

RHB-GS US EQUITY FUND

ANNUAL REPORT 2022

For the financial year ended 30 June 2022

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB-GS US Equity Fund
Fund Category	-	Feeder Fund
Fund Type	-	Growth Fund

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund seeks to achieve long term capital appreciation through investment in a collective investment scheme, which invests primarily in securities of United States of America companies.

Strategy

The Fund will invest at least 95% of Net Asset Value (“NAV”) in the Goldman Sachs US Equity Portfolio (“Target Fund”), which invests primarily in a diversified portfolio of equities and equity-related securities of companies domiciled in the United States of America, including companies that derive the majority (i.e. more than 50%) proportion of their revenues or profits from the United States of America.

If, in the opinion of the Manager, the Target Fund no longer meets the Fund’s investment objective, and/or in acting in the best interests of unit holders, the Manager may replace the Target Fund with that of another collective investment scheme that is consistent with the objective of this Fund, subject always to the approval of the unit holders.

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

At least 95% of - Investments in the Target Fund.
Net Asset Value

Up to 5% of - Cash and cash equivalents.
Net Asset Value

Performance Benchmark

Standard & Poor (“S&P”) 500 Index.

Permitted Investments and Restrictions

The Fund may invest in one collective investment scheme, liquid assets and any other 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 sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.

Distribution Policy

The Fund is not expected to make any distribution.

MANAGER'S REPORT

MARKET REVIEW

The Standard and Poor (“S&P”) 500 index declined 16.10% (total return, in United States Dollar (“USD”)) in the second quarter of year 2022 (“2Q22”). Year-to-date (“YTD”), the index returned -19.97% as the S&P 500 logged its second-worst monthly performance of the year and moved deeper into the bear-market territory. Inflation, the Federal Reserve (“Fed”)’s policy response, and recession worries remained at the core of narratives this month, resulting in a broad risk-off atmosphere. As the month began, it remained unclear whether the rebound from the May 2022 lows represented the start of a recovery or a bear-market rally. This question was quickly answered after a higher than expected May 2022 Consumer Price Index (“CPI”) report was released which sent the S&P 500 to new YTD lows by mid-month. Moreover, the Fed was in the spotlight this month as they agreed to a 75 basis points (“bps”) rate hike during the June 2022 Federal Open Market Committee (“FOMC”) meeting. At the meeting, Fed Chairman Jerome Powell asserted that the Fed’s commitment to price stability is unconditional and that the policy response would evolve based on incoming data. At the end of the month, investors were looking ahead to the second quarter earnings season with some caution as input-price pressures and consumption trends are factoring into analyst arguments for downward revisions to earnings estimates. The best performing sectors within the S&P 500 were Consumer Staples, Utilities, and Energy while the worst performing sectors were Consumer Discretionary, Communication Services, and Information Technology.

The S&P 500 index decreased 4.95% (total return, in USD) in the first quarter of year 2022 (“1Q22”), marking the index’s first quarterly decline since the first quarter of year 2020 (“1Q20”). Amongst the major economic and geopolitical developments of the first quarter, the dramatic repricing of the Fed rate hike path and expectations for a more aggressive balance sheet runoff phase were accelerated due to concerns about elevated and persistent inflation pressures. The hawkish Fed policy shift drove a large backup in bond yield and United States Treasury (“UST”) suffered one of their worst quarters on record. Tensions arising from geopolitical conflict also brought about concern as commodity prices became volatile and the global supply chain came into question. From an equities standpoint, dampened earnings momentum played into the bearish narrative in the first quarter. The bottom-up consensus for first quarter earnings declined over the course of the quarter, breaking the trend of previous upward revisions. Growth equities meaningfully lagged Value as a potential byproduct of anticipated higher interest rates in the near term. COVID-19, and more specifically the Omicron variant, was still an overhang particularly early in the year, with the spread of the variant bringing about supply chain issues and worker shortages. The best performing sectors within the S&P 500 were Energy, Utilities, and Consumer Staples while the worst performing sectors were Communication Services, Consumer Discretionary, and Information Technology.

The S&P 500 increased 11.03% (total return, in USD) in the fourth quarter of year 2021 (“4Q21”), bringing the calendar year 2021 total return to an increase of 28.71%. The S&P logged its best performing quarter since fourth quarter of year 2020 (“4Q20”) on the heels of robust consumer spending, strong corporate earnings results, and passage of the infrastructure plan. There are a few areas of concern still intact including the Omicron variant which emerged in late November 2021, the persistent inflation and supply chain pressure, the acceleration in the Fed’s tapering, and the fate of the social spending bill. Strong corporate earnings in October 2021 propelled United States (“US”) equities higher despite the overhanging supply chain issue and persistent high inflation. More than 80.00% of the S&P 500 component companies reported upside surprises. The positive momentum continued into November 2021 and the passage of the infrastructure bill boosted market sentiment until the World Health Organization (“WHO”) announced Omicron as a variant of concern, indicating the variant is potentially more transmissible. Increased case counts around the world and travel restrictions have added pressure to the equities market globally. Moreover, the fate of the social spending bill has been punted into year 2022. However, in December 2021, studies have shown that the Omicron variant tends to cause less severe symptoms and being infected by Omicron could strengthen immune response to the Delta variant. The Fed also announced an accelerated timeline for tapering, doubling its pace from a decrease of USD15 billion a month in corporate debt purchasing to a decrease of USD30 billion. The market rallied in December 2021 on positive seasonality and improved sentiment, closing the year on a high note. On the economic data front, inflation remained high in the fourth quarter, though the “peak inflation” narrative is gaining traction with cooler consumer confidence and Institute of Supply Management (“ISM”) manufacturing composite readings. The best performing sectors within the S&P were Information Technology, Consumer Discretionary, and Healthcare while the worst performing sectors were Communication Services, Energy, and Utilities.

