

**RHB RETIREMENT SERIES -
ISLAMIC BALANCED 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 - 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[^] growth of capital and current income[#] 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[^] 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 asset allocation of the Fund will be as follows:-

At least 95% of Net Asset Value - Investments in units of Dana Hazeem

1% to 5% of Net Asset Value - Investments in liquid assets including Islamic money market instruments and placements of cash

Note:

[^] “long term” in this context refers to a period between 5 - 7 years.

[#] Income is in the form of units.

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

Performance Benchmark

Composite benchmark comprising:

- 50% FTSE Bursa Malaysia (“FBM”) Emas Shariah Index or such other equivalent index as may be substituted by Bursa Malaysia Securities Berhad (“Bursa”); and
- 50% Maybank Islamic Bank Berhad 12-month Islamic Fixed Deposit.

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 shariah investment permitted by the Securities Commission Malaysia from time to time.

In undertaking the Fund’s investments, the Fund must not invest in a fund-of-funds, a feeder fund, or any other sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.

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.

PRS PROVIDER'S REPORT

EQUITY MARKET REVIEW

For the first half of the year of review, the global equity markets, including Malaysia, were still 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. In addition, China slowdown due to COVID-19 lockdowns is also another concern. As a result, the Asian Development Bank lowered its growth forecast for developing Asia this year and the next year to 4.30% and 4.90% from 5.20% and 5.30% respectively and World Bank expects year 2022 growth in the East Asia and Pacific region which includes China to slow to 3.20%, down from its 5.00% forecast in April 2022.

Zooming into the Malaysia’s monthly market movement, in June 2022 the FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) fell 8.00%, its sharpest monthly decline since the start of the COVID-19 pandemic in March 2020 of -8.90%. The benchmark index fell to a low of 1,431 points (“pts”) on 22 June 2022, before recovering slightly to end the month at 1,444 pts. The decline was in line with that of global markets, driven by fears of a global economic slowdown and tighter monetary policies. In mid-June 2022, the Fed raised its benchmark interest rate by 0.75% points in its most aggressive hike since year 1994. This has led to fears that a more aggressive rate hike by the Fed could lead to a US recession. The Malaysian market was also rattled by rising inflationary pressures, sharp fall in crude palm oil (“CPO”) price in June 2022, hurting market sentiment of plantation players, as well as net selling by foreign investors. This was partially offset by the government’s decision to keep electricity and water tariff rates unchanged for second half of year 2022 through subsidy. The FBM KLCI gained 3.30% in July 2022, partially reversing last month’s steep losses due to concerns of aggressive rate hikes by the Fed. The benchmark index fell from 1,444 pts on 30 June 2022 to a low of 1,411 pts on 13 July 2022, before rising 81 pts, or 6.00%, to end at 1,492 pts on 31 July 2022. The gain was partly fueled by expectation that concerns over a US recession may have been priced in after the market sell-off in the previous month. On 27 July 2022, the Fed raised its benchmark interest rate by 0.75% pts, which is widely expected by the market. KLCI gained for a second consecutive month, by 1.30% Month-on-Month (“MoM”) in August 2022. The benchmark index fell from 1,492 pts on 30 July 2022 to a low of 1,467 pts on 24 August 2022, before rising 45 pts, or 3.00%, to end at 1,512 pts on 30 August 2022. The gain was partly fuelled by foreign buying, stronger than expected in second quarter of year 2022 (“2Q22”) Gross Domestic Product (“GDP”) for Malaysia as well as generally positive 2Q22 earnings season.

The US Fed delivered a 75 basis points (“bps”) hike in the September 2022’s Federal Open Market Committee (“FOMC”) meeting to bring the Fed funds rate to a range of 3.00%-3.25%, the third consecutive 75 bps increase, as widely anticipated by the market. During the meeting, Chairman Powell reiterated the Fed’s commitment to bringing back inflation to the 2.00% target. This brought the US equities market down,

