup> “long term” in this context refers to a period between 5 - 7 years.

<sup>#</sup> Income is in the form of units.

\* The Fund is not a capital protected or a capital guaranteed fund.

## **Performance Benchmark**

The performance of this Fund is benchmarked against composite benchmark comprising 50% FTSE Bursa Malaysia Emas Shariah Index or such other equivalent index as may be substituted by Bursa Malaysia Securities Berhad and 50% RHB Islamic Bank Berhad's 12-months Commodity Murabahah Deposit-i rate\*.

*\* the performance benchmark of the Fund has been replaced from 50% of the performance of the FTSE Bursa Malaysia EMAS Shariah Index and 50% of the Maybank Islamic Berhad's 12-month Islamic fixed deposit rate to 50% of the performance of the FTSE Bursa Malaysia EMAS Shariah Index and 50% of the RHB Islamic Bank Berhad's 12-months Commodity Murabahah Deposit-i rate with effect from 31 August 2023.*

## **Permitted Investments and Restrictions**

This Fund may invest in one collective investment scheme i.e. RHB Dana Hazeem, participate in Islamic financial derivatives for hedging purpose, invest in Islamic money market instruments and make placements of cash, and any other investment permitted by the SC from time to time.

## **Distribution Policy**

The Fund will declare distributions, if any, depending on the level of income generated at each relevant period. Distributions, if any, after deduction of taxation and expenses (i.e. net distributions) are declared annually.

All distributions (if any) will be reinvested into additional units of the Fund based on the prevailing NAV per unit of the Business Day on which the distributions are declared. No sales charge or costs shall be incurred or payable by the members for the reinvestment.

## **PRS PROVIDER'S REPORT**

### **EQUITY MARKET REVIEW**

Global equities, as represented by the Morgan Stanley Capital International ("MSCI") All Country World Index, gained +5.58% during in the second quarter of year 2023 ("2Q23"), as investors factor in the peak of United States ("US") and global interest rates cycle as broad data showed moderating inflation. Japan was the best performer given the attractive valuation and Japanese Yen ("JPY") weakness, followed by US as mega-cap technology stocks led the impressive generative Artificial Intelligence ("AI") rally. On the other hand, Malaysia continued to underperform regional peers as Financial Times Stock Exchange ("FTSE") Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI") and FTSE Bursa Malaysia Emas Shariah ("FBMS") Indices returned -3.23% and -2.81% respectively. Investor sentiment was dampened ahead of the upcoming state elections, lack of catalyst for the domestic market, weak Ringgit as well as policy uncertainty. Malaysia's headline Consumer Price Index ("CPI") inflation slowed to 2.80% Year-on-Year ("YoY") in May 2023 (versus 3.30% in April 2023) mainly driven by lower food and transportation inflation. Separately, there were several government announcements made including 1) plans to roll out the Energy Transition Roadmap in 2 phases in a bid to accelerate the country's renewable energy ("RE") drive, and 2) plans to phase out blanket subsidies in favour of targeted subsidies for electricity, gasoline and diesel.

MSCI All Country World Index resumed its positive momentum in the third quarter of year 2023 ("3Q23"). Global equities dropped -3.81% during the quarter, as investors swung back and forth on whether the US economy is in for a recession or a soft landing as the Federal Reserve ("Fed") continued to raise interest rates to in attempt to tame inflation. China continues to disappoint, as weakening economic growth has yet to see any solid support in terms of policies, although the market continues to expect drastic actions as the People's Bank of China ("PBoC") acknowledged the insufficient demand in the economy and vowed to continuously support economic growth. Positively, Malaysia outperformed regional peers, as FBMKLCI and FBMS Indices returned +3.45% and +4.41% respectively in 3Q23. This is due to the conclusion of state elections removing political risk for the country, as well as several government policies that are expected to drive the economic growth positively, such as the National Energy Transition Roadmap, 12th Malaysia Plan, Special Economic Zones in Johor, and the potential revival of the High-Speed Rail ("HSR").

Stocks rallied over the last week of year 2023, as US inflation and government bond yields fell, US Dollar ("USD") turning soft, a dovish Fed and eased recession fears. The market believes that US policymakers would be able to achieve a soft landing. At its last meeting for year 2023, the Fed opted to hold rates steady and signaled an end to its rate-hiking cycle. Overall in year 2023, China, Hong Kong and Association of Southeast Asian Nations ("ASEAN") markets underperformed relative to Developed Markets ("DM") equities. FBMKLCI closed lower (-2.70%) for the whole of year 2023, being second worst in ASEAN, while the Hong Kong market was the worst performing market

in year 2023. Meanwhile, the FBMS posted slight gain of 0.50% for the whole of year 2023.

Moving into the first quarter of year 2024 (“1Q24”), MSCI All Country World Index posted strong returns of 7.60%, as the US Fed opted to hold rates steady in March 2024. As the quarter progressed, there was a marked change in the US Fed dovish tone at the end of year 2023 as the US labour market remains firm, inflation remains sticky and the economic growth remains strong. This was reflected in the lowered market expectations of interest rate cuts from six cuts at the end of year 2023 to three cuts at the end of the 1Q24. Volatility across markets were heightened amidst geopolitical risk arising from the Russia-Ukraine war, as well as the escalating situation in the Middle East. As for Malaysia, the FBMKLCI posted a commendable return of 5.60% in 1Q24, outperforming MSCI Asia Ex-Japan which posted a gain of 2.00%. The local market saw various positive news flows which helped to sustain investors optimism, such as multiple government policies including subsidy rationalization and tariff reforms, large infrastructure project announcement including Penang Light Rail Transit (“LRT”) and potential revival of HSR, RE transition plans, as well as new Johor-Singapore economic initiatives.

