

RHB GLOBAL SUKUK FUND

ANNUAL REPORT 2023

For the financial year ended 31 August 2023

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB Global Sukuk Fund
Fund Category	-	Sukuk (Shariah-compliant)
Fund Type	-	Income and Growth Fund

Investment Objective, Policy and Strategy

Objective of the Fund

The aim of the Fund is to provide income[^] and medium to long-term* capital growth by investing into global sukuk.

Note: [^] The income is in the form of Units.

* “Medium to long term” in this context refers to a period of between 3-7 years.

Strategy

In managing the Fund, the Manager will actively seek out global Shariah-compliant fixed income instruments such as sukuk, Islamic commercial papers, Islamic bankers’ acceptances and Islamic notes that are able to offer attractive yields (i.e. yields, net of the Fund’s expenses that are greater than the Fund’s benchmark) and/or capital appreciation. These are Shariah-compliant fixed income instruments issued by corporations, financial institutions, supranationals, governments and their agencies globally. The Fund’s investments may also include Islamic money market instruments and placements of cash in Islamic accounts.

The Manager will invest in a portfolio of global Shariah-compliant fixed income instruments, with at least 80% of the Fund’s Net Asset Value (“NAV”) in sukuk to lock-in the yield. The Manager may trade the Shariah-compliant fixed income instruments as and when opportunities arise and/or to risk manage the credit/default risk of the Shariah compliant fixed income instruments’ issuers or in response to external adverse events affecting any of the Shariah-compliant fixed income instruments in the Fund’s portfolio.

The Fund's portfolio will be structured as follows:

- 90% to 100% of the Fund's NAV - Investments in global Shariah-compliant fixed income instruments of which at least 80% of its NAV in sukuk.
- Up to 10% of the Fund's NAV - Investments in Islamic liquid assets including Islamic money market instruments and placements of cash in Islamic accounts.

Although the Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities.

The Fund will be managed with a focus on providing a yield at an acceptable risk level. The Manager aims to create a portfolio comprising Shariah-compliant fixed income instruments denominated in any currency. These can be Shariah-compliant fixed income instruments issued by corporations, financial institutions, supra-nationals, governments and their agencies globally. Shariah-compliant fixed income instruments that are issued by Malaysian corporations or financial institutions shall carry a rating of at least **top three credit rating (including gradation and subcategories)** at the point of purchase by any Domestic Rating Agencies. Foreign Shariah-compliant fixed income instruments shall carry a rating of **at least one credit rating (including gradation and subcategories) below investment grade** at the point of purchase by any Global Rating Agencies. Shariah-compliant fixed income instruments issued by supra-nationals, governments and their agencies need not be rated. However, the Fund will only invest in unrated Shariah-compliant fixed income instruments issued by supra-nationals, governments and their agencies if these instruments are determined by the Manager to be of comparable quality to Shariah-compliant fixed income instruments with a minimum rating of at least **top three credit rating (including gradation and subcategories)** as assigned by any Domestic Rating Agencies or **at least one credit rating (including gradation and subcategories) below investment grade** as assigned by any Global Rating Agencies or its equivalent rating by a reputable rating establishment.

In managing the portfolio, should a Shariah-compliant fixed income instrument be downgraded to below the above stated ratings by the respective rating agencies, the Manager will as soon as reasonably practicable dispose this Shariah-compliant fixed income instrument. When the Manager disposes a Shariah-compliant fixed income instrument (whether in the ordinary course of managing this Fund or as a result of downgrading of a Shariah-compliant fixed income instrument), the proceeds will be used to invest in other Shariah-compliant fixed income instruments in accordance with the stated objective, strategy, restrictions and limits.

The Manager may take temporary defensive positions that may be inconsistent with the Fund's investment strategy in response to adverse economic, political or any market conditions. In such circumstances, the Fund may hold up to 100% of its assets in Islamic liquid assets as a defensive strategy.

Other risk management strategies and techniques employed by the Manager include diversification of the Fund's investments in terms of its exposure to various industries, sectors and countries. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. Adherence to these permitted investments and restrictions helps the Manager to risk-manage the Fund's portfolio in terms of its diversification. Moreover, the Manager in making its investment decisions shall at all times comply with the investment restrictions of the Fund and requirements as set out in the Deed.

Performance Benchmark

Effective from 28 August 2023, the performance of the Fund is benchmarked against RHB Islamic Bank Berhad's 12-month Commodity Murabahah Deposit-i.

Prior to 28 August 2023, the performance of the Fund was benchmarked against Maybank Islamic Berhad's 12-months Islamic Fixed Deposit-i.

Permitted Investments

This Fund will invest in Shariah-compliant fixed income instruments listed on Bursa Malaysia or traded in or listed on any other market considered as an eligible market (including foreign markets), Islamic collective investment schemes, Islamic money market instruments and placements of cash, or the Fund may invest in any other Shariah-compliant investments permitted by the Securities Commission Malaysia from time to time. The Fund will also participate in Islamic financial derivatives for hedging purposes only.

Distribution Policy

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

Notification of Changes

In addition to the changes mentioned in the letter dated 28 July 2023, below are the remaining changes: -

General Amendments

- (a) All references to “interim report(s)”, wherever they appear in the Principal Prospectus, are hereby amended to “semi-annual report(s)”.
- (b) All references to “Shariah-compliant liquid assets”, wherever they appear in the Principal Prospectus, are hereby amended to “Islamic liquid assets”.

“DEFINITIONS”

Domestic Rating Agency/(ies)	Local credit assessment institutions that are recognised by the Securities Commission Malaysia.
Eligible Market	An exchange, government securities market or an over-the-counter market that is regulated by a regulatory authority of that jurisdiction, that is open to the public or to a substantial number of market participants and on which financial instruments are regularly traded.
EPF	Employees Provident Fund.
EPF-MIS	Employees Provident Fund – Members’ Investment Scheme.
financial institution(s)	<p>a) If the institution is in Malaysia –</p> <p>(i) licensed bank or licensed investment bank as defined under the Financial Services Act 2013; or</p> <p>(ii) licensed Islamic bank as defined under the Islamic Financial Services Act 2013; or</p> <p>b) If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.</p>
Global Rating Agency/(ies)	Global credit assessment institutions that are recognised in line with the relevant laws.
Guidelines	Guidelines on Unit Trust Funds issued by the Securities Commission including all amendments and/or revision thereto issued by the Securities Commission and any other relevant guidelines issued by the Securities Commission.
IUTA	Institutional Unit Trust Scheme Adviser(s).
Moody’s	Deleted.
RAM	Deleted.

Chapter 1 – Fund Information, Section 1.2.5 – Investment in Unlisted Shariah-compliant Securities

The Manager will only make such investments that are consistent with the objective and enhance the performance of this Fund. The Fund’s investments in unlisted Shariah-compliant securities (if any) shall always be subject to the restriction stipulated in section 1.3(a). However, the exposure to investments in unlisted Shariah-compliant securities shall not include sukuk traded on an organised over-the-counter (“OTC”) market.

Chapter 1 – Fund Information, Section 1.2.6 – Islamic Collective Investment Schemes

The Manager will only make such investments that are consistent with the objective and enhance the performance of this Fund. In addition, the Manager will only make such investments if the Islamic collective investment scheme is authorised or recognised by the Securities Commission, or is registered or authorised or approved by the relevant regulatory authority in its home jurisdiction as the case may be and which operates within the general investment principles of the Guidelines. The Fund’s investments in Islamic collective investment schemes (if any) shall always be made subject to the restrictions stipulated in section 1.3 (i), (j), (k) and (q).

Chapter 1 – Fund Information, Section 1.2.7 – Islamic Financial Derivatives

The Manager may participate in Islamic financial derivatives such as Islamic options, Islamic currency forwards, Islamic swaps or any other categories of financial derivatives which are structured in Shariah-compliant manner, permitted by the relevant authorities from time to time, when appropriate. The Fund’s participation in Islamic financial derivatives is to hedge the portfolio from any unexpected movement in the underlying Shariah-compliant fixed income market and also the portfolio’s exposure to foreign currency. As hedging activities are meant to protect the Fund from currency and profit rates volatility, the benefit of any upside of currency or profit rate movements is limited. The purpose is to protect the value of the portfolio. When participating in such Islamic financial derivatives, the Manager will monitor the Islamic financial derivatives’ valuation and credit ratings of the issuers, where applicable and take appropriate actions to mitigate any risk associated with such Islamic financial derivatives. This may extend to unwinding of the Islamic financial derivatives in the event where there is a need to terminate current position due to reversal in market movement, redemption in Units or upon downgrade of the credit ratings of the issuers as counterparty to the Islamic financial derivatives. Commitment approach is used to calculate the Fund’s net market exposure. It is calculated as the sum of the (a) absolute value of the exposure of each individual

Islamic financial derivative not involved in netting or hedging arrangements; (b) absolute value of the net exposure of each individual Islamic financial derivative after netting or hedging arrangements; and (c) the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC Islamic financial derivatives. The Fund's investments in Islamic financial derivatives (if any) shall always be subject to the restrictions stipulated in section 1.3 (d), (n), (o) and (p).

Chapter 1 – Fund Information, Section 1.2.9 – Islamic Liquid Assets

This Fund shall not source for financing in connection with its activities or provide financing on any of its cash or investments unless permitted by the Guidelines and any practice notes issued by the Securities Commission from time to time or other relevant laws or regulations pertaining to unit trust funds.

Nonetheless, the Fund may obtain Islamic financing facility on a temporary basis (i.e. not more than one month) from financial institutions to meet redemption requests. Such financing facility shall not exceed ten (10) per cent of the Net Asset Value at the time the financing facility is incurred. As such, the Manager in structuring the Fund's portfolio will not maintain a minimum Islamic liquid assets level for the purpose of meeting redemptions but will manage its cash requirements accordingly.

Chapter 1 – Fund Information, Section 1.3 – Permitted Investments and Restrictions

This Fund will invest in Shariah-compliant fixed income instruments listed on Bursa Malaysia or traded in or listed on any other market considered as an Eligible Market (including foreign markets), Islamic collective investment schemes, Islamic money market instruments and Placements of Cash, or the Fund may invest in any other Shariah-compliant investments permitted by the Securities Commission from time to time. The Fund will also participate in Islamic financial derivatives for hedging purposes only.

The acquisition of such permitted Shariah-compliant investments is subject to the following restrictions:

- a) The aggregate value of the Fund's investments in Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market (i.e., unlisted Shariah-compliant securities) must not exceed fifteen (15) per cent of the Fund's Net Asset Value, subject to a maximum limit of ten (10) per cent of the Fund's Net Asset Value in a single issuer, or any other limit as may be prescribed by the Securities Commission from time to time.
- b) The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed twenty (20) per cent of the Fund's Net Asset Value ("single issuer limit"), or any other limit as may be prescribed by the Securities Commission from time to time. In determining the single issuer limit, the value of the Fund's investments in instruments in paragraph (a) issued by the same issuer must be included in the calculation.
- c) The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed thirty (30) per cent of the Fund's Net Asset Value ("group limit"), or any other limit as may be prescribed by the Securities Commission from time to time. In determining the group limit, the value of the Fund's investment in instruments in paragraph (a) issued by the issuers within the same group of companies must be included in the calculation.
- d) The aggregate value of the Fund's investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, underlying assets of Islamic financial derivatives and counterparty exposure arising from the use of OTC Islamic financial derivatives must not exceed twenty-five (25) per cent of the Fund's Net Asset Value ("single issuer aggregate limit"), or any other limit as may be prescribed by the Securities Commission from time to time. In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in paragraph (a) issued by the same issuer must be included in the calculation.
- e) The single issuer limit in paragraph (b) may be increased to thirty (30) per cent of the Fund's Net Asset Value if the sukuk is rated by any Malaysian or global rating agency to have the highest long-term credit rating. Where the single issuer limit is increased to thirty (30) per cent of the Fund's Net Asset Value, the single issuer aggregate limit of twenty-five (25) per cent of the Fund's Net Asset Value in paragraph (d) may be raised to thirty (30) per cent of the Fund's Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- f) The single issuer limit in paragraph (b) may be raised to thirty-five (35) per cent of the Fund's Net Asset Value if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to thirty-five (35) per cent of the Fund's Net Asset Value, the single issuer aggregate limit in paragraph (d) may be raised, subject to the group limit in paragraph (c) not exceeding thirty-five (35) per cent of the Fund's Net Asset Value.
- g) The Fund's investments in sukuk must not exceed twenty (20) per cent of the sukuk issued by a single issuer, or any other limit as may be prescribed by the Securities Commission from time to time. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of the sukuk in issue cannot be determined.
- h) The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed twenty (20) per cent of the Fund's Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- i) The value of the Fund's investments in units or shares of an Islamic collective investment scheme must not exceed twenty (20) per cent of the Fund's Net Asset Value, provided that the Islamic collective investment scheme complies with paragraph (q)(i),