The S&P 500 index increased marginally in the third quarter of year 2021 (“3Q21”), returning 0.58% (total returns, in USD). The S&P was the only major index to close in positive territory, with the Dow, Nasdaq, and Russell 2000 indices all posting negative returns. In July 2021 and August 2021, the second quarter’s rally continued as the focus remained on easy financial conditions, accommodative monetary policy, pent-up consumer demand, positive earnings sentiment, resilient operating margins, corporate buybacks, and retail inflows. Some economic indicators, including higher inflation and lower than expected retail sales and manufacturing activity, were causes of concern among investors, though the market and the Fed remained largely optimistic. Sentiment deteriorated in September 2021 as the spread of the Delta variant dampened reopening momentum and the Fed signaled for a slowdown of asset purchasing. A still complicated path to fiscal stimulus in the House of Representatives, the looming debt ceiling discussion, and global risk events including supply chain disruptions and input price pressures all put a strain on the US equity market. September 2021 also saw a global risk asset sell-off on the heels

of Chinese real estate developers' leverage concerns and a spike in energy prices. UST yields continued to climb as the global bond market posted its weakest month since March 2020. The best performing sectors within the S&P during the quarter were Financials, Utilities, and Communication Services, while the worst performing were Industrials, Materials, and Energy.

REVIEW OF TARGET FUND PERFORMANCE AND STRATEGY DURING THE FINANCIAL YEAR

For the twelve-month period ending the 2Q22, the GS US Equity Environmental, Social, and Governance (“ESG”) Portfolio (IO Acc shares) underperformed the S&P 500 (net). The Health Care and Financials sectors contributed to relative returns, while the Energy and Information Technology sectors detracted from relative returns. The previous ten years of performance for the GS US Equity ESG Portfolio (Base shares, net of fees) were: June 2021 - June 2022: -17.66%, June 2020 - June 2021: 39.50%, June 2019 - June 2020: 4.86%, June 2018 - June 2019: 7.13%, June 2017 - June 2018: 9.88%, June 2016 - June 2017: 18.72%, June 2015 - June 2016: -8.73%, June 2014 - June 2015: 6.87%, June 2013 - June 2014: 22.92%, and June 2012 - June 2013: 20.63%. The previous five calendar years of performance for the GS US Equity ESG Portfolio (IO Acc shares, net) were: 2021: 28.02% 2020: 20.06% 2019: 30.30%, 2018: -5.00%, and 2017: 19.00%.

Contributors

Eli Lilly and Company was a top contributor to relative returns for the trailing twelve-month period. The company engages in the discovery, development, manufacturing, and sale of pharmaceutical products. Eli Lilly and Company received emergency use authorization for its Baricitinib drug which had helped treat COVID-19 patients in India requiring supplemental oxygen. The company performed well as results were boosted by a jump in sales of Eli Lilly and Company's Trulicity diabetes drug and COVID-19 therapies, though the stock slightly declined following the announcement. Furthermore, positive performance could be attributed to comments made by Eli Lilly and Company executives throughout the period at conferences. The Target Fund Manager continues to view Eli Lilly and Company as one of the fastest growing pharma companies with no major patent concerns until year 2030 and a robust new product pipeline with multi-billion dollar opportunities ahead.

Meta Platforms, Inc. was a top contributor to relative returns for the trailing twelve-month period. The company engages in the development of social media applications. Meta grew revenue throughout the period, though increased expenses were the result of investments in technical and product talent, infrastructure, and consumer hardware costs. The company expanded headcount to continue developing the next iteration of its Oculus hardware, Facebook Shop, payments, messaging, and other non-core initiatives that offer long-term growth opportunities. The company launched a new reporting format to highlight Facebook's commitment to expanding

their AR and VR product offering as they look to be a leader in the burgeoning “metaverse”. The Target Fund Manager continues to view Meta Platforms, Inc as a dominant player in the industry as the firm focuses on efficiencies and continues to maintain strong customer base growth. However, during the conversion process from the US Equity Portfolio to the US Equity ESG Portfolio at the end of year 2021, the Target Fund Manager decided to sell their position in the name, given the ESG profile of Meta Platforms was not accretive to their criteria.