In the month of April 2024, MSCI All Country World Index fell by 3.40%. The US Fed left interest rates unchanged, as widely projected amid concerns about inflation. Market is now pricing in an 82.00% chance of the first cut in September 2023 and seeing 1.6x rate cuts by the end of the year. Aside to the domestic market, Malaysia equities saw another positive month, as the FBMKLCI and the FBMS Index appreciated 2.60% and 3.80% respectively in April year 2024. Investor sentiment improved on the back of various positive news flows. Firstly, the International Monetary Fund’s (“IMF”) made an upward revision towards Malaysia’s Gross Domestic Product (“GDP”) growth from 4.30% to 4.40% this year. In comparison, the World Bank has kept its year 2024 economic growth outlook for Malaysia at 4.30%, with potential upside coming from higher oil prices. Next, Malaysia’s Consumer Price Index (“CPI”) rose 1.80% YoY in March 2024. The headline figure was below consensus forecasts. Meanwhile, core CPI growth moderated to 1.70% YoY in March 2024. This is the first time since October year 2022 that core inflation came in below headline inflation. Lastly, the market took positively upon Microsoft’s proposed RM10.5 billion investments in Malaysia’s cloud and AI infrastructure for the next 4 years, which is expected to upskill 300,000 Malaysians and accelerate the nation’s digital transformation journey, in addition to the earlier announcement by Saudi-based ACWA Power to invest RM48 billion in Malaysia RE project over the period of ten years.

Moving into May 2024, MSCI All Country World Index, rose 3.80% during the month. In USD terms, US equities reported a gain of 4.60%, Europe rose 4.10% and Japan rose 1.30% during the period. Asia Pacific ex-Japan (“APAC”) recorded a gain of 1.60%, whereby China (+2.10%), Singapore (+2.70%) and Malaysia (+2.90%) outperformed while Indonesia (-7.40%), the Philippines (-6.30%) and Korea (-3.60%) underperformed. The US Fed left interest rates unchanged in May 2024, as widely projected amid concerns about inflation. The minutes to the Federal Open Market Committee (“FOMC”)

May 2024 meeting continued to emphasize that US 1Q2024 inflation data had shown “a lack of further progress” toward the Committee’s 2.00% inflation target. However, the minutes also displayed a wide range of views on the risks towards the policy outlook. US real GDP growth for 1Q2024 was revised down by 0.30% to +1.30% quarter-on-quarter annualised, which was in line with market expectations. This reflected a downward revision to consumption growth, but was offset by upward revisions to housing and capex. During the month, US President Joe Biden has imposed new tariffs impacting USD18 billion worth of Chinese imports. As for China market, the property policy shift at the April Politburo meeting sparked investor excitement, whereby for the first time since the year 2015 to 2018 shantytown redevelopment program, the government has started to focus on addressing the inventory overhang problem.

Aside to the domestic market, Malaysia equities saw another positive month, as the FBMKLCI and the FBMS Index appreciated 1.31% and 2.50% respectively in May 2024. In terms of news flows, Bank Negara Malaysia (“BNM”) maintained the Overnight Policy Rate (“OPR”) at 3.00% on Thursday cited global growth is expected to be sustained, as headwinds from tight monetary policy and reduced fiscal support will be cushioned by positive labour market conditions and moderating inflation. Malaysia’s Producer Price Index (“PPI”) increased by 1.90% YoY in April year 2024, according to the Department of Statistics Malaysia, which was higher than March year 2024 figure of 1.60% YoY. Meanwhile, the Prime Minister Anwar Ibrahim has launched National Semiconductor Strategy which outlines 5 targets that aims to foster collaboration with companies across ASEAN, Asia and the rest of the world. The Government has also announced the fuel subsidy rationalisation on diesel in Peninsular Malaysia has been approved by the Cabinet, in which the move is estimated to save the government RM4 billion annually.

## **FIXED INCOME MARKET REVIEW**

The Malaysia fixed income market traded in a volatile manner during the 12-month period ended May 2024 with the benchmark 10-year Malaysian Government Securities (“MGS”) and Malaysian Government Investment Issue (“MGII”) gyrating between gains and losses with yields ranging from a low of 3.70% to as high as 4.10% as investors digested the evolving monetary policies in the US and Malaysia, as well as the rising geopolitical risks particularly in the middle east. Despite the volatile trading, the FTSE Bond Pricing Agency Malaysia (“BPAM”) All-Bond Index have managed to return a decent 4.15% for the 12-month period ended May year 2024, mainly due to the coupon income accrued from the fixed income holdings.

To recap, BNM last increased the OPR in May 2023 to 3.00% from 2.75% previously and have since kept the OPR unchanged as BNM maintains a supportive policy stance for growth and adopt a wait-and-see approach as inflation moderated, although the inflation risk outlook had since increased to the upside in-line with the subsidy rationalisation by the government.