- (ii) or (iii), excluding an Islamic collective investment scheme that invests in real estate, or any other limit as may be prescribed by the Securities Commission from time to time.
- j) The value of the Fund's investments in units or shares of an Islamic collective investment scheme that invests in real estate pursuant to paragraph (q)(iii) must not exceed fifteen (15) per cent of the Fund's Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- k) The Fund's investments in Islamic collective investment scheme must not exceed twenty-five (25) per cent of the units or shares in the Islamic collective investment scheme, or any other limit as may be prescribed by the Securities Commission from time to time.
- l) The Fund's investments in Islamic money market instruments must not exceed ten (10) per cent of the instruments issued by any single issuer, or any other limit as may be prescribed by the Securities Commission from time to time. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size.
- m) The single financial institution limit in paragraph (h) does not apply to placements of Islamic deposits arising from:
 - i. subscription monies received prior to the commencement of investment by the Fund;
 - ii. liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit Holders; or
 - iii. monies held for the settlement of redemption or other payment obligations where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders.
- n) The counterparty of an OTC Islamic financial derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories). Subject to the aggregate limit as stipulated in the Guidelines, the maximum exposure of the Fund to the counterparty must not exceed ten (10) per cent of the Fund's Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic financial derivative. The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic financial derivative transactions entered into with the same counterparty.
- o) The Fund's exposure to the underlying assets (vide the Islamic financial derivatives) must not exceed the investment limits and restrictions applicable to such underlying assets as stipulated in the Guidelines, or any other limit as may be prescribed by the Securities Commission from time to time.
- p) The Fund's global exposure from its Islamic financial derivatives positions must not exceed the Fund's Net Asset Value at all times, or any other limit as may be prescribed by the Securities Commission from time to time.
- q) The Fund may invest in other Islamic collective investment scheme that fall within the following categories:
 - i. an Islamic collective investment scheme authorised or recognised by the Securities Commission; or
 - ii. an Islamic collective investment scheme that meets the following criteria:
 - the Islamic collective investment scheme is constituted and regulated in a jurisdiction where the laws and practices provide the level of investor protection that is at least equivalent to that offered in Malaysia;
 - the rules on investments and financing are substantially similar to the requirements in the Guidelines. This would exclude hedge funds;
 - the assets of the Islamic collective investment scheme are managed by an entity which is approved, authorised or licensed by a securities regulator to conduct fund management activities; and
 - the business of the Islamic collective investment scheme is reported in semi-annual and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; or
 - iii. an Islamic collective investment scheme that meets the following criteria:
 - the Islamic collective investment scheme invests in permissible investments under the Guidelines, physically-backed metal exchange traded funds that comply with the Guidelines, or real estate;
 - the Islamic collective investment scheme meets the criteria imposed on transferable securities as prescribed under the Guidelines;
 - the units or shares in the Islamic collective investment scheme are listed for quotation and traded on a stock exchange that is an Eligible Market; and
 - the Islamic collective investment scheme is not an inverse or leveraged product

The limits and restrictions mentioned herein must be complied with at all times based on the most up-to-date value of the Fund's Shariah-compliant investments. The Manager must notify the Securities Commission within seven (7) Business Days of any breach of investment limits and restrictions with the steps taken to rectify and prevent such breach from recurring. However, any breach as a result of (a) appreciation or depreciation in value of the Fund's Shariah-compliant investments; (b) repurchase of Units or payment made out of the Fund; (c) change in capital of a corporation in which the Fund has invested in; or (d) downgrade in or cessation of a credit rating, need not be reported to the Securities Commission but must be rectified as soon as practicable within three (3) months from the date of the breach unless otherwise specified in the Guidelines. The three (3)-month period may be extended if it is in the best interest of Unit Holders and the Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the Trustee. The limits and restrictions in this Section 1.3, however, do not apply to Shariah-compliant securities or Shariah-compliant instruments that are issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

Note: If the Fund is eligible to be invested via the EPF-MIS and you transfer your moneys from your EPF account to invest in the Fund, the investments made by the Fund as well as your investment in the Fund from your EPF account will be subject to the EPF's requirements. Please refer to the website at <http://www.kwsp.gov.my> for updated information.

Chapter 3 – Valuation of Assets

The Fund must be valued at least once every Business Day. As the Fund invests in foreign markets, which may have different time zones from that of Malaysia, the valuation of the Fund for a Business Day will be conducted by 5.00 p.m. (or such other time as may be determined by the Manager from time to time) on the following day on which the Manager is open for business.

Accordingly, the price of the Fund for a particular Business Day will not be published online on the Manager's website on the next day but will instead be published the next following day (i.e. price will be two (2) days old). This will be specifically indicated on the Manager's website.

Illustration

When markets are closed for trading on 18 April 2023 (Tuesday), the valuation date will be the next day on which the Manager is open for business, i.e. 19 April 2023 (Wednesday). Thus, the publication date for the price as at 18 April 2023 (Tuesday) will be on 20 April 2023 (Thursday) on the Manager's website.

Investors may obtain the most current computed prices by contacting the Manager directly or visiting the Manager's website, www.rhbgroup.com [please refer to section 5.6 (g) (Availability of Information on Investment)].

In undertaking any of the Fund's investments, the Manager will ensure that all the assets of the Fund will be valued at fair value and at all times in compliance with the relevant laws (including approved accounting standards).

Accordingly, where applicable:

- (i) Listed Shariah-compliant fixed income instruments will be valued daily based on the last done market price on each Business Day.

However, if: -

- a) a valuation based on the market price does not represent the fair value of the listed Shariah-compliant fixed income instruments, for example during abnormal market conditions; or
- b) no market price is available, including in the event of a suspension in the quotation of listed Shariah-compliant fixed income instruments for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee,

then the listed Shariah-compliant fixed income instruments would be valued at fair value, as determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

- (ii) Investments in unlisted sukuk denominated in Ringgit Malaysia will be valued on a daily basis by reference to the fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission. However, where quotations are not available, such unlisted sukuk will be valued at fair value by reference to the average indicative yield quoted by three independent and reputable financial institutions in OTC markets at the close of trading. These institutions include investment banks and commercial banks dealing in sukuk.

Investments in unlisted sukuk denominated in foreign currencies are valued daily using the Bloomberg Generic Price ("BGN price") provided by Bloomberg. Where BGN prices are not available on any Business Day, these unlisted sukuk will be valued by reference to the average indicative yield quoted by three independent and reputable financial institutions.

In a case where the Manager is of the view that the price quoted by BPA or the BGN price for a specific unlisted sukuk differs from the market price (i.e. the Manager's view of the market yield) by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non BPA price or non BGN price, obtains necessary internal approvals to use the non BPA price or non BGN price and keeps an audit trail of all decisions and basis for adopting the market price.

However, when the Manager, after taking all reasonable efforts, is unable to obtain quotations from BPA or any BGN price or quotations from three independent and reputable financial institutions due to circumstances such as extreme market conditions, such unlisted sukuk (denominated in Ringgit Malaysia and denominated in foreign currencies) will be valued at fair value as determined in good faith by the Manager based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

- (iii) Islamic collective investment schemes which are quoted on an approved exchange shall be valued daily based on the last done market price. When investing in unlisted Islamic collective investment schemes, the value shall be determined by reference to the last published repurchase price of a unit of that unlisted Islamic collective investment scheme.
- (iv) Islamic financial derivatives positions will be "marked-to-market" at the close of each trading day.

- (v) Islamic deposits placed with financial institutions will be valued each day by reference to the principal value of such investments and the profits accrued thereon for the relevant period.
- (vi) Islamic money market instruments that are held for collecting contractual cash flow purpose i.e. Islamic money market placements which have a remaining term to maturity of not more than 90 days at the time of acquisition will be measured on an ongoing basis at amortised cost. The risk of using amortised cost accounting is the mismatch between the fair value and book value of an Islamic money market instrument. The Manager will monitor closely and consider prompt action to discontinue the use of amortised cost method and adopt the fair value, i.e., the discounted net present value, as the valuation for Islamic money market instrument in the event the variance is above 3%.

Islamic money market instruments other than the aforesaid will be valued on a daily basis by reference to the fair value prices quoted by a BPA registered with the Securities Commission.

- (vii) Foreign exchange translation of foreign investments for a particular Business Day is determined based on bid rate quoted by Bloomberg or Reuters at 4:00 p.m. (United Kingdom time) or such other time as may be prescribed from time to time by the relevant laws.
- (viii) Any other Shariah-compliant investments as may be held by the Fund will be valued based on fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

Chapter 4 – Fees, Charges and Expenses, Section 4.1(a) – Sales Charge, Note 4

⁴ If the Fund is an EPF-MIS approved fund and you invest via EPF-MIS, you will be levied a sales charge of up to 3.00% of the investment amount or any other rate as may be determined by the EPF from time to time.

Chapter 4 – Fees, Charges and Expenses, Section 4.1(c)(i) – Switching of Units, first paragraph

Available. Units of the Fund can only be switched to other unit trust funds under the management of the Manager that are of the same currency units and that allow switching. Minimum amount for a switch is one hundred (100) Units or such other quantity as the Manager may from time to time decide.

Chapter 4 – Fees, Charges and Expenses, Section 4.1(c) – Other Charges

- (iii) Any bank charges imposed by the relevant financial institutions will be borne by the Unit Holders.

Chapter 4 – Fees, Charges and Expenses, Section 4.4 – Policy on Rebates and Soft Commissions

It is the Manager's policy to credit all rebates to the account of the Fund.

However, goods and services ("soft commissions") provided by any broker or dealer may be retained by the Manager or the fund manager if:

- (a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealing with broker or dealer is executed on terms which are the most favourable for the Fund; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager or fund manager must not enter into unnecessary trades to achieve a sufficient volume of transactions to qualify for soft commissions.

Chapter 4 – Fees, Charges and Expenses, Section 4.5 – Tax

All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.

Based on the Finance Act 2021, income derived by the Fund from foreign sources and received in Malaysia from 1 January 2022 onwards will be subject to Malaysian income tax. A transitional tax rate of 3% is accorded on the gross amount of the foreign income received in Malaysia from 1 January 2022 to 30 June 2022. From 1 July 2022 onwards, the prevailing tax rate of 24% will apply to the chargeable income computed in respect of the foreign source income remitted into Malaysia by the Fund.

Where the same foreign income has been taxed in both Malaysia and the foreign country, a tax credit in the form of bilateral relief under a Double Tax Agreement ("DTA") or unilateral relief under the domestic law (if there is no available DTA or a limited DTA which does not provide such relief) may be given in respect of such income, subject to conditions.

There are fees and charges involved and investors are advised to consider them before investing in the Fund.

Chapter 5 – Transaction Information, Section 5.5 – Pricing Error Policy, last paragraph

However, reimbursement of money shall only apply if the error is at or above the significant threshold of 0.5% of the Net Asset Value per Unit of the respective Class and the amount to be reimbursed is equivalent to RM10.00 (in the case of a foreign currency Class, 10.00 denominated in the currency denomination of the foreign currency Class) or more.

Chapter 5 – Transaction Information, Section 5.6(b) – Cooling-off Period

The cooling-off right refers to the right of an individual investor to obtain a refund of his investment if he so requests within the cooling-off period. The cooling-off right is only given to an individual investor, other than those listed below, who is investing in any unit trust funds managed by the Manager for the first time:

- (i) a staff of the Manager; and/or
- (ii) a person registered with a body approved by the Securities Commission to deal in unit trust funds.

The refund to the investor pursuant to the exercise of his cooling-off right must be as follows:

- a) the Net Asset Value per Unit at the point of exercise of the cooling-off right (“market price”), if the Net Asset Value per Unit on the day the Units were purchased (“original price”) is higher than the market price; or
- b) the original price, if the market price is higher than the original price.

If the market price is higher than the original price paid by the investor, the Manager may agree to pay the investor the excess amount, provided that such amount is not paid out of the Fund or the assets of the Fund.

The Manager must also refund the sales charge originally imposed on the day the Units were purchased.

The cooling-off period shall be within six (6) Business Days which shall be effective from the date of receipt of the application by the Manager. Where applicable, if you have invested via the EPF-MIS, the cooling-off period shall be subject to EPF’s terms and conditions.