Detractors

Global online market place operator, Etsy, Incorporation, was a top detractor from relative returns during the trailing twelve-month period. The stock price dropped sharply throughout the year as the company’s phenomenal pandemic growth had been slowing down. The weakened consumer purchasing power has also adversely affected the company, given people are becoming less likely to make those discretionary purchases. Despite the firm experiencing margin normalization relative to year 2020, the company has managed to sustain their market share they captured during the pandemic, which was driven by strong frequency transactions and active buyer base growth. The Target Fund Manager continues to like the company as they believe Etsy stands out through the differentiation in its exclusive products, and its focus towards the company’s resilience and flexible model.

Software company, Affirm Holdings, was a top detractor from relative returns during the trailing twelve-month period. The company traded lower as the Consumer Financial Protection Bureau (“CFPB”) issued an order to get information from the largest Buy Now Pay Later players. They were concerned about accumulating debt, regulatory arbitrage, and data harvesting. Forward guidance also concerned investors with management pointing out a potential step down in Gross Merchandise Value (“GMV”) results and elevated transaction costs. Furthermore, the company has struggled from macroeconomic headwinds such as record-level inflation, rising interest rates, and decreased consumer spending, which raised concerns about subprime credit lending and profitability. Despite the firm’s strong earnings and exclusive partnerships to grow their GMV, the Target Fund Manager ultimately sold out of the position in favor of better risk/reward opportunities elsewhere.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

During the financial year under review, the Fund has generated a negative return of 16.83%* as compared to the benchmark negative return of 5.10%*. The Fund is working to meet its objective of achieving long-term capital appreciation.

Source: Lipper Investment Management (“IM”), 07 July 2022

TARGET FUND'S TOP 10 HOLDINGS

No.	Security Name	Market Value (USD)	Weight (%)
1	Microsoft Corporation	47,930,641.92	7.30
2	Apple Inc.	38,102,496.80	5.80
3	Alphabet Inc. Class A	29,844,967.07	4.50
4	Eli Lilly and Company	23,617,561.66	3.60
5	Procter & Gamble Company	22,968,295.65	3.50
6	Bristol-Myers Squibb Company	22,061,039.00	3.30
7	AT&T Inc.	21,717,871.68	3.30
8	NextEra Energy, Inc.	20,673,221.94	3.10
9	CVS Health Corporation	19,944,972.34	3.00
10	JPMorgan Chase & Company	19,276,241.97	2.90

MARKET OUTLOOK AND STRATEGY GOING FORWARD

With the backdrop of recent volatility and more uncertainty ahead, the Target Fund Manager remains optimistic in the overall strength of the economy yet vigilant as they navigate turbulence into the third quarter. The Fed's hawkish pivot, the commodities price shock, and China's growth slowdown will be key themes as it translates to earnings in the second half of the year 2022 ("2H22"). Tightening along with inflation could result in lower growth and would be the biggest risk for valuation and sentiment. Moreover, applications for unemployment benefits have been slowly rising which illustrates how companies are being more cautious hiring amid higher costs and slowing demand. Despite uncertainty, the Target Fund Manager will stay true to their quality-first investment approach and seek to invest in businesses with healthy balance sheets, relatively stable cash flows, and differentiated business models aligned to secular tailwinds. The Target Fund Manager thinks focusing on higher-quality investments can help navigate the heightened volatility, while also positioning investors to benefit from the next upcycle. The Target Fund Manager continues to test their models and re-evaluate their assumptions with increasing information, stay focused on the long-term investment horizon, and believe this fundamental approach will potentially generate excess return in the long run for their clients.

ATTRIBUTION BY STOCK

Top 5 Contributors

No.	Security Name	Weight (%)	Gross Return (%)	Contribution (bps)
1	Eli Lilly and Company	3.60	116.10	102
2	Meta Platforms Inc.	-	32.00	80
3	Bristol-Myers Squibb Company	3.30	25.70	80
4	Amazon.com, Inc.	-	7.00	69
5	AT&T Inc.	3.30	(3.30)	59