Meanwhile, the US Fed have continued to tighten its monetary policy in an aggressive manner, where the Fed Funds' Rate was increased to a high of 5.25% to 5.50% in July 2023, (from a low of 0.25% to 0.50% in February year 2022) and have since maintain the policy rate unchanged at the level. This is as the US Fed attempt to rein in the high inflation in the US which had been particularly sticky as the US job market was resilient with the services sector continue to outperform. Notably, the US Fed had in more recent meetings signaled its willingness to cut the rates and reverse some of the aggressive tightening, although it had not been able to due to the stubbornly high inflation in the US.

In terms of domestic economic release, Malaysia's Q12024 GDP growth came in stronger than expected at +4.20% YoY, higher than the Department of Statistics Malaysia ("DOSM") advance estimate of +3.90% YoY and a sharp improvement from fourth quarter of year 2023's reading of +2.90% YoY. Meanwhile, Malaysia's inflation reading have continued to moderate with the latest reading coming in at 1.80%, as compared to the high of 3.00%-4.00% in the prevailing year. Malaysia's labour market conditions also remained healthy with the unemployment rate holding steady at 3.30% in March 2024 for the fourth consecutive month. Both the labour force and total employed expanded to its largest size ever of 17.1 million and 16.5 million workers respectively.

## **EQUITY MARKET OUTLOOK AND STRATEGY**

Recent US economic data have led to the market expectations on the US Fed's future policy direction as the Fed is now expected to maintain its restrictive policy for a longer period. The US economy is likely to experience soft landing and the hard landing scenario is likely quite remote. Market would remain volatile due to the uncertainties over when would the US Fed starts cutting its interest rate and how many times they will cut rates this year as inflation stays stubbornly high. In addition, the tension in the Middle East will also keep the market volatile. Furthermore, the USD is also expected to remain strong against other currencies in the world as the US Fed is not expected to cut its interest rate any time soon which may impact foreign portfolio flows.

However, the Fund Manager are still positive on Malaysian market as the Fund Manager believes the market would be supported by the improving economy and better corporate earnings. The Fund Manager believes that the positive market trend could be sustained as long as the macroeconomic and corporate earnings performance remain positive. The Fund Manager expects the positive catalysts in the local market to continue due to the structural reforms announced by the government to achieve long term sustainable economic growth. Ringgit has shown stabilisation for now and has performed better against other currencies past three months despite external negative news. This will be positive for the local market as foreign investors will have more confidence to invest in Malaysia, besides strong local liquidity.

The Fund Manager remains bullish on the back of key themes for Malaysia in year 2024, which are i) government execution of the policies it announced in year 2023,

such as higher development expenditure and energy transition plans; ii) the Johor-Singapore theme, with the setting up of a special economic zone (SEZ) in Johor; and iii) the ringgit's current weakness, which the Fund Manager expects to strengthen in the latter part of year 2024 amid potential the US Fed pivot and uplift in the technology cycle.

## **FIXED INCOME MARKET OUTLOOK AND STRATEGY**

The April 2024 IMF World Economic Outlook Update saw an update to IMF's year 2024 global growth forecast, revising the outlook higher again to 3.20% in year 2024, 0.10% higher from the January 2024 update. The upgrade was mainly on the surprising resilience of the US economy in the face of high policy rates, the growth driver is mainly from an acceleration in advanced economies which would be slightly offset by Emerging Market ("EM") economies. The projections, while revised higher still remain below the historical average of 3.80%. IMF has forecast global inflation to decline steadily, from 6.80% in year 2023 to 5.90% in year 2024 and 4.50% in year 2025, with advanced economies returning to their inflation targets sooner than EM and developing economies.

In terms of central banks action, the expectation for the Fed is that it will cut rate by in second half of year 2024 by 1 time or 25 basis points ("bps"), in-line with the Fed's own projections as the Fed will likely tread cautiously as the US labour market remain strong and inflation had also been a bit bumpy in its trend to return back to Fed's long term target of 2.00%. Other major central banks such as the European Central Bank ("ECB") and Bank of England ("BoE") are also expected to be on a rate-cut mode as inflation had moderated in these regions and the central banks there will likely look to preserve growth by reversing their tight monetary policies soon. Meanwhile for Malaysia, the Fund Manager expects BNM to keep the OPR unchanged in year 2024 as the central bank waits for the economy to digest the rationalisation of subsidies while growth momentum in Malaysia remain relatively supported.

Based on the above, the Fund Manager believes the outlook for Malaysia fixed income market in year 2024 is a positive one as the backdrop of global rate cuts and stable OPR, coupled by the tight supply and demand dynamics in the Malaysia are all supportive factors for the local market. For Malaysian corporate bond and sukuk market, it is also likely to benefit from the positive momentum in the overall bond market as the Fund Manager expects credit conditions in Malaysia to be broadly stable in year 2024 supported by resilient domestic growth and a more benign inflationary outlook. That said, the Fund Manager are cautious in adding any investment in the corporate sub-sector as the current market pricing is at record low and in the Fund Manager view do not necessarily compensate investors for the credit risk taken.

In summary, the Fund Manager are constructive of the Malaysia fixed income market as the Fund Manager still see opportunities for bond market to rally later this year buoyed by rate cuts in the DM and the local tight supply and demand dynamics. The Fund Manager advocates positioning the portfolio to increase fixed income beta either



through higher duration, or outright higher allocation as during periods of high volatility to capture higher yield entry.