The cooling-off right allows investors the opportunity to reverse an investment decision which could have been unduly influenced by certain external elements or factors.

Withdrawal proceeds will only be paid to the investors once the Manager has received cleared funds for the original investment. For investors who paid by cheque, the refund will be made upon clearance of the cheque. The Manager shall refund the investor in cash within seven (7) Business Days of receiving the cooling-off notice. Where applicable, if you have invested via the EPF-MIS, the refund will be credited back into your EPF accounts.

Chapter 5 – Transaction Information, Section 5.6(c) – Where Units can be Purchased or Redeemed

Units can be purchased or redeemed at the Manager’s registered/principal office or any of its branches or from any of its participating IUTAs and any other authorised distributors or channels as the Manager may decide from time to time. For further information, please call us at 03-9205 8000 at any time during our office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. Alternatively, investors may e-mail their enquiries to rhbiiam.enquiry@rhbgroupp.com.

Please refer to our Directory of Outlets for Purchase and Sale of Units at the end of this prospectus. Application forms, redemption forms and this Prospectus are also available from these distributors.

Chapter 5 – Transaction Information, Section 5.6(d) – How to Switch between Funds or Between Classes

Unit Holders may switch to units of any unit trust fund under the management of the Manager that are of the same currency units and that allow switching by forwarding the completed form of request to switch to the Manager’s registered/principal office or any of its branches, or to any of its participating IUTAs and any other authorised distributors before their respective cut-off times on any Business Day. The minimum amount for a switch into another fund is one hundred (100) Units or such other quantity as the Manager may from time to time decide. There is no restriction as to the number of switches a Unit Holder may perform or the frequency of switching. The minimum investment balance must be at least one hundred (100) Units or such other lower quantity as the Manager may from time to time decide after the switch. Following a switching transaction, if the quantity of Units held by a Unit Holder in the Fund falls below its minimum investment balance, the Manager can switch the entire investment and forward the proceeds to the fund that the Unit Holder intends to switch into. The Manager however, reserves the right to vary these terms.

Chapter 5 – Transaction Information, Section 5.6(g) – Availability of Information on Investment

After purchasing Units, the value of the investment can be monitored easily as the Unit price is published online daily on the Manager’s website, www.rhbgroupp.com.

Unit Holders will receive an unaudited semi-annual report and an audited annual report of the Fund from the Manager within two (2) months after the end of the financial period/financial year end that the report covers. The Manager may also issue updates on the performance of the Fund either quarterly or semi-annually, or as and when appropriate.

Customers or investors may call us at 03-9205 8000 at any time during our office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. Alternatively, investors may e-mail their enquiries to rhbiiam.enquiry@rhbgroup.com.

Investors may also refer to FIMM for any queries and/or concerns regarding their investments in unit trust funds.

Investors must not make payment in cash to any individual agent when purchasing Units of the Fund.

The Fund's annual report is available upon request.

Chapter 6 – Salient Terms of the Deed, Section 6.1.2 – Rights of Unit Holders

Unit Holders shall have the right in respect of the Fund in which they hold Units, amongst others, to the following:

- (a) to receive distributions of the Fund (if any), and if entitled to that Class, to participate in any increase in the value of the Units and to enjoy such other rights and privileges as set out in the Deed;
- (b) to call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through a special resolution as provided for in the Deed;
- (c) to exercise the cooling-off right, if applicable; and
- (d) to receive annual reports, semi-annual reports or any other reports of the Fund.

No Unit Holder shall be entitled to require the transfer to him of any assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on the Trustee's behalf, of the rights of the Trustee as the registered owner of such assets.

Note: If your investments are made through an IUTA which adopts the nominee system of ownership, you would not be deemed to be a Unit Holder under the Deed and as a result, you may not exercise all the rights ordinarily conferred to a Unit Holder (e.g. the right to call for Unit Holders' meetings and the right to vote at a Unit Holders' meeting). Accordingly, the Manager will only recognise the IUTA as a Unit Holder and the IUTA shall be entitled to all the rights conferred to it under the Deed.

Chapter 7 – The Management and Administration of the Fund, Section 7.2 – Board of Directors

The board of directors of the Manager takes an active part in the affairs of the Manager and the unit trust funds under its management. The board of directors of the Manager meets at least once every three (3) months to receive recommendations and reports on investment activities from the committee undertaking the oversight function of the Fund, set policies and guidelines of the Manager and to review performance, financial and audit reports of the Manager. Additional meetings shall also be convened, should the need arise.

The list of board of directors are available on the Manager's website, www.rhbgroup.com.

Chapter 7 – The Management and Administration of the Fund, Section 7.3 – Functions of the Manager

The Manager is responsible for the day-to-day administration of the Fund in accordance with the provisions of the Deed. The main roles, duties and responsibilities of the Manager include:

- Selecting and managing investments of the Fund;
- Executing, supervising and valuing investments of the Fund;
- Arrangement of sale and repurchase of Units;
- Keeping proper records of the Fund;
- Issuing the Fund's semi-annual and annual reports to Unit Holders;
- Distribution of income to Unit Holders (if any); and
- Marketing the Fund to potential investors.

The Manager is a member of FIMM. It maintains a tied sales agency force which is duly registered with FIMM which markets and distributes its proprietary unit trust funds to prospective investors. It also has an IUTA arrangement with RHB Bank Berhad and/or such other approved distributors as may be appointed by the Manager from time to time.

Chapter 7 – The Management and Administration of the Fund, Section 7.4 – The Investment Committee

The paragraph of "Functions of the Investment Committee" under above section is hereby deleted.

Chapter 7 – The Management and Administration of the Fund, Section 7.5 – The Investment Team

The investment team is jointly responsible for the overall investment decisions made on behalf of the Fund.

Designated fund manager of the Fund is Puan Sharifah Md Sidek.

Puan Sharifah Md Sidek ("Pn Sharifah") joined RHB Islamic International Asset Management ("RHBIIAM") in February 2014 as the head of sukuk where she is primarily responsible for managing Shariah compliance mandates (for both retail and institutional) in Ringgit Malaysia and non-Ringgit Malaysia sukuk, money market instruments and cash.

She has more than 20 years of experience in treasury and fixed income investments from her experiences in the treasury department of Malaysia Credit Finance Berhad, to heading the money market and fixed income desk at Oriental Bank Bhd and subsequently in the equity desk of EON Bank Berhad. Prior to joining RHBIIAM, she headed the fixed income team at Amanahraya Investment Management Sdn Bhd (“ARIM”) until December 2013. At ARIM, she managed total assets under management of approximately RM6 billion comprising of Ringgit Malaysia and foreign currency denominated bonds, money markets and structured investments.

Pn Sharifah holds a Diploma in Investment Analysis from MARA University of Technology (UiTM). She is also a Capital Markets Services Representative’s Licence holder for fund management.

The designated fund manager of the Fund is supported by our investment team comprising of a team of experienced fund managers and credit research analysts who are responsible to actively manage the Fund in accordance with the investment objective of the Fund and within the provision of the Deed. The investment team shall have discretionary authority over the investments of the Fund subject to the rules and guidelines issued by the relevant authorities.

Chapter 7 – The Management and Administration of the Fund, Section 7.7 – The Shariah Adviser, “Roles and Responsibilities of the Shariah Adviser” and “Members of RHB Islamic Bank’s Shariah Committee”

Roles and Responsibilities of the Shariah Adviser

The Shariah Adviser is backed by the respective Shariah Committee of RHB Islamic Bank, which comprises eminent Shariah scholars from various jurisdictions. The Shariah Adviser also conducts monthly review of the Fund to ensure compliance with Shariah principle.

In line with the Securities Commission’s guidelines, the roles and responsibilities of the Shariah Adviser are:

- 1) To ensure that the Fund is managed and administered in accordance with Shariah principles.
- 2) To provide expertise and advice in all matters relating to Shariah principles, including the Fund’s deed and prospectus, its structure and ensure that all aspect of the Fund are in accordance with Shariah requirement.
- 3) To consult with Securities Commission where there is any ambiguity or uncertainty as to any Shariah matters.
- 4) To ensure that all applicable Shariah rulings, principles and concepts endorsed by the SACSC are complied with.
- 5) To act with due care, skill and diligence in carrying out its duties and responsibilities.
- 6) To review the report of compliance officer or any investment transaction reports provided by, or duly approved by, the Trustee to ensure that the Fund’s management business and investments activities are Shariah-compliant.
- 7) To prepare a report to be included in the Fund’s semi-annual and annual reports certifying whether the Fund have been managed and administered in accordance with Shariah principles for the respective periods concerned.
- 8) To apply *ijtihad* (intellectual reasoning) to ensure all aspects relating to the Fund are in compliance with Shariah, in the absence of any rulings, principles and concepts endorsed by the Securities Commission.

Members of RHB Islamic Bank’s Shariah Committee

The members of RHB Islamic Bank’s Shariah Committee are the designated persons responsible for the Shariah matters of the Fund. The list of members of RHB Islamic Bank’s Shariah Committee are available on the Manager’s website, www.rhbgroup.com.

Chapter 7 – The Management and Administration of the Fund, Section 7.8 – Other Information

Further information on the Manager and the Shariah Adviser is provided on the Manager’s website, www.rhbgroup.com.

Chapter 8 – The Trustee of the Fund

The Trustee is HSBC (Malaysia) Trustee Berhad, a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia.

Chapter 8 – The Trustee of the Fund, Section 8.5 Trustee’s Delegate

The Trustee has appointed The Hongkong And Shanghai Banking Corporation Limited as the custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through their nominee company, HSBC Nominees (Tempatan) Sdn Bhd and/or HSBC Bank Malaysia Berhad. The Hongkong And Shanghai Banking Corporation Limited is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian’s comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee.

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions. However, the Trustee is not liable for the acts, omissions or failure of third party depository including central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulations of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

Particulars of the Trustee's Delegate

For foreign asset:

The Hongkong And Shanghai Banking Corporation Limited
6/F, Tower 1,
HSBC Centre,
1 Sham Mong Road, Hong Kong.
Telephone No: (852)2288 1111

For local asset:

The Hongkong And Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (Registration No: 199301004117 (258854-D))
Level 21, Menara IQ
Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, Malaysia
Telephone No: (603)2075 3000
Fax No: (603)8894 2588

The Hongkong and Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Bank Malaysia Berhad (Registration No.: 198401015221(127776-V))
Level 21, Menara IQ
Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, Malaysia
Telephone No: (603)2075 3000
Fax No: (603) 8894 2588

Chapter 9 – Related-Party Transaction and Conflict of Interest, first paragraph

The directors and officers of the Manager, and the person(s) or members of a committee undertaking the oversight function of the Fund should avoid any conflict of interest arising, and if any conflict arises, should ensure that the Fund is not disadvantaged by the transaction concerned. Any transaction carried out by or on behalf of the Fund should be executed on terms which are the best available for the Fund and which are no less favourable to the Fund than an arm's length transaction between independent parties. In the event the interest of any directors and employees of the Manager, and the person(s) or members of a committee undertaking the oversight function of the Fund is directly or indirectly involved, he or she would abstain from being involved with any decision making process of the said transaction.

Chapter 9 – Related-Party Transaction and Conflict of Interest, HSBC (Malaysia) Trustee Berhad, first paragraph

As the trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events:-

- 1) where the Fund invests in instruments offered by the related party of the Trustee (e.g placement of monies, transferable securities, etc);
- 2) where the Fund is being distributed by the related party of the Trustee as IUTA;
- 3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- 4) where the Fund obtains financing as permitted under the Guidelines, from the related party of the Trustee.

Chapter 10 – Tax Adviser's Letter on the Taxation of the Fund and Unit Holders

The Tax adviser's letter has been updated.

MANAGER'S REPORT

MARKET REVIEW

FOREIGN FIXED INCOME MARKET

United States Treasury (“UST”) yields rose further in September 2022, moving between 52 basis points (“bps”) to 78bps across the curve, with short term yields soaring the highest. The 10 year UST yield jumped by 69bps to 3.947% on 27 September 2022, its highest level since April 2010, before closing the month at 3.832%. The sold off comes after US inflation for August 2022 printed higher than expected at 8.30% (consensus: 8.00%) and widely expected 75bps rate hike by the Federal Reserve (“Fed”) in September 2022 Federal Open Market Committee (“FOMC”). The US Fed reiterated that it would maintain its tightening pace in order to bring down inflation to 2.00%. UST yields continue soared after the latest “dot plot” of Fed expectations signaled a higher terminal rate of 4.60% in year 2023. This was also exacerbated by the announcement of the United Kingdom (“UK”) mini budget and planned tax cuts that have caused a surged in UK bond yields. However, global yields retreated slightly towards month end as the Bank of England (“BoE”) intervened by embarking on emergency quantitative easing.