as restrictive policies are negative for risky assets. Meanwhile, Europe also experienced further sharp falls in equities amid the ongoing energy crisis, rising inflation, and consequent fears about the outlook for economic growth. The European Central Bank (“ECB”) raised interest rates twice in the quarter. Given the challenging regional news flow, the FBM KLCI consequently declined 7.80% on a monthly basis, while the FTSE Bursa Malaysia Emas Shariah (“FBMS”) Index fell 7.40%. Global markets posted a much welcomed recovery in October 2022 as sentiment improved following the release of key US macro data, which alleviated concerns on overaggressive monetary policy tightening by the US Fed. The Dow Jones and Standard and Poor (“S&P”) 500 Index recovered 13.90% and 8.00% respectively as markets price in the possibility of the tail end of global interest rate hikes. The FBM KLCI and FBMS Indices delivered +4.70% and +4.00% returns respectively; local markets also recovered in line with peers with the announcement of 15th Malaysian General Election (“GE15”) paving the way for the political overhang to be potentially resolved if there is a clear majority. Global equities had a strong month in November 2022, thanks to Fed Chair Powell’s comments on potentially slowing rate hikes provided relief to markets. The Dow Jones and S&P 500 Index recovered 5.67% and 5.38% respectively as markets price in the possibility of the tail end of global interest rate hikes. The FBM KLCI and FBMS Indices delivered +1.95% and +3.57% returns respectively; local markets also recovered following the conclusion of GE15 and the ascension of Dato’ Seri Anwar Ibrahim, leader of Pakatan Harapan to head a multi-coalition government.

In December 2022, the FBM KLCI was flat at 0.40% MoM closing the year 2022 at 1,495 pts, marked a -4.60% for the year and for FBMS Index close down 10.80% for year 2022 as Fund Manager sees many negative events like Russia’s invasion of Ukraine, high inflation concerns, higher minimum wage to RM1,500 per month in April 2023, OPR hike of 100 bps and hung parliament resulting from GE15 on 19 November 2022.

During the second half of the period under review, the regional equity markets, including Malaysia, were down. We see the banking crisis in March 2023 and hawkish US Fed raising rate four times during the period review to 5.25%. The weaker than expected China economy reopening theme, partly from the impact from global weaker demand and supply chain moving out of China due to US Inflation Reduction Act also doesn’t helped. China and Malaysia underperformed while some light in the Korea and Taiwan market started to recover in May 2023 post Nvidia quarterly guidance reignited the AI frenzy around the world.

The FBM KLCI started weak in January 2023, the index was marginally down by 0.70% MoM on concerns over potential Overnight Policy Rate (“OPR”) rate hike as well as policy changes were offset by potential boost from China’s reopening. Notably, the KLCI was the worst performer among Association of Southeast Asian Nations (“ASEAN”) region in January 2023 and was among the only two markets (along with Jakarta Stock Exchange Composite Index.2 (“JCI”)) that posted negative returns. The new government re-tabled Budget 2023 on February 2023 and there was no major

surprises, but worth noting the government is increasing spending by 0.70% while narrowing deficit to 5.00% of GDP, which is largely leaning on higher tax collection from corporates. Otherwise, the absence of new corporate taxes should alleviate market concerns on this front, while continued subsidies is broadly positive for consumers and banks, in Fund Manager view.

In March 2023, global equity markets were volatile as the Silicon Valley Bank's collapse and Credit Suisse's shotgun takeover by United Bank Switzerland ("UBS") has led the market to collapse but then the quick response from the financial authorities and governments to stem a contagion allowed the market to recover and perform well during the month March 2023. Malaysia market saw a decline with KLCI declined 2.20% and Bank Negara Malaysia ("BNM")'s decision on 9 March 2023 to maintain its OPR at 2.75%, and government's approval for Employees' Provident Fund ("EPF") contributors to use the savings in their Account 2 as collateral for bank loans to tide through difficult times.

US showing signs of cooling in labor markets as wage growth continued to soften in April 2023. Consequently, the Dow Jones and S&P 500 Indices increased 2.34% and 1.43% respectively amidst rising talks on recession risk. Elsewhere, China reported strong GDP in the first quarter of the year 2023, while Organization of Petroleum Exporting Countries ("OPEC") announced a minor cut in production to stabilize oil prices as demand seems to be dwindling. FBM KLCI Index declined -0.47% while the FBMS Index declined marginally by +0.19% in the month of April 2023. Malaysia's headline Consumer Price Index ("CPI") inflation slowed to 3.40% Year-on-Year ("YoY") in March 2023 (vs 3.70% YoY in February 2023) mainly driven by lower transportation inflation. BNM core inflation, which removes fresh food, energy and administered prices, also moderated to 3.80% YoY in March 2023 (versus 3.9% YoY in February 2023).