Top 5 Detractors

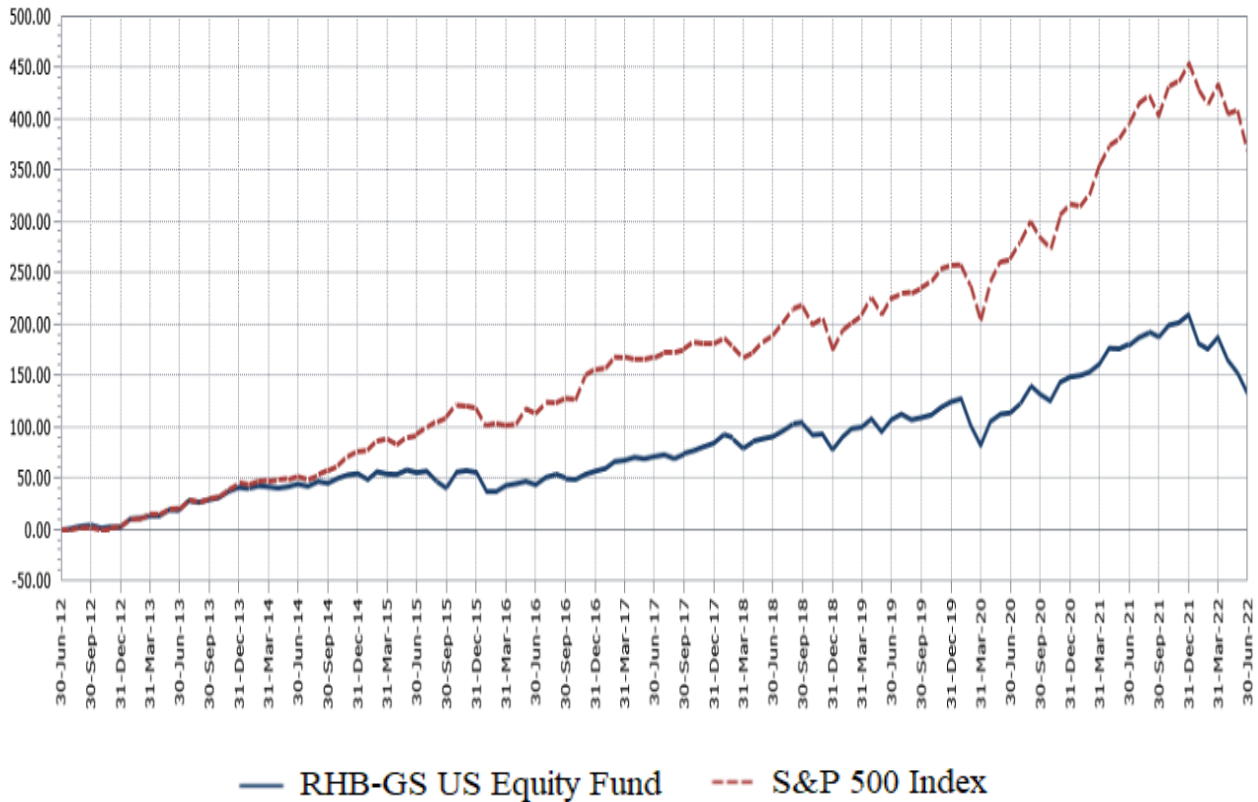
No.	Security Name	Weight (%)	Gross Return (%)	Contribution (bps)
1	Etsy, Inc.	0.90	(67.00)	(124)
2	Affirm Holdings, Inc.	-	(79.00)	(86)
3	Aptiv Plc	1.90	(45.40)	(63)
4	Marvell Technology, Inc.	0.90	(25.10)	(61)
5	Workday, Inc.	1.20	(21.70)	(60)

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 30 June				
	2022	2021	2020	2019	2018
	%	%	%	%	%
RHB-GS US Equity Fund					
- Capital Return	(16.83)	30.48	3.24	9.19	10.77
- Income Return	-	-	-	-	-
- Total Return	(16.83)	30.48	3.24	9.19	10.77
S&P 500 Index	(5.10)	36.41	11.47	12.96	7.63

	Average Annual Returns			
	1 Year	3 Years	5 Years	10 Years
	30.06.2021-	30.06.2019-	30.06.2017-	30.06.2012-
	30.06.2022	30.06.2022	30.06.2022	30.06.2022
	%	%	%	%
RHB-GS US Equity Fund	(16.83)	3.86	6.26	8.79
S&P 500 Index	(5.10)	12.99	11.89	16.71

**Performance of RHB-GS US Equity Fund
for the period from 30 June 2012 to 30 June 2022
Cumulative Return Over The Period (%)**



Source: Lipper IM, 07 July 2022

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 30 June		
	2022	2021	2020
Net Asset Value (RM million)	33.36	30.61	24.91
Units In Circulation (million)	27.26	20.81	22.09
Net Asset Value Per Unit (RM)	1.2238	1.4714	1.1277

Historical Data	Financial Year Ended 30 June30 June		
	2022	2021	2020
Unit Prices			
NAV - Highest (RM)	1.6379	1.4743	1.2381
- Lowest (RM)	1.2017	1.1449	0.8213
Distribution and Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	2.04	1.99	2.00
Portfolio Turnover Ratio (PTR) (times) ##	0.67	0.78	0.67

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

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

During the financial year under review, no distribution had been proposed by the Fund.

PORTFOLIO STRUCTURE

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

	As at 30 June		
	2022	2021	2020
	%	%	%
Sectors			
Collective investment scheme - foreign	97.02	94.15	95.77
Liquid assets and other net current assets	2.98	5.85	4.23
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The assets allocation reflects the Fund's strategy to have maximum exposure to the investments.

BREAKDOWN OF UNIT HOLDINGS BY SIZE

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	8	27.59	16	0.06
5,001 to 10,000	2	6.90	13	0.05
10,001 to 50,000	5	17.24	125	0.46
50,001 to 500,000	5	17.24	533	1.95
500,001 and above	9	31.03	26,565	97.48
Total	29	100.00	27,252	100.00

* Excluding Manager's stock

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 management company for the financial year under review.