## TARGET FUND'S TOP 10 HOLDINGS

The Target Fund's top 10 holdings as at 31 May 2024 are as follows:

No.	Security Name	Fair Value (RM)	% of Net Asset Value (%)
1	MEX I Capital Berhad 5.50% (21.01.2038)	2,980,188	27.25
2	MEX I Capital Berhad 5.50% (22.01.2029)	2,414,081	22.07
3	MEX I Capital Berhad 5.50% (21.01.2037)	1,127,034	10.31
4	MEX I Capital Berhad 5.50% (21.01.2028)	825,668	7.55
5	MEX I Capital Berhad 5.50% (21.01.2039)	246,116	2.25
6	Tenaga Nasional Berhad	196,904	1.80
7	Sunway Berhad	165,900	1.52
8	Supercomnet Technologies Berhad	123,939	1.13
9	MISC Berhad	118,428	1.08
10	Telekom Malaysia	117,990	1.08

The Target Fund's top 10 holdings as at 31 May 2023 are as follows:

No.	Security Name	Fair Value (RM)	% of Net Asset Value (%)
1	MEX I Capital Berhad 5.50% (21.01.2038)	2,921,345	28.51
2	MEX I Capital Berhad 5.50% (22.01.2029)	2,384,604	23.28
3	MEX I Capital Berhad 5.50% (21.01.2037)	1,106,983	10.80
4	MEX I Capital Berhad 5.50% (21.01.2028)	818,095	7.99
5	MEX I Capital Berhad 5.50% (21.01.2039)	239,999	2.34
6	MISC Berhad	200,750	1.96
7	Dialog Group Berhad	149,040	1.45
8	Sunway Berhad	140,829	1.37
9	Dayang Enterprise Holdings Berhad	132,795	1.30
10	MBM Resources Berhad	114,123	1.11

## REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a return of 11.35%\* against its benchmark return of 9.50%\*. The fund thus outperforming its benchmark by 1.85% during the financial year under review. The Net Asset Value per unit of the Fund was RM0.6061 (2023: RM0.5443) as at 31 May 2024.