US Federal Reserve hiked interest rates by 25 bps to 5.00%-5.25% in its May 2023 meeting, which was in line with market expectations and hinted that it may have reached the peak in this rate hike cycle, although future decisions will remain data-dependent. The US debt ceiling debate reached a positive outcome when President Biden and House Speaker McCarthy announced an agreement on the suspension the debt limit until year 2025, the capping of discretionary spending for the next two years with very modest growth effects and made a number of narrower policy changes. China also reported disappointed official manufacturing Purchasing Managers' Index ("PMI") and pointed to a weaker-than-expected recovery. FBM KLCI and the FBMS Indices declined -2.04% and -1.21% respectively in May 2023 mainly dragged by the weaker than expected earnings reported. BNM announced a surprise 25 bps hike to the OPR to 3.00%, noting the effect of elevated cost pressures and higher interest rates globally. Separately, the government also announced its plans to roll out the Energy Transition Roadmap in 2 phases in a bid to accelerate the country's renewable energy ("RE") drive.

FIXED INCOME MARKET REVIEW

BNM has highlighted that although Malaysia's economy has grown strongly by 8.70% in year 2022, the downside risks continue to stem mainly from global developments, including from weaker-than-expected growth outturns or much tighter and more volatile global financial conditions. As BNM expects the economy to moderate in year 2023 amid a slower global economy, and the growth will remain driven by domestic demand, as household spending will be underpinned by sustained improvement in employment and income prospects.

For year 2023, BNM is expecting headline inflation to remain elevated despite moderating in the fourth quarter of year 2022 ("4Q2022"). This is due to strength in domestic demand and improvement in the labour market will similarly keep the core inflation elevated in the near term. The elevated core inflation will trend above headline inflation for a few months in year 2023, but both headline and core inflation are projected to average between 2.80% and 3.80% this year 2023. Overall, our expectation on domestic inflation is to grind lower due to base effects of year 2022.

BNM increased the OPR by 25 bps to 3.00% at its third Monetary Policy Committee ("MPC") on 03 May 2023, which is a surprise move by market consensus as only 3 out of 19 economists surveyed by Bloomberg anticipated this increase in the OPR. The rest had expected the central bank to stay pat for a third straight meeting. As a quick recap, BNM has collectively raised 5 times of 25 bps each on the OPR since May 2022 from 1.75% to 3.00%. The decision to raise the OPR was to preemptively manage headline inflation and normalize interest rate to pre-pandemic levels to curb excessive future financial imbalances in the system.

While the move in OPR was largely unexpected, the hike of 25 bps by the US Fed to a range of 5.00% to 5.25% was largely expected which both has occurred on the same day i.e. 3 May 2023. At 5.25%, the US Fed Funds Rate is at its highest since August 2007, just before the US subprime mortgage crisis after years of loose monetary policies. In its statement, BNM highlighted that the global economy continues to be driven by resilient domestic demand supported by strong labour market conditions, and a stronger-than-expected rebound of China's economy. Nevertheless, the global economy continues to be weighed down by elevated cost pressures and higher interest rates. BNM has raised a concern on headline inflation continued to moderate, but core inflation has persisted above historical averages.