In the final quarter of year 2022, the Fund Manager saw UST yields whipsawed from a steeper rise in curve by between 13bps to 94bps in early part of October 2022, on sustained view of a hawkish Fed, which expectation that the Federal Funds Rate would remain higher for longer. Demand for UST returned in final week of October 2022 as investors began to anticipate a dovish turn by the US Fed after US Purchasing Managers’ Index (“PMI”) data for September 2022 printed lower than expected. However, UST yields returned higher after a better than expected advance Gross Domestic Product (“GDP”) for third quarter of year 2022 (“3Q22”) and better than expected Automatic Data Processing jobs report for October 2022.

As expected, US Fed hiked rates by another 75bps in November 2022 FOMC, thus yields turned higher as Chairman Powell did not explicitly commit to slowing the pace of rate hikes and indicated that US interest rates likely reach a higher than expected terminal rate. However, yields turned lower after the October 2022 US Consumer Price Index (“CPI”) fell to a 9 month low pushing yields lower between -39bps to -49bps across the curve. The rally continued following softer than expected in October 2022. US Producer Price Index (“PPI”) and Core Personal Consumption Expenditure (“PCE”) price index, eased to 5.00% (September 2022: 5.20%), reinforcing investor’s confident that inflationary pressures are cooling.

The rally continued in early part of December 2022 following the Fed’s expectation in reducing the pace of monetary policy tightening and concerns that the Fed would keep rates higher for longer thus raising the risk of a recession in the US. Curve was inverted with longer term bond yields mostly traded lower. Nonetheless, UST yields spiked up

beginning third week December 2022, rising between 30bps to 48bps across the curve following the Bank of Japan (“BoJ”) unexpected move to adjust its yield curve controls. US yields continued to trend higher towards year end on the back of the upwardly revised 3Q22 GDP print (3.20%; second quarter of year 2022: -0.60%) and as key inflation data, Core PCE Price Index printed hotter than expected, climbed 4.70% Year-on-Year in November 2022 (Consensus: 4.60%; October 2022: 5.00%). The selling pressure was exacerbated when Chairman Powell stressed that the fight to tame inflation was not over, and that rates would be kept higher for longer, with no rate cuts until year 2024.

At the close, the benchmark 2 year, 5 year, 10 year and 30 year UST were last traded at 4.43% (November 2022: 4.31%), 4.01% (3.73%), 3.87% (3.60%) and 3.96% (3.73%) respectively.

Mirroring the movements of US Treasuries yields, most of the Gulf Cooperation Council (“GCC”)’s sukuk came under similar selling pressure during the last quarter of year 2022 as yields shifted higher across all sukuk credits attributed from the global monetary tightening. Sukuk indices plunged by massive 11.05% with Dow Jones Sukuk Index closed the year 2022 at 96.43 (December 2021: 108.41).

The start of the new year 2023, UST yields initially rallied due to weaker economic data, including a drop in US Manufacturing PMI, lower wage growth, and disappointing inflation figures. These signs raised concerns about a recession and potential Fed rate cuts. However, towards the end of January 2023, yields rose following a stronger than expected GDP estimate, increasing the likelihood of higher interest rates. In February 2023, UST yields continued to climb, supported by a 25bps Fed rate hike and strong US jobs and inflation data. March 2023 saw further UST sell offs, especially in the short and medium term Treasuries, as the market anticipated prolonged higher rates. A significant market disturbance occurred due to bank collapses, impacting rate hike expectations.

In the second quarter of year 2023 (“2Q23”), the UST yield curve exhibited a bull steepening pattern in April 2023. Early April 2023 saw yields drop due to weak economic data, but resilient job reports raised expectations for a rate hike, pushing yields higher again. The market remained range-bound as it awaited the May 2023 FOMC meeting. In May 2023, the UST yield curve bear flattened as short term yields rose significantly while long term yields also increased. Yields initially rallied in early May 2023 ahead of the FOMC meeting, where the Fed raised rates by 25bps, dispelling market expectations of rate cuts. Yields continued to rise due to expectations of sustained high rates, driven by hawkish Fed comments and debt ceiling concerns. The quarter ended with yields declining as debt ceiling negotiations progressed, leading to a bipartisan deal suspending the ceiling until January 2025.

In July 2023, global Treasury yields surged as the Fed signaled more rate hikes, supported by strong private payrolls data. However, yields dipped in the second week

due to easing inflation data. Yields then spiked as jobless claims came in below expectations, suggesting further rate hikes. The month ended with yields increasing as the Fed resumed rate hikes. In August 2023, medium and long term US Treasuries faced pressure amid optimism about the US economy avoiding a recession, lower than expected CPI data, and strong retail sales. Despite strong demand, yields rose due to concerns about prolonged higher rates, amplified by Fed meeting minutes. Yields later fell as the market looked ahead to the Jackson Hole Symposium and weak US manufacturing data.

At the close, the benchmark 2 year, 5 year, 10 year and 30 year UST were last traded at 4.86% (July 2023: 4.90%), 4.25% (4.15%), 4.11% (3.84%) and 4.21% (3.86%) respectively.

Similar uptrend in yields were seen across sukuk market and in GCC countries amidst sharper movements in UST yields. The selling pressure continued for most part of 2Q23 with the shorter tenures high yielders affected the most. Nevertheless, stronger bids continued to be present taking advantage of the rising yield on investment grade credits with yields surpassed 5.00%. The Dow Jones Sukuk Index closed the month of August 2023 at 96.03 (December 2022 at 96.43).

LOCAL MARKET

Malaysian Government Securities (“MGS”) yields curve generally bull flatten in the start of 3Q22. Demand for domestic bonds was generally strong, as global bond yields maintained a downtrend amid recession concerns and interest rate hikes. This comes amid a hotter than expected US inflation print, which has raised concerns of a global recession that may be triggered. Similar to Malaysia, stronger than expected Malaysia’s exports growth rose to a 13 month high of 38.80% in June 2022 (May 2022: 30.40%), at the same time inflation registered hotter than expected at 3.40% (May 2022: 2.80%). However, in August 2022, MGS yields mostly increased across the tenure. This comes after US recession risk fears were diminishing following the far better than expected US jobs report for July 2022 and tracking higher UST yields after the Fed’s hawkish stance was reiterated at Jackson Hole. MGS selling pressure continue in September 2022 after Bank Negara Malaysia (“BNM”) raised rates by another 25bps to 2.50%. Malaysia’s inflation for August 2023 accelerated to 4.70% (July 2022: 4.40%), justifying the BNM rate hike and reinforcing expectations of further rate hikes by BNM in November 2022. Local bond demand has weakened further after the US Fed embarked on another 75bps rate hike and signaled similarly large hikes going forward.

In the final quarter, local bond yields edged higher in early October 2022 following the unveiling of another expansionary budget and after the dissolution of parliament on 10 October 2022. Domestic sentiment turned cautious amid growing political uncertainty. Demand for MGS and Government Investment Issue (“GII”) were pressured in early November 2022 after BNM rate hike and cautious sentiment ahead of 15th General Election. However, demand for domestic bond is back after US CPI printed lower than

previous month and tracking a decline in global bond yields. Domestic yields continue trending lower following the appointment of Dato' Seri Anwar Ibrahim as Malaysia's 10th Prime Minister and improved political stability. Domestic yields trended lower in early December 2022 tracking the falling of UST yields as markets reinforced expectations of a less hawkish Fed. However, in mid-December 2022, MGS and GII moved higher tracking the rising of global bond yields following the BoJ surprise move to tweak its yield curve controls.

The 3 year, 10 year and 30 year MGS finished the year at 3.64%, 4.04% and 4.61%, having increased by 84bps, 45bps and 42bps. The yield curve generally flattened, mainly driven by geopolitics crisis, high and persistent inflation as well as interest rate hike cycle that kicks off in year 2022.

New year of 2023 starts with local bonds rallied, in line with the falling of global bonds yields as market expected less hawkish Fed and after US headline inflation for December 2022 fell for the sixth straight month. Local bonds yields rallied strongly following BNM's surprise decision to maintain the Overnight Policy Rate ("OPR") at 2.75% on 19 January 2023. BNM stated that the decision was made to assess the cumulative impact of prior rate hikes. In February 2023, domestic bond yields generally moving higher in line with rising global bond yields, particularly after the hotter than expected US inflation print. On local economic front, some data were printed weaker than expected, which are Manufacturing PMI and Industrial Production Index ("IPI") growth. In early March 2023, local bond yields generally edged higher tracking movement of global yields. However, local bond demand improved as investors sought safety in government bonds, prompted by intense market turbulence following the collapse of Silicon Valley Bank and pressure on Credit Suisse. At the same time, January 2023 IPI printed weaker mainly driven by slow manufacturing output and poor external demand. Towards end of first quarter of year 2023, local bond yields have trended slightly higher after the release of BNM's annual report, which signals that it would maintain an accommodative stance at the same time highlighting that domestic inflation remained a concern.

Local bonds generally rallied at the start of 2Q23, where overall yields trending lower in April 2023. The movement of domestic bond yields in line with US Treasury yields that rallied after the US labour market printed lower than expectations. In May 2023, local bonds saw some pressure leading up to May 2023 Monetary Policy Committee ("MPC") meeting and yields spiked following its surprise 25bps rate hike by BNM. BNM highlighted a positive economic outlook, supported by domestic demand and China's stronger than expected recovery and acknowledged that the risks to inflation remained tilted to the upside. However, local bond yields then turned higher, tracking a surge in global bond yields following hawkish comments by US Fed officials and whilst the BoE raised its policy rate by another 25bps to 4.50%. Domestic yields continue moving higher pressured by weaker ringgit and concern of US debt ceiling gridlock. Domestic bond yields increasing again after the US Fed's reiterates their hawkish outlook, although foreign demand for domestic bonds remained resilient.

Towards end of June 2023, domestic bonds were positively affected by lower global bond yields and were further supported by BNM statement of intervention in the foreign exchange market to stabilize the ringgit.

Domestic bonds market experienced pressure in July 2023 from higher UST yields as the market expected further rate hikes by the Fed. However, yields decreased after BNM decided to maintain the OPR at 3.00%, suggesting the completion of its policy normalization cycle. Domestic bonds then buoyed by a significant decline in global bond yields due to positive US inflation data. Despite tepid risk sentiment and comparatively lower domestic bond yields against developed markets, foreign portfolio inflows into the Malaysian bond market rose in June 2023.

Domestic bond yields in Malaysia were influenced by global bond yield fluctuations, central bank rate hikes, and economic data releases in the month of August 2023. Yields rose at the start of the month due to global bond yield increases, and attention was on the IPI release which expected to contract mainly due to a high base effect. Subsequently, yields partially fell with recovering demand for US Treasuries, and a focus on upcoming GDP data. In the mid of the month, bond yields impacted by bearish sentiment in the global bond market, resulting in higher yields and increased trading volume, with expectations of further yield increases. Towards month end, yields were influenced by declining global bond yields, and attention shifted to the Jackson Hole Symposium and US economic data for potential yield trends.

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 3.46% (July 2023: 3.47%), 3.59% (3.58%), 3.74% (3.74%), 3.84% (3.82%), 4.03% (4.01%), 4.15% (4.10%) and 4.27% (4.21%) respectively. Similarly, the GII 3 year, 5 year, 7 year, 10 year, 15 year and 20 year GII were reported at 3.46% (July 2023: 3.47%), 3.62% (3.65%), 3.78% (3.79%), 3.87% (3.85%), 3.99% (3.98%), and 4.23% (4.18%) respectively.

REVIEW OF FUND PERFORMANCE AND STRATEGY DURING THE FINANCIAL YEAR

For the financial year under review, the Fund has generated a return of 0.74%*, -2.78%* and -6.30%* for RM Class B, USD Class B and SGD Class B respectively. The Net Asset Value per unit of the Fund were RM0.9672, RM3.7938 and RM3.0467 (31 August 2022: RM0.9601, RM3.7652 and RM3.0275) as at 31 August 2023 for RM Class B, USD Class B and SGD Class B respectively.