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

*\*Source: Lipper Investment Management ("Lipper IM"), 10 June 2024*

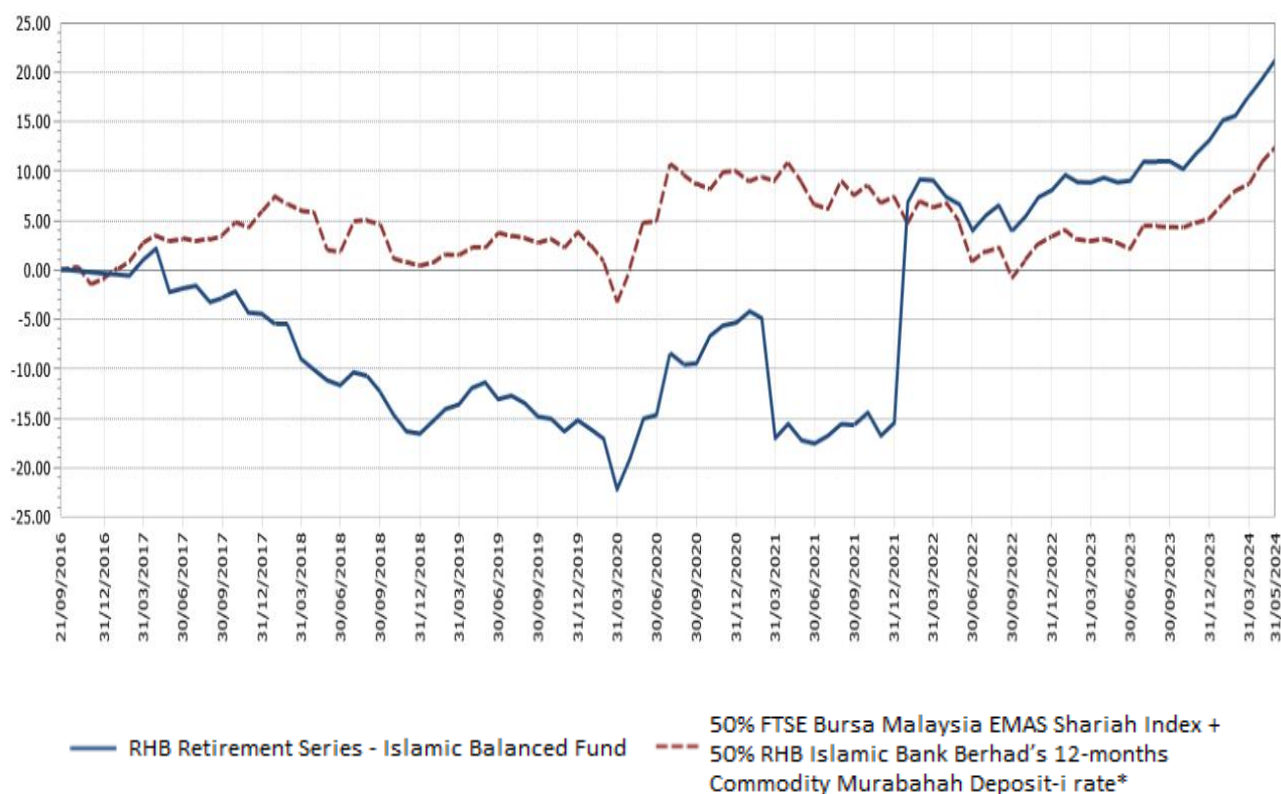
## PERFORMANCE DATA

	Annual Total Returns Financial Year Ended 31 May				
	2024 %	2023 %	2022 %	2021 %	2020 %
RHB Retirement Series – Islamic Balanced Fund					
- Capital Return	11.35	2.12	28.71	(2.56)	(4.15)
- Income Return	-	-	-	-	-
- Total Return	11.35	2.12	28.71	(2.56)	(4.15)
50% FTSE Bursa Malaysia EMAS Shariah Index + 50% RHB Islamic Bank Berhad 12-month Commodity Murabahah Deposit-i rate*	9.50	(2.01)	(3.72)	3.89	2.46

	Average Annual Returns			
	1 Year 31.05.2023- 31.05.2024 %	3 Years 31.05.2021- 31.05.2024 %	5 Years 31.05.2019- 31.05.2024 %	Since Inception 21.09.2016**- 31.05.2024 %
RHB Retirement Series – Islamic Balanced Fund	11.35	13.53	6.44	2.53
50% FTSE Bursa Malaysia EMAS Shariah Index + 50% RHB Islamic Bank Berhad 12-month Commodity Murabahah Deposit-i rate*	9.50	1.09	1.92	1.54

**\*\* Being the last day of the Initial Offer Period**

**Performance of RHB Retirement Series – Islamic Balanced Fund**  
**For the period from 21 September 2016\*\* to 31 May 2024**  
**Cumulative Return Over The Period (%)**



*\*\*Being the last day of Initial Offer Period*

*Source: Lipper IM, 10 June 2024*

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 31 August 2023, the performance benchmark of the Fund has been replaced from 50% of the performance of the FTSE Bursa Malaysia EMAS Shariah Index and 50% of the Maybank Islamic Berhad's 12-month Islamic fixed deposit rate to 50% of the performance of the FTSE Bursa Malaysia EMAS Shariah Index and 50% of the RHB Islamic Bank Berhad's 12-months Commodity Murabahah Deposit-i rate.*

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

From 21 September 2016 – 30 August 2023	50% of the performance of the FTSE Bursa Malaysia EMAS Shariah Index and 50% of the Maybank Islamic Berhad's 12-month Islamic fixed deposit rate
31 August 2023 onwards	50% of the performance of the FTSE Bursa Malaysia EMAS Shariah Index and 50% of the RHB Islamic Bank Berhad's 12-months Commodity Murabahah Deposit-i rate

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

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.

<b>Fund Size</b>	<b>As at 31 May</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Net Asset Value (RM million)	1.97	1.55	1.21
Units In Circulation (million)	3.26	2.85	2.26
Net Asset Value Per Unit (RM)	0.6061	0.5443	0.5330

<b>Historical Data</b>	<b>Financial Year Ended 31 May</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Unit Prices</b>			
NAV - Highest (RM)	0.6095	0.5490	0.5484
- Lowest (RM)	0.5438	0.5120	0.4114
<b>Distribution and Unit Split</b>	-	-	-
<b>Others</b>			
Total Expense Ratio (TER) (%) #	-	-	-
Portfolio Turnover Ratio (PTR) (times) ##	0.11	0.12	0.01

# The TER is not applicable as the expenses are borne by the PRS Provider.

## The PTR for the financial year was lower compared with the previous financial year due to higher average net asset value 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:

	As at 31 May		
	2024	2023	2022
	%	%	%
<b>Sectors</b>			
Shariah-compliant collective investment scheme	97.44	94.65	96.64
Liquid assets and other net current assets	2.56	5.35	3.36
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocation was reflective of the Fund's investment strategy.

## 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

There were no soft commissions received by the PRS Provider for the financial year under review.

**RHB RETIREMENT SERIES – ISLAMIC BALANCED FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MAY 2024**

	<b><u>Note</u></b>	<b><u>2024</u></b> <b>RM</b>	<b><u>2023</u></b> <b>RM</b>
<b>ASSETS</b>			
Bank balances		49,240	75,303
Investments	5	1,922,399	1,467,137
Amount due from PRS Provider		1,214	7,615
Other receivables		96	19
<b>TOTAL ASSETS</b>		<b>1,972,949</b>	<b>1,550,074</b>
<b>NET ASSET VALUE</b>		<b>1,972,949</b>	<b>1,550,074</b>
<b>MEMBERS' FUND</b>			
Members' capital		1,589,773	1,361,748
Retained earnings		383,176	188,326
		<b>1,972,949</b>	<b>1,550,074</b>
<b>UNITS IN CIRCULATION (UNITS)</b>	7	<b>3,255,000</b>	<b>2,848,000</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<b>0.6061</b>	<b>0.5443</b>