For year-on-year comparison May 2023 - May 2022, at the close the MGS 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year MGS closed the month at 3.39% (May 2022: 3.46%), 3.47% (3.74%), 3.60% (4.04%), 3.70% (4.17%), 3.98% (4.51%), 4.07% (4.61%) and 4.16% (4.87%) respectively. Similarly, the GII 3-year, 5-year, 7-year, 10-year, 15-year and 20-year GII were reported at 3.35% (May 2022: 3.46%), 3.52% (3.74%), 3.69% (4.04%), 3.81% (4.17%), 3.99% (4.51%), 4.14% (4.61%), and 4.23% (4.87%) respectively. The yield movement illustrated in the table below:

Benchmark	MGS			GII		
	31-May-23	31-May-22	Change (bps)	31-May-23	31-May-22	Change (bps)
3-Year	3.39%	3.46%	-7bps	3.35%	3.46%	-11bps
5-Year	3.47%	3.74%	-27bps	3.52%	3.74%	-22bps
7-Year	3.60%	4.04%	-44bps	3.69%	4.04%	-35bps
10-Year	3.70%	4.17%	-46bps	3.81%	4.17%	-36bps
15-Year	3.98%	4.51%	-53bps	3.99%	4.51%	-51bps
20-Year	4.07%	4.61%	-54bps	4.14%	4.61%	-47bps
30-Year	4.16%	4.87%	-71bps	4.23%	4.87%	-64bps

On local rates, the Malaysia Government Securities (“MGS”) and Malaysia Government Investment Issue (“MGII”) market yield lower for the month of May 2023 as compared to May 2022. The MGS curve bull steepened as MGS spread movement were more pronounced at long end tenure 20 years and 30 years.

EQUITY MARKET OUTLOOK AND STRATEGY

The market is still uncertain, in Fund Manager view, whether the Fed will pause the interest rate hike in the next meeting due to the higher US Personal consumption expenditure (“PCE”) price index in April 2023. The job data is important to monitor as it would be one of the indicators for US Fed to consider whether they will need to keep hiking interest rate. In addition, the concerns about growing pressures in the recovery in China economy and also higher probability of US economy going into recession couple with weak Ringgit and impending six state elections will also put further pressure on the local stock market in the short term. The disappointing 1Q2023 results season which saw more companies reported earnings below expectations is also a dampener to the market in the short term. Fund Manager would expect the market to trade range bound in the short term due to the uncertainties and would expect the FBM KLCI Index to consolidate further. As such, Fund Manager would be defensive in the short term, and would look for companies with pricing power and market share in times of slowing economy, company with low gearing (high interest rates environment, strong free cash flows (potentially maintain dividend) and lower exposure in high growth companies.

That said, Fund Manager believe the absence of prosperity tax and other taxes, ie gaming tax should be a significant relief and could potentially drive a market re-rating. Fund Manager would take the opportunity to position the portfolio for decent returns in longer run, considering the corporate earnings recovery in year 2024 and cheap market valuation. Fund Manager is also of the opinion that the easing policy risks, relatively cashed-up domestic funds and low foreign holdings may provide support to the index.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

The April 2023 International Monetary Fund (“IMF”) World Economic Outlook Update projects that global growth will fall to 2.80% in year 2023 but rise to 3.00% in year 2024. The year 2023 forecast is 0.10% point lower than predicted in the January

2023 World Economic Outlook. Should financial sector stress return or persist, IMF projects year 2023 global growth to decline to 2.50%. IMF's projection on global headline inflation is for it to fall from 8.70% in year 2022 to 7.00% in year 2023 and 4.90% in year 2024 on the back of lower commodity prices with normalisation only happening after year 2025. Overall global growth outlook remains uncertain again amid financial sector turmoil, persistent high inflation, ongoing effects of Russia's invasion of Ukraine and recovery from 3 years of COVID-19.

Global risk sentiment in the markets has been generally bearish as flows started to focus on safe haven bids for shelter. The broader strategy will be to remain nimble on continued volatility, and to position more defensively in higher quality credits due to a greater focus on income preservation while repositioning at the current higher yield levels with a bias to stay short duration, especially since the Fed is likely to continue their current tightening cycle at the moment, with the latest March 2023 Dot-plots projecting another 25 bps hike for year 2023 to 5.00%-5.25% while projections for year 2023 was shifted up 12.5 bps to 4.25% and year 2025 revised lower by 75 bps to 3.13% from the December 2022 projections. The Longer term target rate remained at 2.50%. The next dot plot update will be on the June 2023 FOMC meeting scheduled for 13-14th June 2023 where the Fed is likely to remain hawkish. Current market pricing is ~80% chance of another 25 bps hike over the next 2 meetings.