* Source: Lipper Investment Management (“Lipper IM”), 19 September 2023

OUTLOOK STRATEGY GOING FORWARD

As first half of the year 2023 has passed, concerns about monetary policy uncertainties and inflation have eased broadly for most markets. That said, uncertainties remain over the possibility of an economic slowdown. For Malaysia this is premised on a lower than expected 2Q23 GDP of +2.90% versus consensus of +3.30%.

The second half of year 2023 would still be clouded by the US Fed's firm commitment to raise interest rates to fend off inflation but as a result also created more pressure to credit markets given higher borrowing costs across.

Malaysia's economic growth is expected to be moderate due to external challenges, likely falling towards the lower end of the 4.00% to 5.00% growth range. This growth will be driven by robust domestic demand, supported by improving employment, rising income levels, and ongoing multi-year projects.

Meanwhile, for inflation, both headline and core inflation are anticipated to decrease within expectations, mainly due to higher bases in the previous year. However, inflation risks persist, contingent on domestic policy changes regarding subsidies and price controls, as well as fluctuations in global commodity prices and financial markets.

BNM is expected to maintain the OPR at 3.00% for the rest of year 2023. Valuations in the domestic bond market have become a tad more expensive vis a vis the rise in US bond yields. What has supported this resilience in yield could have been attributed by deep onshore liquidity that is in the local system.

To navigate these conditions, the Fund Manager prefers shifting towards higher quality and more liquid assets while closely monitoring credit metrics in the face of prolonged restrictive monetary conditions. Duration wise, the Fund Manager advocates the strategy to adopt neutral to slightly overweight portfolio duration, taking profits and raising cash. Corporate bonds are preferred for yield pick-up as well as stability over government bonds.

PERFORMANCE DATA

	Annual Total Returns Financial Year Ended 31 August				
	2023 %	2022 %	2021 %	2020 %	2019 %
RHB Global Sukuk Fund - RM Class B					
- Capital Return	0.74	(9.03)	(2.33)	(0.89)	7.58
- Income Return	-	5.73	5.21	6.30	3.09
- Total Return	0.74	(3.82)	2.76	5.36	10.90
Global Sukuk Index*	2.88	1.96	1.85	2.63	3.28

	Annual Total Returns Financial Year/Period Ended 31 August				
	2023 %	2022 %	2021 %	2020 %	2019[^] %
RHB Global Sukuk Fund - USD Class B					
- Capital Return	(2.78)	(13.75)	(2.43)	(1.38)	1.40
- Income Return	-	3.56	3.31	-	-
- Total Return	(2.78)	(10.69)	0.80	(1.38)	1.40
Global Sukuk Index*	(0.77)	(5.29)	2.06	3.62	(1.10)

	Annual Total Returns Financial Year/Period Ended 31 August		
	2023 %	2022 %	2021[^] %
RHB Global Sukuk Fund - SGD Class B			
- Capital Return	(6.30)	(7.96)	2.79
- Income Return	-	1.06	-
- Total Return	(6.30)	(6.98)	2.79
Global Sukuk Index*	(3.94)	(1.77)	0.97

	Average Annual Returns			
	1 Year 31.08.2022- 31.08.2023 %	3 Years 31.08.2020- 31.08.2023 %	5 Years 31.08.2018- 31.08.2023 %	Since Inception 28.09.2017**- 31.08.2023 %
RHB Global Sukuk Fund - RM Class B	0.74	(0.14)	3.07	2.82
Global Sukuk Index*	2.88	2.23	2.51	2.63

	Average Annual Returns		
	1 Year 31.08.2022- 31.08.2023 %	3 Years 31.08.2020- 31.08.2023 %	Since Inception 08.07.2019**- 31.08.2023 %
RHB Global Sukuk Fund - USD Class B	(2.78)	(4.34)	(3.16)
Global Sukuk Index*	(0.77)	(1.38)	(0.42)

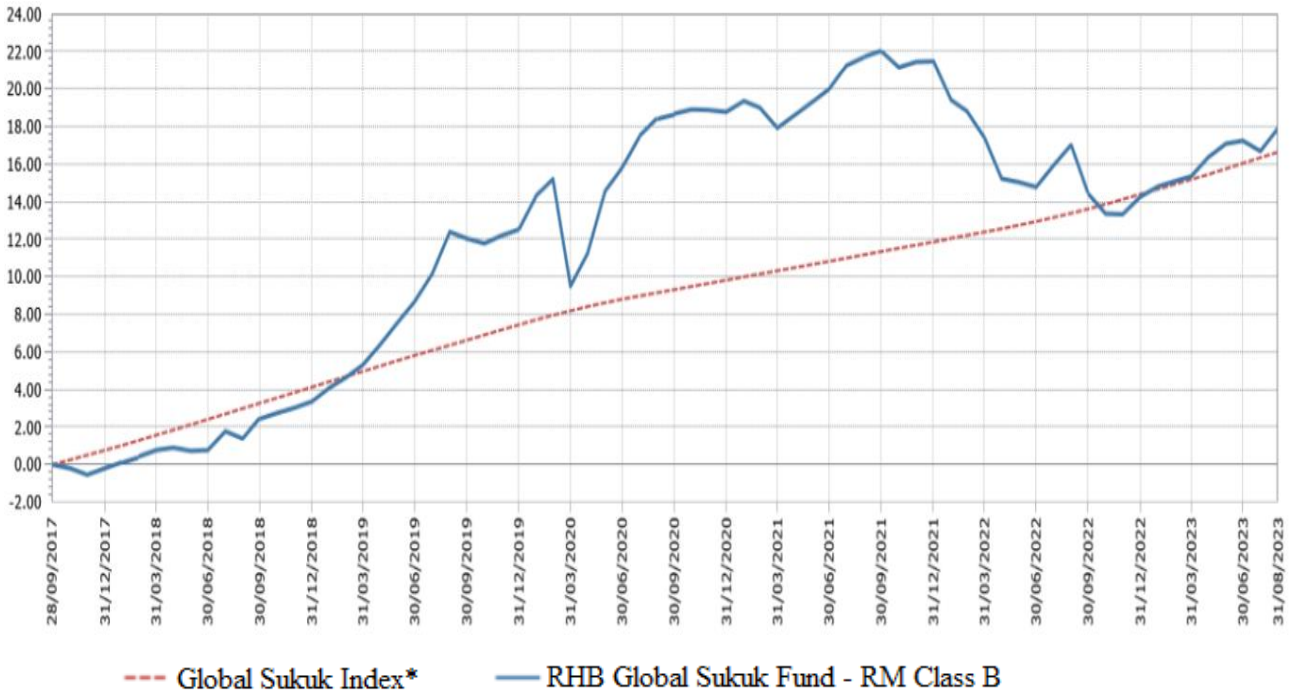
	Average Annual Returns			
	1 Year 31.08.2022- 31.08.2023 %	3 Years 31.08.2020- 31.08.2023 %	5 Years 31.08.2018- 31.08.2023 %	Since Inception 28.09.2017**- 31.08.2023 %
RHB Global Sukuk Fund - SGD Class B	(6.30)	(3.60)	(2.17)	(1.84)
Global Sukuk Index*	(3.94)	(1.60)	(0.23)	0.94

[^] For the financial period since the last day of Initial Offer Period

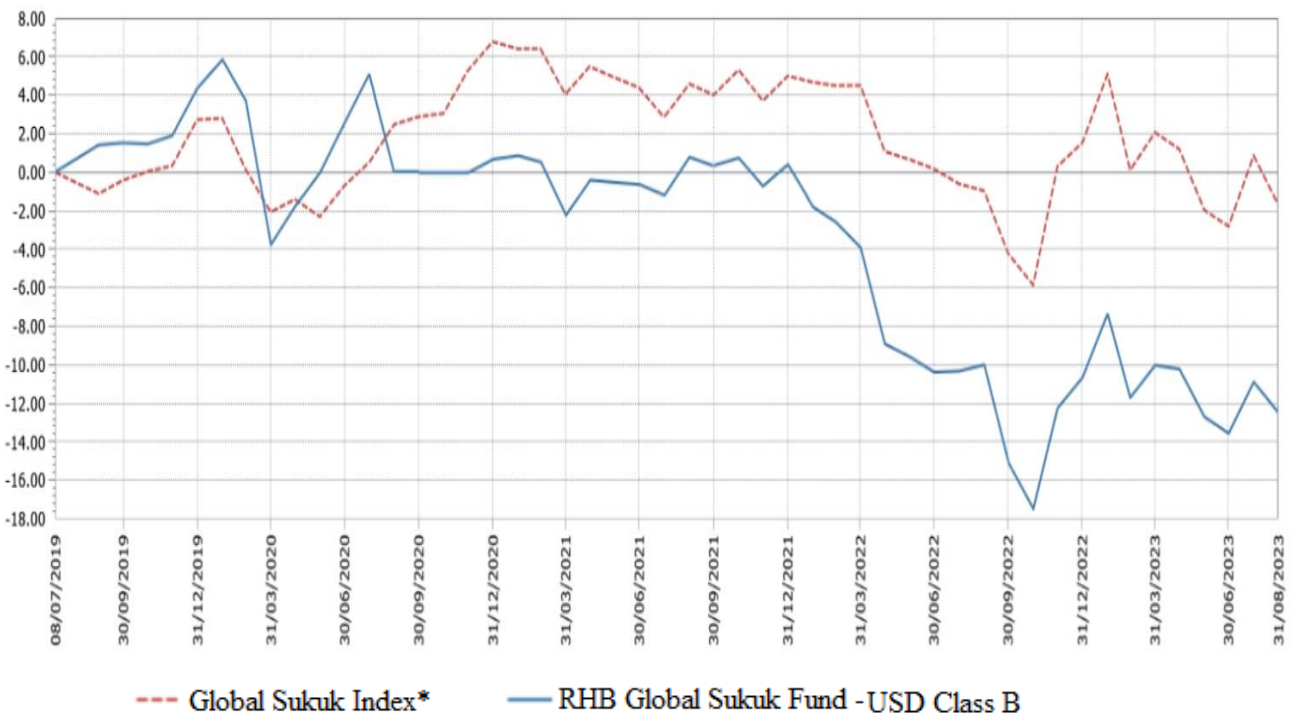
** Being the last day of Initial Offer Period

* Effective 28 August 2023, the Fund's composite benchmark (Global Sukuk Index) was changed from Maybank Islamic Berhad's 12-months Islamic Fixed Deposit-i to RHB Islamic Bank Berhad's 12-month Commodity Murabahah Deposit-i. The Fund's composite benchmark performance has been adjusted to reflect the new benchmark.

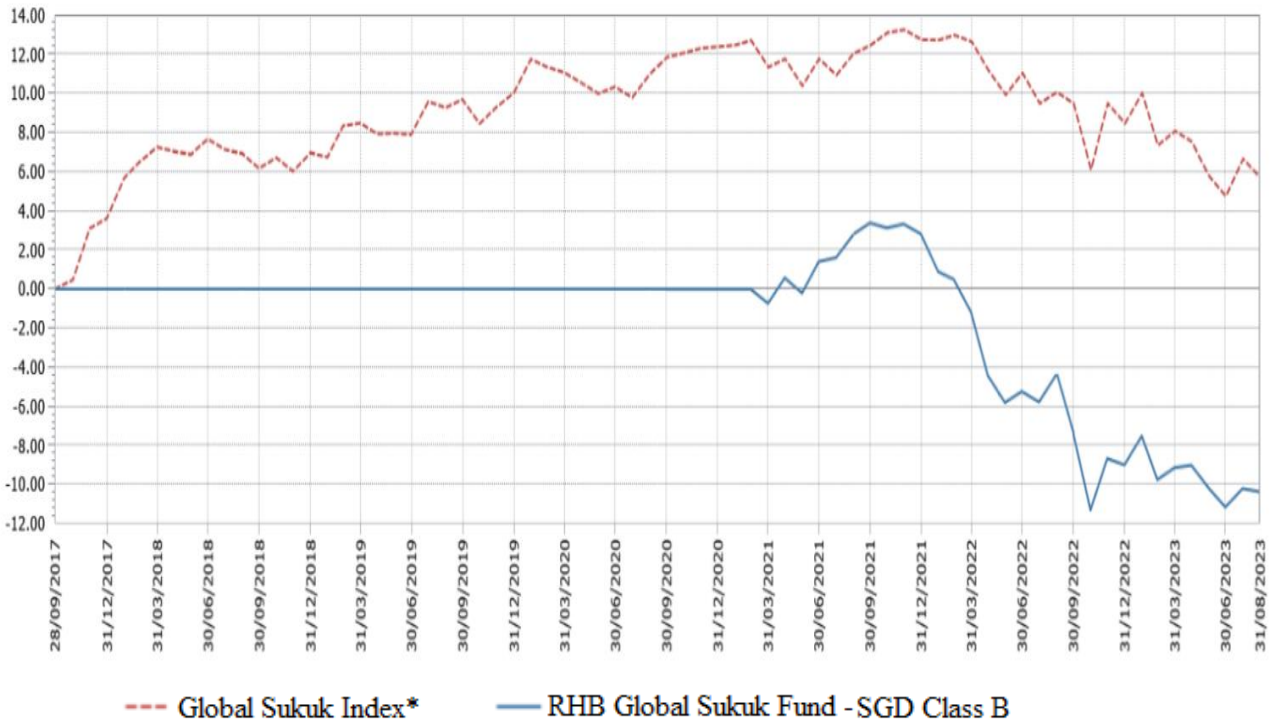
**Performance of RHB Global Sukuk Fund – RM Class B
for the period from 28 September 2017** to 31 August 2023
Cumulative Return Over The Period (%)**



**Performance of RHB Global Sukuk Fund – USD Class B
for the period from 08 July 2019** to 31 August 2023
Cumulative Return Over The Period (%)**



**Performance of RHB Global Sukuk Fund – SGD Class B
for the period from 28 September 2017** to 31 August 2023
Cumulative Return Over The Period (%)**



** Being the last day of Initial Offer Period

Source: Lipper IM, 19 September 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.