RHB-GS US EQUITY FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Bank balances	5	726,115	50,243
Deposits with licensed financial institutions	5	589,615	1,026,084
Investments	6	32,365,719	28,823,928
Amount due from Manager		1,274	953,582
Forward foreign currency contracts	7	-	3,908
TOTAL ASSETS		<u>33,682,723</u>	<u>30,857,745</u>
LIABILITIES			
Amount due to Manager		113,186	-
Accrued management fee		51,052	43,463
Amount due to Trustee		2,207	1,879
Forward foreign currency contracts	7	120,566	187,980
Other payables and accruals		36,359	10,350
TOTAL LIABILITIES		<u>323,370</u>	<u>243,672</u>
NET ASSET VALUE		<u>33,359,353</u>	<u>30,614,073</u>
EQUITY			
Unit holders' capital		9,998,228	174,771
Retained earnings		23,361,125	30,439,302
		<u>33,359,353</u>	<u>30,614,073</u>
UNITS IN CIRCULATION (UNITS)	8	<u>27,258,000</u>	<u>20,806,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.2238</u>	<u>1.4714</u>

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

RHB-GS US EQUITY FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
(LOSS)/INCOME			
Interest income from deposits with licensed financial institutions		23,044	13,282
Net (loss)/gain on investments	6	(4,702,246)	7,269,490
Net loss on forward foreign currency contracts	7	(1,531,494)	(42,068)
Net foreign currency exchange loss		(88,032)	(136,545)
		<u>(6,298,728)</u>	<u>7,104,159</u>
EXPENSES			
Management fee	9	(706,664)	(438,355)
Trustee's fee	10	(30,558)	(18,956)
Audit fee		(6,650)	(6,650)
Tax agent's fee		(6,100)	(3,700)
Other expenses		(29,477)	(3,513)
		<u>(779,449)</u>	<u>(471,174)</u>
Net (loss)/income before taxation		(7,078,177)	6,632,985
Taxation	11	-	-
Net (loss)/income after taxation		<u>(7,078,177)</u>	<u>6,632,985</u>
Net (loss)/income after taxation is made up of the following:			
Realised amount		502,600	4,450,426
Unrealised amount		(7,580,777)	2,182,559
		<u>(7,078,177)</u>	<u>6,632,985</u>

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

RHB-GS US EQUITY FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Unit holders’ capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 July 2020	1,102,916	23,806,317	24,909,233
Movement in net asset value:			
Net income after taxation	-	6,632,985	6,632,985
Creation of units arising from applications	36,450,152	-	36,450,152
Cancellation of units	(37,378,297)	-	(37,378,297)
Balance as at 30 June 2021	<u>174,771</u>	<u>30,439,302</u>	<u>30,614,073</u>
Balance as at 1 July 2021	174,771	30,439,302	30,614,073
Movement in net asset value:			
Net loss after taxation	-	(7,078,177)	(7,078,177)
Creation of units arising from applications	37,920,167	-	37,920,167
Cancellation of units	(28,096,710)	-	(28,096,710)
Balance as at 30 June 2022	<u>9,998,228</u>	<u>23,361,125</u>	<u>33,359,353</u>

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

RHB-GS US EQUITY FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		22,809,777	21,828,019
Purchase of investments		(31,099,198)	(22,338,828)
Interest received from deposits with licensed financial institutions		23,044	13,282
Management fee paid		(699,075)	(428,642)
Trustee's fee paid		(30,230)	(18,537)
Payment for other fees and expenses		(16,218)	(13,863)
Net realised (loss)/gain on forward foreign currency contracts		(1,595,000)	290,700
Net realised loss on foreign exchange		(42,648)	(106,172)
Net cash used in operating activities		<u>(10,649,548)</u>	<u>(774,041)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		38,872,475	35,917,602
Cash paid on units cancelled		<u>(27,983,524)</u>	<u>(37,378,297)</u>
Net cash generated from/(used in) financing activities		<u>10,888,951</u>	<u>(1,460,695)</u>
Net increase/(decrease) in cash and cash equivalents		239,403	(2,234,736)
Cash and cash equivalents at the beginning of the financial year		<u>1,076,327</u>	<u>3,311,063</u>
Cash and cash equivalents at the end of the financial year	5	<u>1,315,730</u>	<u>1,076,327</u>

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

**RHB-GS US EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB-GS US Equity Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of Master deed (conventional funds) dated 12 June 2008 as amended via its supplemental master deed (conventional funds) dated 25 August 2008, second supplemental master deed (conventional funds) dated 12 December 2008, third supplemental master deed (conventional funds) dated 19 June 2009, fifth supplemental master deed (conventional funds) dated 26 April 2010, sixth supplemental master deed (conventional funds) dated 28 June 2010, ninth supplemental master deed (conventional funds) dated 7 March 2012, tenth supplemental master deed (conventional funds) dated 13 April 2012, fifteenth supplemental master deed (conventional funds) dated 30 April 2013, sixteenth supplemental master deed (conventional funds) dated 24 September 2013, seventeenth supplemental master deed (conventional funds) dated 2 March 2015, eighteenth supplemental master deed (conventional funds) dated 20 May 2015 and nineteenth supplemental master deed (conventional funds) dated 3 August 2015 (collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and TMF Trustees Malaysia Berhad (“the Trustee”).

The Fund was launched on 18 May 2011 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 Unit Trust Funds, 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 seek to achieve long-term capital appreciation through investment in a collective investment scheme, i.e. Goldman Sachs US Equity Portfolio (“Target Fund”), which invests primarily in securities of United States of America companies.