Locally, BNM increased the OPR by 25 bps to 3.00% for the first time in year 2023, which was unexpected, as only 3 out of 19 economists surveyed by Bloomberg anticipated this increase in the OPR. The general consensus was for the central bank to stay pat for a third straight meeting. The decision marks the fifth OPR hike over 12 months, and a cumulative 125 bps increase in the OPR from 1.75% to 3.00% in May 2022, July 2022, September 2022, November 2022 and May 2023. The decisions were to seek to pre-emptively ward off inflationary pressures amid strong domestic demand.

BNM implies that the current monetary policy stance is consistent with the outlook of domestic inflation and growth. BNM also explained that the 3 May hike of 25 bps hike, the central bank has withdrawn the monetary stimulus intended to address the COVID-19 crisis in promoting economic recovery. It has also dropped any references on "continue to calibrate monetary policy settings" and "further normalisation".

BNM remains constructive on domestic growth prospects and expects core inflation to remain elevated, with the balance of risks to inflation continuing to tilt to the upside. The additional wordings in the MPC statement i.e. "the monetary stance is slightly accommodative" may seem to suggest the increase has elevated the OPR to a near neutral rate and same level as before the onset of the COVID-19 pandemic. The pressure to increase further from here is probably lower because other regional central banks are likely to stay pat, if not cut, should global growth slowdown exacerbates. The current 3.00% OPR would also mean more room to ease with additional ammunition should the economy in Malaysia slow significantly.

However, Fund manager is opportunistic on the BNM hike because we are seeing that OPR peaked sooner than expected which also means OPR is likely to stay unchanged for the rest of year 2023 and Fund Manager should be picking up cheap bonds should market turn risk off.

Fund Manager remain constructive of the bond market as Fund Manager still see opportunities within the government and corporate credit securities market. Fund Manager advocate on positioning the bond portfolio to increase investments whenever exacerbated selling occurs, as yield levels are expected to come off on lower year 2023 growth expectations and when market stabilizes. The momentum for bonds to do well in year 2023 has increased because the scale of the interest rate hikes in year 2023 would a lot less hawkish when compared to unprecedented interest rate increases in year 2022 globally. At this juncture, local yields still give a comfortable buffer against fixed deposits (“FD”) and Fund Manager believe the increases in FD rates should taper off this year 2023 once the OPR goes unchanged at a certain level. The stance to monetary policy locally by BNM will continue to be determined by new data and its implications on the overall inflation and domestic growth outlook. Fund Manager will continue to monitor closely market developments both globally and locally.

TARGET FUND’S TOP 10 HOLDINGS

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 2.60% (21.01.2038)	2,921,345	28.51
2	MEX I Capital Berhad 2.60% (22.01.2029)	2,384,604	23.28
3	MEX I Capital Berhad 5.00% (21.01.2037)	1,106,983	10.80
4	MEX I Capital Berhad 2.60% (21.01.2028)	818,095	7.99
5	MEX I Capital Berhad 2.60% (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

The Target Fund's top 10 holdings as at 31 May 2022 are as follows:

No.	Security Name	Fair Value (RM)	% of Net Asset Value (%)
1	MEX I Capital Berhad 2.60% (21/01/2038)	2,701,302	23.60
2	MEX I Capital Berhad 2.60% (22/01/2029)	2,263,894	19.78
3	MEX I Capital Berhad 5.00% (21/01/2037)	1,028,058	8.98
4	MEX I Capital Berhad 2.60% (21/01/2028)	782,725	6.84
5	Petronas Chemicals Group Berhad	426,816	3.73
6	MISC Berhad	387,874	2.36
7	Tenaga Nasional Berhad	270,309	2.26
8	IOI Corporation Berhad	258,945	2.14
9	MEX I Capital Berhad 2.60% (21/01/2039)	245,530	1.93
10	Sime Darby Plant Berhad	221,148	1.93

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a return of 2.12%* against its benchmark negative return of 2.01%*. The fund thus outperforming its benchmark by 4.13%* during the financial year under review.

The Net Asset Value per unit of the Fund was RM0.5443 (2022: RM0.5330) as at 31 May 2023.