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

**RHB RETIREMENT SERIES – ISLAMIC BALANCED FUND**  
**STATEMENT OF INCOME AND EXPENSES**  
**FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>INCOME</b>			
Dividend income		15,870	-
Profit from licensed financial institutions		88	261
Net realised gain on disposal		10,261	4,607
Net unrealised gain on changes in fair value		168,631	27,409
		<u>194,850</u>	<u>32,277</u>
Net income before taxation		194,850	32,277
Taxation	11	-	-
Net income after taxation		<u>194,850</u>	<u>32,277</u>
Net income after taxation is made up as follow:			
Realised amount		26,219	4,868
Unrealised amount		168,631	27,409
		<u>194,850</u>	<u>32,277</u>

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

**RHB RETIREMENT SERIES – ISLAMIC BALANCED FUND**  
**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

	<b>Members’ capital RM</b>	<b>Retained earnings RM</b>	<b>Total net asset value RM</b>
Balance as at 1 June 2022	1,049,629	156,049	1,205,678
Movement in net asset value:			
Net income after taxation	-	32,277	32,277
Creation of units arising from applications	415,941	-	415,941
Cancellation of units	(103,822)	-	(103,822)
Balance as at 31 May 2023	<u>1,361,748</u>	<u>188,326</u>	<u>1,550,074</u>
Balance as at 1 June 2023	1,361,748	188,326	1,550,074
Movement in net asset value:			
Net income after taxation	-	194,850	194,850
Creation of units arising from applications	306,306	-	306,306
Cancellation of units	(78,281)	-	(78,281)
Balance as at 31 May 2024	<u>1,589,773</u>	<u>383,176</u>	<u>1,972,949</u>

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



**RHB RETIREMENT SERIES – ISLAMIC BALANCED FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

	<b><u>2024</u></b> <b>RM</b>	<b><u>2023</u></b> <b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	54,130	35,001
Purchase of Shariah-compliant investments	(330,500)	(305,000)
Profit received from licensed financial institutions	88	261
Dividends received	15,870	-
Net cash used in operating activities	<u>(260,412)</u>	<u>(269,738)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	312,630	411,510
Cash paid for units cancelled	<u>(78,281)</u>	<u>(103,822)</u>
Net cash generated from financing activities	<u>234,349</u>	<u>307,688</u>
Net (decrease)/increase in cash and cash equivalents	(26,063)	37,950
Cash and cash equivalents at the beginning of the financial year	<u>75,303</u>	<u>37,353</u>
Cash and cash equivalents at the end of the financial year	<u>49,240</u>	<u>75,303</u>

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

**RHB RETIREMENT SERIES – ISLAMIC BALANCED FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

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

The RHB Retirement Series – Islamic Balanced 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 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, seventh supplemental deed dated 14 July 2021 and eighth supplemental deed dated 22 June 2023 (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 1 September 2016 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 maximise total returns through a combination of long term growth of capital and current income consistent with the preservation of capital by investing in one Shariah-compliant Target Fund, i.e. RHB Dana Hazeem (“Dana Hazeem”).

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 24 July 2024.

## **2. SUMMARY OF MATERIAL 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 material 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 their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the PRS Provider’s best knowledge of current events and actions, actual results may differ. There were no areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### **(a) Standards and amendments to existing standards effective 1 June 2023**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 June 2023 that have a material effect on the financial statements of the Fund.

#### **(b) New standards, amendments and interpretations effective after 1 June 2023 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 2023. 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 June 2024.

The amendment shall be applied retrospectively.

## **2. SUMMARY OF MATERIAL 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 financial assets measured at fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely payments of principal and profit, 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 bank balances, amount due from PRS Provider 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.

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

## **2. SUMMARY OF MATERIAL 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 financial year in which they arise.

Shariah-compliant collective investment scheme is valued based on the last published net asset value per unit or share of such Shariah-compliant collective investment scheme or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in such selling price).

Financial assets at amortised cost are subsequently carried at amortised cost using the effective profit 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 PRS Provider 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.

## **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **2.2 Financial assets (continued)**

#### 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.

### **2.3 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 other payables and accruals are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit 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.

The Fund does not have any financial liabilities as at 31 May 2024 and 31 May 2023.

### **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 member 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.

## **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **2.4 Members' capital (continued)**

The outstanding units are carried at the redemption amount that is payable at each financial year if the 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.

### **2.5 Income recognition**

Profit income from short-term Islamic deposits with licensed financial institutions is recognised on an accrual basis using the effective profit method.

Profit income is calculated by applying the effective profit 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 profit 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 Shariah-compliant collective investment scheme is arrived at after accounting for cost of investments, determined on the weighted average cost method.

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

### **2.6 Taxation**

Current tax expense is determined according to Malaysian tax laws at the current rate 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 cash and bank balances which is subject to an insignificant risk of changes in value.

### **2.8 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.

### **3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund is exposed to a variety of risks, which include market risk, price risk, profit rate risk, credit risk, liquidity risk, Shariah specific 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's Guidelines on Private Retirement Schemes.

#### **Market risk**

Market risk is a risk that arises when the prices of investments in the marketplace are affected by circumstances such as political or economic events. These circumstances, which may be a local or global event can affect the markets where Dana Hazeem is invested in and subsequently the value of Dana Hazeem's investments.

#### **Price risk**

Price risk is the risk that the fair value of the Shariah-compliant investments of the Fund will fluctuate because of changes in market prices.