The Manager, 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 Manager on 22 August 2022.

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 the 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 Manager to exercise its judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ. There were no areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) Standards and amendments to existing standards effective 1 July 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2021 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 July 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets

Classification

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

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

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

The Fund classifies cash and cash equivalents and amount due from Manager 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.

Collective investment scheme is valued based on the last published net asset value per unit or share of such 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).

Derivative investments are forward foreign currency contract. Financial derivative position will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instruments are recognised in the statement of income and expenses when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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

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

Impairment of financial assets

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2.3 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 MRFS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund's financial liabilities which include amount due to Manager, accrued management fee, amount due to Trustee and other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Fund's policies on derivative instruments are stated in Note 2.2 and Note 2.10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial liabilities (continued)

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

2.4 Unit holders' capital

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

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

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holders 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 unit holders with the total number of outstanding units.

2.5 Income recognition

Interest income from deposits with licensed financial institutions is recognised on an accrual basis using the effective interest method.

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

Realised gain or loss on sales of collective investment scheme is arrived at after accounting for cost of investments, determined on the weighted average cost method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income recognition (continued)

Realised gain or loss on forward foreign currency contracts are measured by the net settlement amount as per the forward foreign currency contract.

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

2.6 Taxation

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

2.7 Cash and cash equivalents

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

2.8 Presentation and functional currency

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Foreign currency translation

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

2.10 Derivative financial instruments

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivative financial instruments are initially recognised at fair value on the date derivative contracts are entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and the nature of the item being hedged. Derivative financial instruments that do not qualify for hedge accounting are classified as FVTPL and accounted for as above.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the SC Guidelines on Unit Trust Funds.

Market risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk

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

The Fund is exposed to collective investment scheme (other than those arising from interest rate risk) price risk for its investments of RM32,365,719 (2021: RM28,823,928) in collective investment scheme.

The sensitivity analysis is based on the assumption that the price of the collective investment scheme fluctuate by +/-(-) 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/-(-) RM1,618,286 (2021: RM1,441,196).

Currency risk

Currency risk is associated with financial instruments that are priced in foreign currency denomination. Malaysian based investor should be aware that if the Ringgit Malaysia appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the net asset value of the Fund and vice versa. Investors should note any gains or losses arising from the movement of foreign currencies against its home currency may therefore increase/decrease the capital gains of the financial instruments. Nevertheless, investors should realise that currency risk is considered as one of the major risks to financial instruments in foreign assets due to the volatile nature of the foreign exchange market.

The sensitivity analysis is based on the assumption that the foreign exchange rate fluctuates by +/-(-) 5% with all other variables held constant, impact on the statement of income and expenses and net asset value is (-)RM113,553/+RM108,472 (2021: +RM69,138/(-)RM67,607).

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

	<u>Investments</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Total</u> RM
<u>2022</u>			
United States Dollar	32,365,719	(120,566)	32,245,153
	<hr/>		
<u>2021</u>			
United States Dollar	28,823,928	(184,072)	28,639,856
	<hr/>		

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the cost or the value of the financial instruments will fluctuate due to changes in market interest rates. The Fund's exposure to the interest rate risk is mainly from short term placements with financial institutions. The Manager overcomes the exposure by way of maintaining deposits on short term basis. Therefore, exposure to interest rate fluctuation is minimal.

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 Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

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

	<u>Less than 1 month</u> RM	<u>Between 1 month to 1 year</u> RM
<u>2022</u>		
Amount due to Manager	113,186	-
Accrued management fee	51,052	-
Amount due to Trustee	2,207	-
Forward foreign currency contracts	-	123,751
Other payables and accruals	-	36,359
	<u>166,445</u>	<u>160,110</u>
<u>2021</u>		
Accrued management fee	43,463	-
Amount due to Trustee	1,879	-
Forward foreign currency contracts	-	190,232
Other payables and accruals	-	10,350
	<u>45,342</u>	<u>200,582</u>

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 deposits with reputable licensed financial institutions. Credit risk arising from amount due from Fund Manager of collective investment scheme, the settlement terms are governed by the relevant rules and regulations as prescribed by the relevant regulatory authority in its home jurisdiction. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Fund.

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

	<u>Cash and cash equivalents</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Amount due from Manager</u> RM	<u>Total</u> RM
<u>2022</u>				
AAA	1,315,730	-	-	1,315,730
Others	-	-	1,274	1,274
	<u>1,315,730</u>	<u>-</u>	<u>1,274</u>	<u>1,317,004</u>
<u>2021</u>				
AAA	1,076,327	-	-	1,076,327
AA2	-	3,908	-	3,908
Others	-	-	953,582	953,582
	<u>1,076,327</u>	<u>3,908</u>	<u>953,582</u>	<u>2,033,817</u>

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM9,998,228 (2021: RM174,771) and retained earnings of RM23,361,125 (2021: RM30,439,302). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. 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 unit holders 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.