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

**Source: Lipper Investment Management ("Lipper IM"), 09 June 2023*

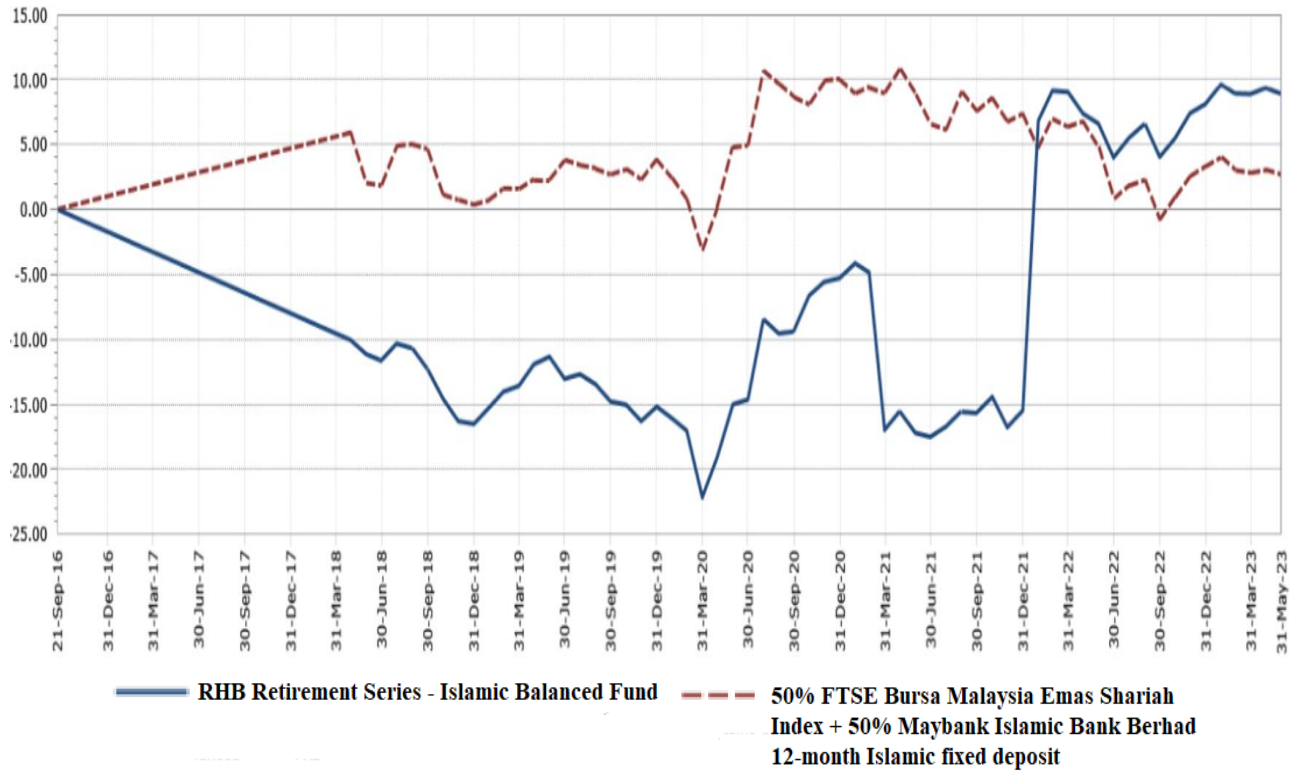
PERFORMANCE DATA

	Annual Total Returns Financial Year Ended 31 May				
	2023 %	2022 %	2021 %	2020 %	2019 %
RHB Retirement Series – Islamic Balanced Fund					
- Capital Return	2.12	28.71	(2.56)	(4.15)	(0.20)
- Income Return	-	-	-	-	-
- Total Return	2.12	28.71	(2.56)	(4.15)	(0.20)
50% FTSE Bursa Malaysia Emas Shariah Index + 50% Maybank Islamic Bank Berhad 12-month Islamic Fixed Deposit	(2.01)	(3.72)	3.89	2.46	0.22

	Average Annual Returns			
	1 Year 31.05.2022- 31.05.2023 %	3 Years 31.05.2020- 31.05.2023 %	5 Years 31.05.2018- 31.05.2023 %	Since Inception 21.09.2016**- 31.05.2023 %
RHB Retirement Series – Islamic Balanced Fund	2.12	8.60	4.14	1.28
50% FTSE Bursa Malaysia Emas Shariah Index + 50% Maybank Islamic Bank Berhad 12-month Islamic Fixed Deposit	(2.01)	(0.67)	0.13	0.40

*** 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 2023
Cumulative Return Over The Period (%)**



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

Source: Lipper IM, 09 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.