The Fund is exposed to Shariah-compliant collective investment scheme price risk (other than those arising from profit rate risk) for its investments of RM1,922,399 (2023: RM1,467,137) in Shariah-compliant collective investment scheme.

The sensitivity analysis is based on the assumption that the price of the Shariah-compliant collective investment schemes fluctuate by +/- 5% with all other variables held constant, the impact on statement of income and expenses and net asset value is +/- RM96,120 (2023: RM73,357).

#### **Profit rate risk**

Profit rate risk is the risk that the cost or the value of the financial instruments will fluctuate due to changes in market profit rates.

As at 31 May 2023 and 31 May 2024, the Fund is not exposed to any profit rate risk.

#### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Fund. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash and bank balances and place Islamic deposits with reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC's 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:

	<b>Cash and cash equivalents</b>	<b>Other financial assets*</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><u>2024</u></b>			
AAA	49,240	-	49,240
Others	-	1,310	1,310
	<u>49,240</u>	<u>1,310</u>	<u>50,550</u>
<b><u>2023</u></b>			
AAA	75,303	-	75,303
Others	-	7,634	7,634
	<u>75,303</u>	<u>7,634</u>	<u>82,937</u>

\* Comprise amount due from PRS Provider and other receivables.

#### Liquidity risk

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

Liquidity risk exists when particular investments are difficult to sell, possibly preventing the Fund from selling such investments at an advantageous time or price. 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.

#### Shariah specific risk

The risk that the investments do not conform to the principle of Shariah may result in those investments being not Shariah-compliant. Should the situation arise, necessary steps shall be taken to liquidate of such investments in accordance with the rules of divestment of non Shariah-compliant investments. If this occurs, the Fund could suffer losses from the liquidation and thus, adversely affecting the value of the Fund.

### **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 RM1,589,773 (2023: RM1,361,748) and retained earnings of RM383,176 (2023: RM188,326). 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 financial 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 financial 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.

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

- (i) For bank balances, 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.

#### 4. FAIR VALUE ESTIMATION (CONTINUED)

##### 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
<b><u>2024</u></b>				
<b>Financial assets at FVTPL:</b>				
- Shariah-compliant collective investment scheme	1,922,399	-	-	1,922,399
<b><u>2023</u></b>				
<b>Financial assets at FVTPL:</b>				
- Shariah-compliant collective investment scheme	1,467,137	-	-	1,467,137

Investment in Shariah-compliant collective investment scheme, i.e. Shariah-compliant unit trust fund whose values is based on published market prices in active markets is classified within Level 1. The Fund does not adjust the published prices for these instruments. The Fund’s policies on valuation of these financial assets are stated in Note 2.2.

## 5. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Shariah-compliant collective investment scheme	1,922,399	1,467,137

Investments as at 31 May 2024 is 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> %
<b>SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME</b>				
RHB Dana Hazeem	3,164,443	1,566,707	1,922,399	97.44

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> %
<b>SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME</b>				
RHB Dana Hazeem	2,677,746	1,280,076	1,467,137	94.65

## 6. SHARIAH INFORMATION OF THE FUND

The following are the Shariah information of the Fund.

### (a) Investment Portfolio

The Shariah Adviser has confirmed that investment portfolio of the Fund is Shariah-compliant, which comprises:

- (i) Shariah-compliant Collective Investment Scheme which are regulated by the Securities Commission of Malaysia under the Capital Market and Services Act 2007;
- (ii) Investment or cash placements in Islamic liquid assets in local market, including Islamic financial derivatives, Islamic money market and/or Islamic deposits with Islamic financial institutions.

## 7. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At beginning of the financial year	2,848,000	2,262,000
Creation of units arising from applications during the financial year	544,000	777,000
Cancellation of units during the financial year	(137,000)	(191,000)
At end of the financial year	<u>3,255,000</u>	<u>2,848,000</u>

## 8. MANAGEMENT FEE

In accordance with the Disclosure Documents, the management fee provided in the financial statements 1.50% (2023:1.50%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year. Effective 1 June 2017, the management fees are waived by the PRS Provider. The management fees are only charged at the Target Fund at 1.50% per annum of its net assets value in relation to the Fund's investments in the Target Fund.

## 9. SCHEME TRUSTEE'S FEE

In accordance with the Disclosure Documents, the scheme trustee's fee provided in the financial statements is 0.04% (2023:0.04%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year. Effective 1 June 2017, the scheme trustee's fee will be borne by the PRS Provider.

## 10. PPA'S FEE AND OTHER EXPENSES

The Private Pension Administrator's ("PPA") fee provided in the financial statements is 0.04% (2023:0.04%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year. Effective 1 June 2017, the PPA fee will be borne by the PRS Provider.

All expenses which are directly related and necessary to the business of the Fund such as auditor's remuneration and other relevant professional fee, cost of distribution of annual reports, tax certificates, distribution charges and other notices to members will be borne by PRS Provider effective 1 June 2017.