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

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

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 and financial liabilities 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>2022</u>				
Financial assets at fair value through profit or loss (“FVTPL”):				
- Collective investment scheme - foreign	32,365,719	-	-	32,365,719
Financial liabilities at FVTPL:				
- Forward foreign currency contracts	-	(120,566)	-	(120,566)

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss ("FVTPL"):				
- Collective investment scheme - foreign	28,823,928	-	-	28,823,928
- Forward foreign currency contracts	-	3,908	-	3,908
	<u>28,823,928</u>	<u>3,908</u>	<u>-</u>	<u>28,827,836</u>
Financial liabilities at FVTPL:				
- Forward foreign currency contracts	-	(187,980)	-	(187,980)

Investment in collective investment scheme, i.e. unit trust fund whose values are based on published prices in active markets is classified within Level 1. The Fund does not adjust the quoted prices for these instruments.

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

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

5. CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Bank balances	726,115	50,243
Deposits with licensed financial institutions	589,615	1,026,084
	<u>1,315,730</u>	<u>1,076,327</u>

6. INVESTMENTS

	<u>2022</u> RM	<u>2021</u> RM
Investments:		
- Collective investment scheme – foreign	<u>32,365,719</u>	<u>28,823,928</u>

	<u>2022</u> RM	<u>2021</u> RM
Net (loss)/gain on investments comprised:		
- Net realised gain on disposal	2,942,036	4,754,163
- Net unrealised (loss)/gain on changes in fair value	(7,644,282)	2,515,327
	<u>(4,702,246)</u>	<u>7,269,490</u>

Investments as at 30 June 2022 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset Value</u> %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>LUXEMBOURG</u>				
Goldman Sachs US Equity Portfolio – Class IO (Accumulation)	247,084	33,999,864	32,365,719	97.02

6. INVESTMENTS (CONTINUED)

Investments as at 30 June 2021 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset Value</u> %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>LUXEMBOURG</u>				
Goldman Sachs US Equity Portfolio – Class IO (Accumulation)	195,582	22,813,791	28,823,928	94.15

7. FORWARD FOREIGN CURRENCY CONTRACTS

As at 30 June 2022, there are two (2021: three) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM34,643,187 (2021: RM30,190,885). The forward foreign currency contracts entered into were for hedging against the currency exposure arising from the investments in the collective investment scheme denominated in USD.

As the Fund has not adopted hedge accounting, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of income and expenses.

Net loss on forward foreign currency contracts are as follows:

	<u>2022</u> RM	<u>2021</u> RM
Net loss on forward foreign currency contracts:		
- Net realised (loss)/gain on forward foreign currency contracts	(1,594,999)	290,699
- Net unrealised gain/(loss) on forward foreign currency contracts	63,505	(332,767)
	<u>(1,531,494)</u>	<u>(42,068)</u>

7. FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

Forward foreign currency contracts as at 30 June 2022 are as follows:

<u>Counterparties</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
RHB Bank Berhad	34,643,187	34,763,753	(120,566)	(0.36)

Forward foreign currency contracts as at 30 June 2021 are as follows:

<u>Counterparties</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
RHB Bank Berhad	30,190,885	30,374,957	(184,072)	(0.60)

As at 30 June 2022, there are two (2021: three) foreign currency forward contracts outstanding with RHB Bank Berhad.

Set out below are the significant related party balances as at year end and transactions during the year.

Related Party Balances

	<u>2022</u> RM	<u>2021</u> RM
Foreign currency forward contracts:		
Balances outstanding with RHB Bank Berhad	<u>120,566</u>	<u>184,072</u>

8. UNITS IN CIRCULATION

	<u>2022</u> Units	<u>2021</u> Units
At the beginning of the financial year	20,806,000	22,088,000
Creation of units arising from applications during the financial year	25,235,000	27,900,000
Cancellation of units during the financial year	<u>(18,783,000)</u>	<u>(29,182,000)</u>
At the end of the financial year	<u>27,258,000</u>	<u>20,806,000</u>

9. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.85% (2021: 1.85%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

10. TRUSTEE'S FEE

In accordance with the Prospectus, the trustee's fee provided in the financial statements is 0.08% (2021: 0.08%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year; subject to a minimum fee of RM18,000 per annum.

11. TAXATION

(a) Tax charge for the financial year

	<u>2022</u> RM	<u>2021</u> RM
Current taxation	-	-

(b) Numerical reconciliation of income tax expense

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

	<u>2022</u> RM	<u>2021</u> RM
Net (loss)/income before taxation	<u>(7,078,177)</u>	<u>6,632,985</u>
Tax calculated at a statutory income tax rate of 24%	(1,698,762)	1,591,916
Tax effects of:		
- Loss not deductible for tax purposes/(Income not subject to tax)	1,511,695	(1,704,998)
- Expenses not deductible for tax purposes	15,830	6,239
- Restriction on tax deductible expense	<u>171,237</u>	<u>106,843</u>
Tax expense	<u>-</u>	<u>-</u>

12. TOTAL EXPENSE RATIO (“TER”)

	<u>2022</u> %	<u>2021</u> %
TER	<u>2.04</u>	<u>1.99</u>

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

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u>	<u>2021</u>
PTR (times)	<u>0.67</u>	<u>0.78</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 MANAGER AND PARTIES RELATED TO THE MANAGER

The number of units held by the Manager and related party are as follows:

	<u>2022</u>	<u>2021</u>		
	Units	RM	Units	RM
The Manager	5,884	7,201	5,929	8,724
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>6,633,767</u>	<u>8,118,405</u>	<u>4,806,033</u>	<u>7,071,597</u>

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

The units held by RHB Capital Nominees (Tempatan) Sdn Bhd, a wholly owned subsidiary of ultimate holding company of the Manager, are under nominees structure.