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)	1.55	1.21	0.94
Units In Circulation (million)	2.85	2.26	2.26
Net Asset Value Per Unit (RM)	0.5443	0.5330	0.4141

Historical Data	Financial Year Ended 31 May		
	2023	2022	2021
Unit Prices			
NAV - Highest (RM)	0.5490	0.5484	0.4857
- Lowest (RM)	0.5120	0.4114	0.4118
Distribution and Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	-	-	-
Portfolio Turnover Ratio (PTR) (times) ##	0.12	0.01	0.05

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

The PTR for the financial year was higher compared with the previous financial year due to more investments activities during the financial year under review.

DISTRIBUTION

During 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		
	2023	2022	2021
	%	%	%
Sectors			
Shariah-compliant collective investment scheme	94.65	96.64	97.15
Liquid assets and other net current assets	5.35	3.36	2.85
	<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 2023**

	<u>Note</u>	<u>2023</u> <u>RM</u>	<u>2022</u> <u>RM</u>
ASSETS			
Bank balances		75,303	37,353
Investments	5	1,467,137	1,165,122
Amount due from PRS Provider		7,615	3,196
Other receivables		19	7
TOTAL ASSETS		<u>1,550,074</u>	<u>1,205,678</u>
NET ASSET VALUE		<u>1,550,074</u>	<u>1,205,678</u>
MEMBERS' FUND			
Members' capital		1,361,748	1,049,629
Retained earnings		188,326	156,049
		<u>1,550,074</u>	<u>1,205,678</u>
UNITS IN CIRCULATION (UNITS)	7	<u>2,848,000</u>	<u>2,262,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5443</u>	<u>0.5330</u>

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 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
INCOME			
Profit from licensed financial institutions		261	24
Net realised gain on disposal		4,607	2,038
Net unrealised gain on changes in fair value		27,409	269,231
		<u>32,277</u>	<u>271,293</u>
Net income before taxation		32,277	271,293
Taxation	11	-	-
Net income after taxation		<u>32,277</u>	<u>271,293</u>
Net income after taxation is made up of the following:			
Realised amount		4,868	2,062
Unrealised amount		27,409	269,231
		<u>32,277</u>	<u>271,293</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 2023**

	Members’ capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 June 2021	1,050,803	(115,244)	935,559
Movement in net asset value:			
Net income after taxation	-	271,293	271,293
Creation of units arising from applications	85,133	-	85,133
Cancellation of units	(86,307)	-	(86,307)
Balance as at 31 May 2022	<u>1,049,629</u>	<u>156,049</u>	<u>1,205,678</u>
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>

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 2023**

	<u>2023</u> RM	<u>2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	35,001	14,999
Purchase of investments	(305,000)	-
Profit received from licensed financial institutions	261	24
Net cash (used in)/generated from operating activities	<u>(269,738)</u>	<u>15,023</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	411,510	82,373
Cash paid for units cancelled	(103,822)	(86,307)
Net cash generated from/(used in) financing activities	<u>307,688</u>	<u>(3,934)</u>
Net increase in cash and cash equivalents	37,950	11,089
Cash and cash equivalents at the beginning of the financial year	<u>37,353</u>	<u>26,264</u>
Cash and cash equivalents at the end of the financial year	<u>75,303</u>	<u>37,353</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 2023**

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 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 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 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 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 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 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 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.

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 SIGNIFICANT 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 2023 and 31 May 2022.

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 SIGNIFICANT 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 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 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 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 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 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 RM1,467,137 (2022: RM1,165,122) 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 +/- RM73,357 (2022: RM58,256).