## 11. TAXATION

### (a) Tax charge for the financial year

	<b><u>2024</u></b> <b>RM</b>	<b><u>2023</u></b> <b>RM</b>
Current taxation	<u>-</u>	<u>-</u>

### (b) Numerical reconciliation of income tax expense

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

	<b><u>2024</u></b> <b>RM</b>	<b><u>2023</u></b> <b>RM</b>
Net income before taxation	<u>194,850</u>	<u>32,277</u>
Tax calculated at a statutory income tax rate of 24%	46,764	7,746
Tax effects of:		
- Investment income not subject to tax	<u>(46,764)</u>	<u>(7,746)</u>
Tax expense	<u>-</u>	<u>-</u>

## 12. TOTAL EXPENSE RATIO (“TER”)

The TER ratio for the financial year is not applicable, mainly due to the expenses are borne by the PRS Provider during the financial year.

## 13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.11</u>	<u>0.12</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>2024</u>		<u>2023</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The PRS Provider	<u>5,618</u>	<u>3,405</u>	<u>5,673</u>	<u>3,087</u>

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.

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

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

## 15. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 31 May 2024 is as follows:

<b><u>PRS Provider</u></b>	<b><u>Value of trades</u></b> <b>RM</b>	<b><u>Percentage of total trades</u></b> <b>%</b>	<b><u>Brokerage fees</u></b> <b>RM</b>	<b><u>Percentage of total brokerage fees</u></b> <b>%</b>
RHB Asset Management Sdn Bhd*	400,500	100.00	-	-

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

<b><u>PRS Provider</u></b>	<b><u>Value of trades</u></b> <b>RM</b>	<b><u>Percentage of total trades</u></b> <b>%</b>	<b><u>Brokerage fees</u></b> <b>RM</b>	<b><u>Percentage of total brokerage fees</u></b> <b>%</b>
RHB Asset Management Sdn Bhd*	340,000	100.00	-	-

- \* Included in transactions by the Fund are trades with PRS Provider of the Fund, RHB Asset Management Sdn Bhd. 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

	<b><u>2024</u></b> <b>RM</b>	<b><u>2023</u></b> <b>RM</b>
<b>Financial assets</b>		
Financial assets at FVTPL		
• Shariah-compliant collective investment scheme	1,922,399	1,467,137
Financial assets at amortised cost		
• Bank balances	49,240	75,303
• Amount due from PRS Provider	1,214	7,615
• Other receivables	96	19
	<u>50,550</u>	<u>82,937</u>



**STATEMENT BY PRS PROVIDER**  
**RHB RETIREMENT SERIES - ISLAMIC BALANCED FUND**

We, Dato' Darawati Hussain and Sharizad Binti Juma'at, 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 2024 and of its financial performance and cash flows for the financial year then ended and comply with the provisions of the Deeds.

On behalf of the PRS Provider,

Dato' Darawati Hussain  
Director

Sharizad Binti Juma'at  
Director

24 July 2024

## SCHEME TRUSTEE'S REPORT

To the members of RHB Retirement Series - Islamic Balanced Fund ("Fund"),

We have acted as Scheme Trustee of the Fund for the financial year ended 31 May 2024 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  
24 July 2024

## **REPORT OF THE SHARIAH ADVISER RHB RETIREMENT SERIES – ISLAMIC BALANCED FUND**

To the members of RHB Retirement Series - Islamic Balanced Fund (“the Fund”),

We have acted as the Shariah Adviser of the Fund. Our responsibility is to ensure that the procedures and processes employed by RHB Asset Management Sdn Bhd (“the PRS Provider”) and that the provisions of the Deeds are in accordance with Shariah principles.

To the best of our knowledge, after having made all reasonable enquiries, the PRS Provider has operated and managed the Fund in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial year ended 31 May 2024.

In addition, we also confirm that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant.

I, Azizi Che Seman, hereby confirm that all members of the Shariah Committee have been consulted and made aware of all the Shariah issues in relation to this report.

For and on behalf of Shariah Committee of RHB Islamic Bank Berhad  
(Company No: 200501003283)

Azizi Che Seman  
Chairman  
Shariah Committee of RHB Islamic Bank Bhd  
24 July 2024

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHB RETIREMENT SERIES – ISLAMIC BALANCED FUND**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### Our opinion

In our opinion, the financial statements of RHB Retirement Series – Islamic Balanced Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 May 2024 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 2024, 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 material accounting policies, as set out on pages 13 to 31.

### 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 – ISLAMIC BALANCED 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 – ISLAMIC BALANCED 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 – ISLAMIC BALANCED 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  
24 July 2024

## CORPORATE INFORMATION

### MANAGER

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: <https://rhbgroup.com/myinvest>

### BOARD OF DIRECTORS

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

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

Tuan Syed Ahmad Taufik Albar (*Non-Independent Non-Executive Director*)  
(*Resigned with effect from 29 February 2024*)

Encik Mohd Farid Bin Kamarudin (*Chief Executive Officer / Managing Director*)  
(*Appointed with effect from 1 August 2023*)  
(*Resigned with effect from 14 June 2024*)

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

### INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

### CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Encik Mohd Farid Bin Kamarudin (*Appointed with effect from 1 August 2023*)  
(*Resigned with effect from 14 June 2024*)

### SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No. 0008413)

### AUDIT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at



## **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 Georgetown, 10300 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

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



RHB Asset Management Sdn Bhd 198801007231 (174588-X)

Head Office

Level 8, Tower 2 & 3,  
RHB Centre, Jalan Tun Razak,  
50400, Kuala Lumpur

Tel: +603 9205 8000

Fax: +603 9205 8100

<https://rhbgroupp.com/myinvest>