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

From 28 September 2017 to 27 August 2023	Maybank Islamic Berhad’s 12-months Islamic Fixed Deposit-i
28 August 2023 onwards	RHB Islamic Bank Berhad’s 12-month Commodity Murabahah Deposit-i

Fund Size - RM Class B	As at 31 August		
	2023	2022	2021
Net Asset Value (RM million)	11.43	17.79*	25.76*
Units In Circulation (million)	11.81	18.53	24.41
Net Asset Value Per Unit (RM)	0.9672	0.9601*	1.0553*

Fund Size - USD Class B	As at 31 August		
	2023	2022	2021
Net Asset Value (RM million)	0.01	0.00 [^] *	0.00 [^] *
Units In Circulation (million)	0.00 [^]	0.00 [^]	0.00 [^]
Net Asset Value Per Unit (RM)	3.7938	3.7652*	4.0542*

Fund Size - SGD Class B	As at 31 August		
	2023	2022	2021
Net Asset Value (RM million)	0.71	0.45*	0.22
Units In Circulation (million)	0.23	0.15	0.07
Net Asset Value Per Unit (RM)	3.0467	3.0275*	3.1780

* *The figures quoted are ex-distribution*

[^] *denotes less than 0.01 million*

Historical Data	Financial Year/Period Ended 31 August		
	2023	2022	2021
Unit Prices - RM Class B			
NAV - Highest (RM)	0.9672	1.0611*	1.1108*
- Lowest (RM)	0.9261	0.9599*	1.0545*
Unit Prices - USD Class B			
NAV - Highest (USD)	0.8715	0.9830*	1.0085*
- Lowest (USD)	0.7690	0.8389*	0.9727*
Unit Prices - SGD Class B			
NAV - Highest (SGD)	0.9467	1.0365*	1.0290
- Lowest (SGD)	0.8642	0.9369*	0.9913
Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.18	1.21	1.02
Portfolio Turnover Ratio (PTR) (times) ##	0.73	0.54	0.67

* *The figures quoted are ex-distribution*

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

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

Distribution Date	Financial Year/Period Ended 31 August			
	Gross Distribution Per Unit (sen)	Net Distribution Per Unit (sen)	NAV before distribution (cum)	NAV after distribution (ex)
<u>2022</u> <u>RM Class B</u>				
25.08.2022	5.5000	5.5000	1.0146	0.9601
<u>USD Class B</u>				
25.08.2022	3.0000	3.0000	0.8692	0.8423
<u>SGD Class B</u>				
25.08.2022	1.0000	1.0000	0.9496	0.9408
<u>2021</u> <u>RM Class B</u>				
26.08.2021	5.5000	5.5000	1.1102	1.0545
<u>USD Class B</u>				
26.08.2021	3.2000	3.2000	0.9966	0.9662

DISTRIBUTION

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

PORTFOLIO STRUCTURE

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

	As at 31 August		
	2023	2022	2021
	%	%	%
Sectors			
Unquoted sukuk	91.16	96.77	99.96
Islamic forward foreign currency contacts	(0.04)	(0.31)	(0.46)
Liquid assets and other net current assets	8.88	3.54	0.50
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocations have been structured to meet the Fund's intended objective.

SECURITIES FINANCING TRANSACTIONS

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

CROSS TRADE

Cross trade transactions carried out during the reported year have been reviewed by the Investment Committee of the Fund in the month of October 2022, January 2023, and July 2023 to ensure that such transactions are in the best interest of the Fund, transacted on an arm's length (*) and fair value basis.

** Transactions at arm's length refer to transactions entered in the normal course of business at prevailing market price as at the date of cross trade.*

SOFT COMMISSION

There were no soft commissions received by the management company for the financial year under review.

**RHB GLOBAL SUKUK FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
ASSETS			
Bank balances	5	113,138	168,113
Islamic deposits with licensed financial institutions	5	940,147	522,696
Investments	6	11,077,581	17,650,927
Amount due from Manager		1,596	1,239
Tax recoverable		71,214	-
TOTAL ASSETS		<u>12,203,676</u>	<u>18,342,975</u>
LIABILITIES			
Islamic forward foreign currency contracts	7	5,210	57,107
Amount due to Manager		20,899	-
Accrued management fee		10,313	15,469
Amount due to Trustee		516	774
Tax payable		-	11,500
Other payables and accruals		14,974	18,924
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>51,912</u>	<u>103,774</u>
NET ASSET VALUE		<u>12,151,764</u>	<u>18,239,201</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>12,151,764</u>	<u>18,239,201</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS:			
- RM Class B		11,426,832	17,787,264
- USD Class B		10,275	4,061
- SGD Class B		714,657	447,876
		<u>12,151,764</u>	<u>18,239,201</u>

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

**RHB GLOBAL SUKUK FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023 (CONTINUED)**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
UNITS IN CIRCULATION:			
- RM Class B (Units)	9(a)	11,814,714	18,526,365
- USD Class B (Units)	9(b)	2,708	1,079
- SGD Class B (Units)	9(c)	234,564	147,937
		<u>12,051,986</u>	<u>18,675,381</u>
NET ASSET VALUE PER UNIT:			
- RM Class B		0.9672	0.9601
- USD Class B		3.7938	3.7652
- SGD Class B		<u>3.0467</u>	<u>3.0275</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES:			
- RM Class B (RM)		0.9672	0.9601
- USD Class B (USD)		0.8182	0.8416
- SGD Class B (SGD)		<u>0.8871</u>	<u>0.9438</u>

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

**RHB GLOBAL SUKUK FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
INCOME/(LOSS)			
Profit income from unquoted sukuk		744,507	821,141
Profit from Islamic deposits with licensed financial institutions		19,235	8,063
Net realised gain on disposal		56	425,112
Net unrealised gain/(loss) on changes in fair value		168,683	(1,364,768)
Net loss on Islamic forward foreign currency contracts	7	(629,232)	(433,028)
Net (loss)/gain on foreign currency exchange		(70,478)	1,248
		<u>232,771</u>	<u>(542,232)</u>
EXPENSES			
Management fee	10	(162,175)	(207,030)
Trustee's fee	11	(8,109)	(10,352)
Audit fee		(7,800)	(7,350)
Tax agent's fee		(3,800)	(3,800)
Other expenses		(9,134)	(21,153)
		<u>(191,018)</u>	<u>(249,685)</u>
Net income/(loss) before finance cost and taxation		<u>41,753</u>	<u>(791,917)</u>
FINANCE COST (EXCLUDING DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)			
Distributions:			
- RM Class B	13(a)	-	(964,319)
- USD Class B	13(b)	-	(140)
- SGD Class B	13(c)	-	(4,687)
		<u>-</u>	<u>(969,146)</u>

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

RHB GLOBAL SUKUK FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
Net income/(loss) after finance cost and before taxation		41,753	(1,761,063)
Taxation	12	<u>16,956</u>	<u>(23,000)</u>
Net increase/(decrease) in net assets attributable to unit holders		<u>58,709</u>	<u>(1,784,063)</u>
Net increase/(decrease) in net assets attributable to unit holders is made up of the following:			
Realised amount		(92,663)	(482,441)
Unrealised amount		<u>151,372</u>	<u>(1,301,622)</u>
		<u>58,709</u>	<u>(1,784,063)</u>

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

RHB GLOBAL SUKUK FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	<u>2023</u> RM	<u>2022</u> RM
Net assets attributable to unit holders at the beginning of the financial year	18,239,201	25,985,311
Movement due to units created and cancelled during the financial year:		
Creation of units from applications:		
- RM Class B	501,806	1,042,376
- USD Class B	6,084	284,679
- SGD Class B	388,423	282,766
	<u>896,313</u>	<u>1,609,821</u>
Creation of units from distributions:		
- RM Class B	-	964,319
- USD Class B	-	140
- SGD Class B	-	4,687
	<u>-</u>	<u>969,146</u>
Cancellation of units:		
- RM Class B	(6,907,496)	(8,217,056)
- USD Class B	-	(283,732)
- SGD Class B	(134,963)	(40,226)
	<u>(7,042,459)</u>	<u>(8,541,014)</u>
Net increase/(decrease) in net assets attributable to unit holders during the financial year	<u>58,709</u>	<u>(1,784,063)</u>
Net assets attributable to unit holders at the end of financial year	<u>12,151,764</u>	<u>18,239,201</u>

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

**RHB GLOBAL SUKUK FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		15,074,310	15,023,027
Purchase of investments		(8,475,461)	(7,792,845)
Profit received from investments		887,743	975,995
Profit received from Islamic deposits with licensed financial institutions		19,235	8,063
Management fee paid		(167,331)	(218,455)
Trustee's fee paid		(8,367)	(10,923)
Net realised loss on Islamic forward foreign currency contracts		(681,129)	(494,980)
Net realised foreign exchange (loss)/gain		(1,269)	55
Tax paid		(65,758)	(11,500)
Payment for other fees and expenses		(24,684)	(31,272)
Net cash generated from operating activities		<u>6,557,289</u>	<u>7,447,165</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		895,956	1,629,779
Cash paid for units cancelled		<u>(7,021,560)</u>	<u>(8,541,014)</u>
Net cash used in financing activities		<u>(6,125,604)</u>	<u>(6,911,235)</u>
Net increase in cash and cash equivalents		431,685	535,930
Foreign currency translation differences		(69,209)	1,193
Cash and cash equivalents at the beginning of the financial year		<u>690,809</u>	<u>153,686</u>
Cash and cash equivalents at the end of the financial year	5	<u>1,053,285</u>	<u>690,809</u>

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

**RHB GLOBAL SUKUK FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Global Sukuk Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 10 August 2017 as modified via its First Supplemental Deed dated 6 November 2020 and Second Supplemental Deed dated 22 March 2023 (hereinafter referred to as “the Deeds”) between RHB Islamic International Asset Management Berhad (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund was launched on 8 September 2017 and will continue its operations until terminated according to the conditions provided in the Deed.

The principal activity of the Fund is to invest in Permitted Investments as defined in the Deed. All investments will be subject to the Securities Commission Malaysia (“SC”)’s Guidelines on Unit Trust Funds, SC’s requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and objective of the Fund.

The main objective of the Fund is to provide income and medium to long term capital growth by investing into global sukuk.

The Manager, a company incorporated in Malaysia, is a wholly-owned subsidiary of RHB Asset Management Sdn Bhd, effective 1 December 2013. Its principal activities include rendering of Islamic fund management services and management of Islamic unit trust funds.

These financial statements were authorised for issue by the Manager on 23 October 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 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 September 2022

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 September 2022, 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.

- 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 September 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:

- (i) those to be measured subsequently at fair value through profit or loss (“FVTPL”), and
- (ii) 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 profit, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies 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.

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

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with SC as per the SC Guidelines on Unit Trust Funds.

Unquoted sukuk denominated in foreign currencies are valued on each valuation day using the Bloomberg Generic Price (BGN price) provided by Bloomberg. Where BGN prices are not available on a valuation day, these sukuk will be valued by reference to the average indicative yield quoted by three independent and reputable financial institutions.