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. The Fund's exposure to the profit rate risk is mainly from short term Islamic placements with licensed financial institutions. The PRS Provider overcomes the exposure by way of maintaining Islamic deposits on short term basis. Therefore, exposure to profit rate fluctuation is minimal.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 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 Guidelines on Private Retirement Schemes.

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

	Cash and cash equivalents	Other financial assets*	Total
	RM	RM	RM
<u>2023</u>			
AAA	75,303	-	75,303
Others	-	7,634	7,634
	<u>75,303</u>	<u>7,634</u>	<u>82,937</u>
<u>2022</u>			
AAA	37,353	-	37,353
Others	-	3,203	3,203
	<u>37,353</u>	<u>3,203</u>	<u>40,556</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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

Capital risk

The capital of the Fund is represented by members' funds consisting of members' capital of RM1,361,748 (2022: RM1,049,629) and retained earnings of RM188,326 (2022: RM156,049). 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, 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:				
- Shariah-compliant collective investment scheme	1,467,137	-	-	1,467,137
<hr/>				
<u>2022</u>				
Financial assets at FVTPL:				
- Shariah-compliant collective investment scheme	1,165,122	-	-	1,165,122
<hr/>				

4. FAIR VALUE ESTIMATION (CONTINUED)

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

5. INVESTMENTS

	<u>2023</u> RM	<u>2022</u> RM
Investments:		
- Shariah-compliant collective investment scheme	<u>1,467,137</u>	<u>1,165,122</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</u> Net Asset <u>Value</u> %
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
RHB Dana Hazeem	2,677,746	<u>1,280,076</u>	<u>1,467,137</u>	94.65

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</u> Net Asset <u>Value</u> %
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
RHB Dana Hazeem	2,175,764	<u>1,005,470</u>	<u>1,165,122</u>	96.64

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>2023</u> Units	<u>2022</u> Units
At beginning of the financial year	2,262,000	2,259,000
Creation of units arising from applications during the financial year	777,000	186,000
Cancellation of units during the financial year	(191,000)	(183,000)
At end of the financial year	<u>2,848,000</u>	<u>2,262,000</u>

8. MANAGEMENT FEE

In accordance with the Disclosure Documents, the management fee provided in the financial statements 1.50% (2022:1.50%) 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% (2022:0.04%) 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% (2022:0.04%) 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 interim/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

	<u>2023</u> RM	<u>2022</u> RM
Current taxation	-	-

(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:

	<u>2023</u> RM	<u>2022</u> RM
Net income before taxation	32,277	271,293
Tax calculated at a statutory income tax rate of 24%	7,746	65,110
Tax effects of:		
- Income not subject to tax	(7,746)	(65,110)
Tax expense	-	-

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>2023</u>	<u>2022</u>
PTR (times)	<u>0.12</u>	<u>0.01</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 are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The PRS Provider	<u>5,673</u>	<u>3,087</u>	<u>9,084</u>	<u>4,842</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 2023 is as follows:

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

15. TRANSACTIONS BY THE FUND (CONTIUNED)

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

<u>PRS Provider</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
RHB Asset Management Sdn Bhd*	15,000	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

	<u>2023</u> RM	<u>2022</u> RM
Financial assets		
Financial assets at FVTPL		
• Shariah-compliant collective investment scheme	1,467,137	1,165,122
Financial assets at amortised cost		
• Bank balances	75,303	37,353
• Amount due from PRS Provider	7,615	3,196
• Other receivables	19	7
	<u>82,937</u>	<u>40,556</u>

**STATEMENT BY PRS PROVIDER
RHB RETIREMENT SERIES - ISLAMIC BALANCED 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 the 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 - Islamic Balanced 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

**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 2023.

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
18 July 2023

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 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 15 to 33.

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
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 Lebuh 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
SHARIAH ADVISER	RHB Islamic Bank 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 Investors Berhad Phillip Mutual Berhad VKA Wealth Planners Sdn Bhd UOB Kay Hian Securities (M) 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,

50400 Kuala Lumpur

Tel: +603 9205 8000

Fax: +603 9205 8100

www.rhbgroup.com