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

14. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

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

15. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 30 June 2022 are as follows:

<u>Fund Manager</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> %
Goldman Sachs Asset Management International	53,876,397	100.00	-	-

Details of transactions by the Fund for the financial year ended 30 June 2021 are as follows:

<u>Fund Manager</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> %
Goldman Sachs Asset Management International	41,357,940	100.00	-	-

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2022</u> RM	<u>2021</u> RM
Financial assets		
Financial assets at fair value through profit or loss (“FVTPL”)		
• Collective investment scheme	32,365,719	28,823,928
• Forward foreign currency contracts	-	3,908
	<u>32,365,719</u>	<u>28,827,836</u>
Financial assets at amortised cost		
• Bank balances	726,115	50,243
• Deposits with licensed financial institutions	589,615	1,026,084
• Amount due from Manager	1,274	953,582
	<u>1,317,004</u>	<u>2,029,909</u>
Financial liabilities		
Financial liabilities at fair value through profit or loss (“FVTPL”)		
• Forward foreign currency contracts	<u>120,566</u>	<u>187,980</u>
Financial liabilities at amortised cost		
• Amount due to Manager	113,186	-
• Accrued management fee	51,052	43,463
• Amount due to Trustee	2,207	1,879
• Other payables and accruals	36,359	10,350
	<u>202,804</u>	<u>55,692</u>

**STATEMENT BY MANAGER
RHB-GS US EQUITY FUND**

We, Dato' Darawati Hussain and Chin Yoong Kheong, two of the Directors of RHB Asset Management Sdn Bhd, do hereby state that in the opinion of the Directors of the Manager, 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 30 June 2022 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 Manager,

Dato' Darawati Hussain
Director

Chin Yoong Kheong
Director

22 August 2022

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF RHB-GS US EQUITY FUND

We have acted as Trustee of RHB-GS US Equity Fund (“the Fund”) for the financial year ended 30 June 2022. To the best of our knowledge, RHB Asset Management Sdn Bhd (“the Management Company”), has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission Malaysia’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For TMF Trustees Malaysia Berhad
(Company No: 610812-W)

Norhayati Binti Azit
Director – Fund Services

Kuala Lumpur
22 August 2022

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB-GS US EQUITY FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB-GS US Equity Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 June 2022 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 30 June 2022, 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 13 to 37.

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 UNIT HOLDERS OF RHB-GS US EQUITY FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager'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 Manager for the financial statements

The Manager 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 Manager is also responsible for such internal control as the Manager 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 Manager 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 Manager 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 UNIT HOLDERS OF RHB-GS US EQUITY 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 Manager.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB-GS US EQUITY 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 Manager'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 Manager 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 unit holders 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
22 August 2022

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

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PRINCIPAL AND BUSINESS OFFICE

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Tel: 03-9205 8000

Fax: 03-9205 8100

Website: www.rhbgroup.com

BOARD OF DIRECTORS

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

Mr Chin Yoong Kheong (*Senior Independent Non-Executive Director*)

Ms Ong Yin Suen (*Managing Director / Chief Executive Officer*)

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

YBhg Datuk Seri Dr Govindan A/L Kunchambo
(*Independent Non-Executive Director*)

Encik Mohd Rashid Bin Mohamad (*Non-Independent Non-Executive Director*)
(*Resigned with effect from 20 June 2022*)

Tuan Syed Ahmad Taufik Albar (*Non-Independent Non-Executive Director*)
(*Appointed with effect from 20 June 2022*)

INVESTMENT COMMITTEE MEMBERS

Mr Yap Chee Meng (*Independent Chairman*)

YBhg Dato' Darawati Hussain

Puan Sharifatu Laila Syed Ali

CHIEF EXECUTIVE OFFICER

Ms Ong Yin Suen

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Cik Hasnita Sulaiman (MAICSA No.7060582)

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Sabah
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Fax: 088-528 685

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TRUSTEE	TMF Trustees Malaysia Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers PLT
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd
DISTRIBUTORS	RHB Asset Management Sdn Bhd RHB Bank Berhad RHB Investment Bank Berhad AmInvestment Bank Berhad Areca Capital Sdn Bhd CIMB Bank Berhad CIMB Private Banking Citibank Berhad Genexus Advisory Sdn Bhd Hong Leong Bank Berhad HSBC Bank (Malaysia) Berhad iFAST Capital Sdn Bhd Kenanga Investors Berhad Phillip Mutual Berhad Standard Chartered Bank Malaysia Berhad Standard Financial Adviser Sdn Bhd United Overseas Bank (M) Berhad UOB Kay Hian Securities (M) Sdn Bhd

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