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

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

Islamic derivative investments are Islamic forward foreign currency contracts. Financial derivative position will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivatives 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 they are included in the measurement of the derivative financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

Islamic deposits with licensed financial institutions are stated at cost plus accrued profit calculated on the effective profit 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 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. 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.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial liabilities

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

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

The Fund's financial liabilities which include amount due to 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 profit method.

The Fund's policies on derivative instruments are stated in Note 2.2 and Note 2.12.

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

2.4 Creation and cancellation of units

The unit holders' contribution to the Fund meet the definition of puttable instruments classified as financial liability under MFRS132 "Financial Instruments: Presentation".

The Fund issues three classes of cancellable units, which are cancelled at the unit holders' option and do not have identical features subject to restrictions as stipulated in the Prospectus and the SC Guidelines on Unit Trust Funds. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value attributable to the unit class. The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unit holders exercise the right to put the unit back to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's net asset value per share of the respective classes at the close of business on the relevant dealing day. The Fund's net asset value per share of the respective classes is calculated by dividing the net assets attributable to the unit holders of each class of units with the total number of outstanding units for each respective class.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income recognition

Profit income from Islamic deposits with licensed financial institutions and unquoted sukuk are 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 unquoted sukuk is measured by the difference between disposal proceeds and the carrying amount of investments (adjusted for accretion of discount or amortisation of premium).

Realised gain or loss on Islamic forward foreign currency contract are measured by the net settlement amount as per the Islamic 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 financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2.8 Distribution

Distribution to the Fund's unit holders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Presentation and functional currency

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

Due to mixed factors in determining the functional currency of the Fund, the 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:

- (i) Part of the Fund’s cash is denominated in RM for the purpose of making settlement of the creation and cancellation.
- (ii) The Fund’s significant expenses are denominated in RM.

2.10 Foreign currency translations

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.

2.11 Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders.

2.12 Islamic derivative financial instruments

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Islamic derivative financial instruments (continued)

The method of recognising the resulting gain or loss depends on whether the Islamic derivative financial instrument is designated as a hedging instrument, and the nature of the item being hedged. Islamic 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 price risk, profit rate risk, currency risk, credit risk, liquidity risk, Shariah specific 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.

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 (other than those arising from profit rate risk).

The Fund is exposed to price risk arising from profit rate risk in relation to its investments of RM11,077,581 (2022: RM17,650,927) in unquoted sukuk. The Fund's exposure to price risk arising from profit rate risk and the related sensitivity analysis are disclosed in "Profit rate risk" below.

Profit rate risk

In general, when profit rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when profit rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted sukuk till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate profit rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future profit rate trend of the Manager, which is based on its continuous fundamental research and analysis.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Profit rate risk (continued)

This risk is crucial since unquoted sukuk portfolio management depends on forecasting profit rate movements. Unquoted sukuk with longer maturity and lower yield coupon rates are more susceptible to profit rate movements.

Investors should note that unquoted investments in unquoted fixed income securities and money market instruments are affected by profit rate fluctuations. Such investments may be affected by unanticipated rise in profit rates which may impair the ability of the issuers to make payments of profit income and principal, especially if the issuers are highly leveraged. An increase in profit rates may therefore increase the potential of default by an issuer.

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

<u>% Change in profit rate</u>	Impact on profit or loss and net asset value	
	<u>2023</u> RM	<u>2022</u> RM
+1%	(54,687)	(65,690)
- 1%	55,153	66,102

The Fund's exposure to profit rate risk arises from investments in Islamic deposits with licensed financial institutions are expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

Currency risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

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

The analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5%, with all other variables remain constants, the impact on statement of income and expenses and net asset value is +RM152,808/-RM151,641 (2022: -RM19,813/-RM5,259).

Investors who are converting from Ringgit Malaysia (“RM”) to United States Dollar (“USD”) and Singapore Dollar (“SGD”) to invest into the USD Class B and SGD Class B of the Fund will be subjected to currency risk. Investors are exposed to currency risk as the distribution and payment at maturity for USD Class B and SGD Class B. When RM moves unfavourably against the USD and SGD currencies, investors may face currency losses if they convert from RM to USD and SGD.

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

	<u>Unquoted sukuk</u> RM	<u>Cash and cash equivalents</u> RM	<u>Islamic forward foreign currency contracts</u> RM	<u>Other financial assets*</u> RM	<u>Net assets attributable to unit holders</u> RM	<u>Total</u> RM
<u>2023</u>						
USD	5,079,988	6,746	(5,210)	818	(10,275)	5,072,067
SGD	-	53,881	-	2,194	(714,657)	(658,582)
	<u>5,079,988</u>	<u>60,627</u>	<u>(5,210)</u>	<u>3,012</u>	<u>(724,932)</u>	<u>4,413,485</u>
<u>2022</u>						
USD	6,698,643	35,764	(57,107)	116	(4,061)	6,673,355
SGD	-	80,123	-	2,402	(447,876)	(365,351)
	<u>6,698,643</u>	<u>115,887</u>	<u>(57,107)</u>	<u>2,518</u>	<u>(451,937)</u>	<u>6,308,004</u>

* Comprise of amount due from Manager.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

This refers to the likelihood that the company issuing the sukuk and/or financial institution where liquid assets of the Fund are deposited may default. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Municipal sukuk are subject to the risk that litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of an issuer could have a significant effect on the issuer's ability to make payments of principal and/or profit. A unit trust fund could lose money if the issuer or guarantor of a sukuk, or the counterpart to a derivatives contract, repurchase agreement or a financial institution, is unable or unwilling to make timely principal and/or profit payments, or to otherwise honour its obligations. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer and/or financial institution.

This risk also refers to the possibility that the issuer of an instrument and/or financial institution will not be able to make timely payments of profit and/or principal repayment on the maturity date, where applicable. This may lead to a default in the payment of principal and/or profit and ultimately a reduction in the value of 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 Manager are governed by the SC Guidelines on Unit Trust Funds.

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

	<u>Unquoted sukuk</u> RM	<u>Cash and cash equivalents</u> RM	<u>Amount due from Manager</u> RM	<u>Total</u> RM
<u>2023</u>				
AAA	-	1,053,285	-	1,053,285
AAA (S)	548,268	-	-	548,268
AA- IS	2,658,190	-	-	2,658,190
AA3	772,377	-	-	772,377
A+ IS	990,675	-	-	990,675
A1	3,894,939	-	-	3,894,939
A IS	1,028,083	-	-	1,028,083
A3	1,185,049	-	-	1,185,049
Others	-	-	1,596	1,596
	<u>11,077,581</u>	<u>1,053,285</u>	<u>1,596</u>	<u>12,132,462</u>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

The following table sets out the credit risk concentration of the Fund: (continued)

	Unquoted sukuk RM	Cash and cash equivalents RM	Amount due from Manager RM	Total RM
<u>2022</u>				
AAA	1,826,226	690,809	-	2,517,035
AA1	743,046	-	-	743,046
AA3	3,573,976	-	-	3,573,976
AA- IS	2,511,541	-	-	2,511,541
A+ IS	779,050	-	-	779,050
A IS	1,019,538	-	-	1,019,538
A1	498,907	-	-	498,907
Baa1	2,182,273	-	-	2,182,273
Baa3	859,584	-	-	859,584
BBB	3,656,786	-	-	3,656,786
Others	-	-	1,239	1,239
	<u>17,650,927</u>	<u>690,809</u>	<u>1,239</u>	<u>18,342,975</u>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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. As such, the Fund may not be able to sell such illiquid investments at an advantageous time or price to meet its liquidity requirements. Unit trust funds with principal investment strategies that involve securities or securities with substantial market and/or credit risk tend to have the greater exposure to liquidity risk. As part of its risk management, the 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.

	Less than 1 <u>month</u> RM	Between 1 month to 1 <u>year</u> RM
<u>2023</u>		
Islamic forward foreign currency contracts	-	5,210
Amount due to Manager	20,899	-
Accrued management fee	10,313	-
Amount due to Trustee	516	-
Other payables and accruals	-	14,974
Net assets attributable to unit holders*	12,151,764	-
	12,183,492	20,184
<u>2022</u>		
Islamic forward foreign currency contracts	-	57,107
Accrued management fee	15,469	-
Amount due to Trustee	774	-
Other payables and accruals	-	18,924
Net assets attributable to unit holders*	18,239,201	-
	18,255,444	76,031

* Outstanding units are redeemed on demand at the unit holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unit holders typically retain them for the medium to long term.

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 dispose 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 disposal and thus, adversely affecting the value of the Fund.

Capital risk

The capital of the Fund is represented by net assets attributable to unit holders of RM12,151,764 (2022: RM18,239,201). The amount of net assets attributable to unit holders 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.

4. FAIR VALUE ESTIMATION (CONTINUED)

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, 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)

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:

	<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:				
- Unquoted sukuk	-	11,077,581	-	11,077,581
Financial liabilities at FVTPL:				
- Islamic forward foreign currency contracts	-	(5,210)	-	(5,210)
<u>2022</u>				
Financial assets at FVTPL:				
- Unquoted sukuk	-	17,650,927	-	17,650,927
Financial liabilities at FVTPL:				
- Islamic forward foreign currency contracts	-	(57,107)	-	(57,107)

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted sukuk and Islamic 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 and Note 2.12.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2023</u> RM	<u>2022</u> RM
Bank balances	113,138	168,113
Islamic deposits with licensed financial institutions	940,147	522,696
	<u>1,053,285</u>	<u>690,809</u>

6. INVESTMENTS

	<u>2023</u> RM	<u>2022</u> RM
Investments:		
- Unquoted sukuk - local	5,997,593	10,952,284
- Unquoted sukuk - foreign	5,079,988	6,698,643
	<u>11,077,581</u>	<u>17,650,927</u>

Investments as at 31 August 2023 are as follows:

<u>Name of Counter</u>	<u>Ratings</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED SUKUK – LOCAL					
5.10% DRB-Hicom Berhad 12/12/2029	A+ IS	500,000	503,127	499,129	4.11
5.86% Lebuhraya Duke Fasa 3 Sdn Bhd 23/08/2033	AA- IS	1,000,000	1,052,668	1,047,305	8.62
5.09% Malaysian Resources Corporation Berhad 18/10/2028	AA- IS	500,000	501,755	511,913	4.21
6.30% MEX II Sdn Bhd 29/04/2033	D*	500,000	549,730	-	-
5.34% Sarawak Petchem Sdn Bhd 27/07/2035	AAA (S)	500,000	502,606	548,268	4.51

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Ratings</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED SUKUK – LOCAL (CONTINUED)					
4.73% Solar Management Seremban 21/10/2032	AA3	250,000	257,499	246,094	2.03
6.03% Tanjung Bin Energy Sdn Bhd 23/05/2030	AA3	500,000	510,087	526,283	4.33
3.95% TG Excellence Berhad 31/12/2049	A+ IS	500,000	490,167	491,546	4.05
6.35% UMW Holdings Berhad Perp 31/12/2049	AA- IS	1,000,000	1,023,223	1,098,972	9.04
6.00% WCT Holdings Berhad Perp 31/12/2049	A IS	1,000,000	1,025,925	1,028,083	8.46
TOTAL UNQUOTED SUKUK – LOCAL			6,416,787	5,997,593	49.36
UNQUOTED SUKUK – FOREIGN					
5.493% DIB Sukuk Ltd 30/11/2027	A3	1,159,250	1,124,401	1,185,049	9.75
5.06% Saudi Electrical Global 08/04/2043	A1	1,159,250	1,110,599	1,108,265	9.12
5.684% Saudi Electricity Sukuk 11/04/2053	A1	927,400	925,374	905,249	7.45
5.78% TMS Issuer S.A.R.L 23/08/2032	A1	1,854,800	1,898,233	1,881,425	15.48
TOTAL UNQUOTED SUKUK - FOREIGN			5,058,607	5,079,988	41.80
TOTAL INVESTMENTS			11,475,394	11,077,581	91.16

6. INVESTMENTS (CONTINUED)

Investments as at 31 August 2022 are as follows:

<u>Name of Counter</u>	<u>Ratings</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED SUKUK – LOCAL					
5.55% Cenergi Sea Berhad 22/12/2028	A1	500,000	507,938	498,907	2.74
5.10% DRB-Hicom Berhad 12/12/2029	A+ IS	500,000	502,729	490,999	2.69
5.05% DRB-Hicom Berhad 06/08/2031	A+ IS	300,000	302,056	288,051	1.58
6.19% EDRA Energy Sdn Bhd 04/07/2031	AA3	500,000	548,504	553,593	3.04
4.90% Infracap Resources Sdn Bhd 15/04/2036	AAA	300,000	296,613	306,174	1.68
5.86% Lebuhraya Duke Fasa 3 Sdn Bhd 23/08/2033	AA- IS	1,000,000	1,056,503	1,014,265	5.56
6.30% MEX II Sdn Bhd 29/04/2033	D*	500,000	553,657	-	-
4.83% MMC Port Holding Sdn Bhd 08/04/2032	AA- IS	400,000	407,709	403,264	2.21
5.34% Sarawak Petchem Sdn Bhd 27/07/2035	AAA	500,000	502,606	527,618	2.89
4.73% Solar Management Seremban 21/10/2032	AA3	500,000	515,833	469,783	2.58
6.03% Tanjung Bin Energy Sdn Bhd 23/05/2030	AA3	2,000,000	2,041,195	2,034,252	11.15
6.15% Tanjung Bin Energy Sdn Bhd 15/09/2031	AA3	500,000	561,150	516,348	2.83

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Ratings</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED SUKUK – LOCAL (CONTINUED)					
4.47% Tenaga Nasional Berhad 25/11/2036	AAA	1,000,000	1,012,063	992,434	5.44
5.40% Triplec Medical Sdn Bhd 23/10/2031	AA1	700,000	719,845	743,046	4.07
6.35% UMW Holdings Berhad Perp 31/12/2049	AA- IS	1,000,000	1,023,221	1,094,012	6.00
6.00% WCT Holdings Berhad Perp 31/12/2049	A IS	1,000,000	1,025,759	1,019,538	5.59
TOTAL UNQUOTED SUKUK – LOCAL			11,577,381	10,952,284	60.05
UNQUOTED SUKUK – FOREIGN					
3.875% Aldar Sukuk No 2 Ltd 22/10/2029	Baa1	2,237,000	2,233,920	2,182,273	11.96
3.326% Arab National Bank Var 28/10/2030	Baa3	894,800	853,367	859,584	4.71
4.50% MAF Sukuk Ltd 03/11/2025	BBB	2,237,000	2,187,737	2,282,098	12.51
4.638% MAF Sukuk Ltd 14/05/2029	BBB	1,342,200	1,365,018	1,374,688	7.54
TOTAL UNQUOTED SUKUK - FOREIGN			6,640,042	6,698,643	36.72
TOTAL INVESTMENTS			18,217,423	17,650,927	96.77

6. INVESTMENTS (CONTINUED)

* MEX II Sdn Bhd (“MEX II”) RM1.30 billion Sukuk Murabahah Programme

On 18 October 2019, MARC had downgraded the rating of MEX II Sdn Bhd’s (“MEX II”) RM1.3 billion Sukuk Murabahah Programme from AA- to A whilst maintaining the rating on a negative outlook premised on rising completion risk and increased uncertainty with regard to completion and associated tolling date of the 16.8-km Lebuhraya KLIA (MEX Extension) project. MARC further placed MEX II’s ratings on MARCWatch Negative on 22 May 2020 due to the lack of construction progress at the Expressway.

On 30 October 2020, MEX II fulfilled its obligation on the Sukuk with a full and timely profit payment of circa RM39 million from monies previously ring-fenced for the sole benefit of Sukukholders in a reserve account.

On 18 November 2020, MARC downgraded MEX II’s ratings to BBB from A and the rating remained on MARCWatch Negative following concerns on MEX II’s timely ability to obtain additional financing to meet its debt obligations in April 2021 and complete a sukuk restructuring exercise.

On 9 February 2021, MARC further downgraded the rating to BB from BBB while maintaining the rating on MARCWatch Negative due to escalating risk that MEX II may not be able to obtain a liquidity line in time to meet Sukuk principal and profit payments of RM68.7 million due on 29 April 2021.

On 26 March 2021, MARC downgraded MEX II’s rating to C from BB while maintaining the rating on MARCWatch Negative due to mounting liquidity pressure and the risk of missing the upcoming Sukuk payments on 29 April 2021, further highlighting that MEX II’s viability rests on a successful Sukuk restructuring through which additional funding will be available to complete the Expressway.

On 26 April 2021, Sukukholders holding in aggregate not less than 75% of the nominal value of the Sukuk had consented to the deferment of Sukuk principal and profit amounting to RM68.7 million originally due on (i) 28 April 2021 (i.e., principal repayment of RM30 million and the profit payment in respect of this tranche only) and (ii) 30 April 2021 (i.e., profit payments in respect of the other tranches) for 4 months until 27 August 2021.

6. INVESTMENTS (CONTINUED)

*MEX II Sdn Bhd (“MEX II”) RM1.30 billion Sukuk Murabahah Programme (continued)

On 24 August 2021, Sukukholders voted to approve the deferment of Sukuk obligations falling due on 27 August 2021 and 29 October 2021 to 31 December 2021 to buy more time for the proposed restructuring. On 3 January 2022, the Trustee formally declared an Event of Default when MEX II failed to remit the deferred amount on due date of 31 December 2021 upon which the Dissolution Amount of RM1,378,113,337.59 became immediately due and payable to Sukukholders. Resolutions for the Trustee to declare an Event of Default and to subsequently appoint a receiver were passed by Sukukholders earlier. Sukukholders had also earlier formally rejected MEX II’s request to extend the deferment period beyond 31 December 2021 as well as rejected the company’s restructuring proposal.

On 5 January 2022, MEX II applied for a Judicial Management Order (“JM Application”), resulting in an automatic moratorium against enforcement and such other creditor action. The Court had earlier fixed a Hearing on 23 February 2022 for the JM Application as well as for the Trustee (acting for and behalf of the Sukukholders) to seek leave of Court to proceed with enforcement/appointment of a receiver during the automatic moratorium period.

The Court Hearing, however, was postponed several times due to adjournments sought by the legal representative of MEX II and allowed by the Court for the parties to file further documents, from originally 23 February 2022 to 28 February 2022 then to 4 March 2022 and subsequently continued on 8 March 2022. The Judge then decided to reserve his decision to 26 April 2022.

On 26 April 2022, the Court dismissed the Issuer’s application for JM order and further allowed the Trustee’s Leave Application. Pursuant to the favorable outcome, Ernst & Young (“EY”) was appointed as the Receiver and Manager (“R&M”) of the secured property via Extraordinary Resolutions in Writing on 29 April 2022.

On 29 April 2022, Notice of Appeals (“Appeals”) were filed by the Issuer against the High Court’s decision and pursuant to case management on 1 September 2022, the High Court has fixed the cases to be heard on 15 May 2023.

On 10 May 2022, the Issuer served Notices of Motion (“NOM”) to preserve its assets until full and final dispose of the Appeal. On 12 August 2022, the Court of Appeal ruled in favour of Sukukholders by dismissing the NOMs.

6. INVESTMENTS (CONTINUED)

*MEX II Sdn Bhd (“MEX II”) RM1.30 billion Sukuk Murabahah Programme (continued)

EY had resigned on 13 February 2023, and BDO Consulting Sdn Bhd (“BDO”) has been appointed to replace EY as the R&M with effect from 27 February 2023. BDO will work with Sukukholders as well as the relevant government authorities and parties to expedite the restructuring of the Sukuk.

On 15 May 2023, the Court of Appeal has ruled in favour of the Sukukholders whereby the appeal sought by MEX II has been unsuccessful. However, on 15 June 2023, MEX II filed Motions to Appeal to Federal Court. A hearing has been set for 26 September 2023. Notwithstanding this, the R&M is still entitled to carry out its duties and exercise all powers of an R&M. The R&M continues to work on a restructuring proposal for MEX II.

7. ISLAMIC FORWARD FOREIGN CURRENCY CONTRACTS

As at 31 August 2023, there is one (2022: two) Islamic forward foreign currency contract outstanding. The notional principal amount of the outstanding Islamic forward foreign currency contracts amounted to RM1,379,910 (2022: RM6,586,400).

The Islamic forward foreign currency contracts are transacted with RHB Islamic Bank Berhad, a subsidiary of the ultimate holding of the Manager.

The Islamic forward foreign currency contracts entered into were for hedging against the currency exposure arising from the investments in the unquoted sukuk denominated in USD.

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

Net loss on Islamic forward foreign currency contracts is as follows:

	<u>2023</u> RM	<u>2022</u> RM
Net loss on Islamic forward foreign currency contracts comprised:		
- Net realised loss on Islamic forward foreign currency contracts	(681,130)	(494,980)
- Net unrealised gain on Islamic forward foreign currency contracts	51,898	61,952
	<u>(629,232)</u>	<u>(433,028)</u>

7. ISLAMIC FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

Islamic forward foreign currency contracts as at 31 August 2023 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 Islamic Bank Berhad	1,379,910	(1,385,120)	(5,210)	(0.04)

Islamic forward foreign currency contracts as at 31 August 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 Islamic Bank Berhad	6,586,400	(6,643,507)	(57,107)	(0.31)

8. SHARIAH INFORMATION OF THE FUND

The following are the Shariah information of the Fund.

(i) Investment Portfolio

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

- (i) Sukuk as listed in the list of approved sukuk issued by the Securities Commission of Malaysia; and
- (ii) Sukuk in foreign markets which have been classified as Shariah-compliant under the Shariah screening methodology accepted and duly verified by the Shariah Adviser and/or these securities which have been reviewed and classified as Shariah-compliant by the Shariah Adviser;
- (iii) Investment or cash placements in Islamic liquid assets in local market, including Islamic money market, Islamic deposits with Islamic financial institutions, Islamic financial derivatives and/or Islamic collective investment schemes.
- (iv) Interest from foreign currency accounts shall not be recognised as income.

8. SHARIAH INFORMATION OF THE FUND (CONTINUED)

A portion of the cash is maintained in foreign currency accounts outside Malaysia to facilitate the purchase and selling of securities in a particular country. Interest earned, if any, from these accounts shall not be recognised as income to the Fund. The Fund will compute the interest amount received and the interest will be channelled to *Baitulmal* or any other charitable bodies as advised by the Shariah Adviser as part of the Fund's cleansing process.

There is nil interest amount received during the financial year of the Fund.

9. UNITS IN CIRCULATION

(a) RM Class B

	<u>2023</u> Units	<u>2022</u> Units
At beginning of the financial year	18,526,365	24,412,341
Creation of units during the financial year:		
Arising from applications	529,563	1,005,748
Arising from distribution	-	1,004,395
Cancellation of units during the financial year	(7,241,214)	(7,896,119)
At end of the financial year	<u>11,814,714</u>	<u>18,526,365</u>

(b) USD Class B

	<u>2023</u> Units	<u>2022</u> Units
At beginning of the financial year	1,079	1,042
Creation of units during the financial year:		
Arising from applications	1,629	71,823
Arising from distribution	-	37
Cancellation of units during the financial year	-	(71,823)
At end of the financial year	<u>2,708</u>	<u>1,079</u>

(c) SGD Class B

	<u>2023</u> Units	<u>2022</u> Units
At beginning of the financial year	147,937	68,572
Creation of units during the financial year:		
Arising from applications	131,547	90,652
Arising from distribution	-	1,548
Cancellation of units during the financial year	(44,920)	(12,835)
At end of the financial year	<u>234,564</u>	<u>147,937</u>

10. MANAGEMENT FEE

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

11. TRUSTEE'S FEE

In accordance with the Prospectus, the Trustee's fee provided in the financial statements is 0.05% (2022: 0.05%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

12. TAXATION

(a) Tax charge for the financial year

	<u>2023</u> RM	<u>2022</u> RM
Current taxation	-	23,000
Over provision of tax in prior year	(16,956)	-
	<u>(16,956)</u>	<u>23,000</u>

(b) Numerical reconciliation of income tax expense

The numerical reconciliation between the net income/(loss) before finance cost and 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/(loss) before finance cost and taxation	<u>41,753</u>	<u>(791,917)</u>
Tax calculated at a statutory income tax rate of 24%	10,021	(190,060)
Tax effects of:		
- (Income not subject to tax)/Loss not deductible for tax purposes	(55,865)	140,944
- Expenses not deductible for tax purposes	3,792	8,134
- Restriction on tax deductible expenses	42,052	51,506
- Income subject to different tax rate	-	12,476
- Over provision of tax in prior year	(16,956)	-
Tax expense	<u>(16,956)</u>	<u>23,000</u>

13. DISTRIBUTIONS

Distributions to unit holders are derived from the following sources:

	<u>2022</u> RM
(a) <u>RM Class B</u>	
Previous financial year's realised income	1,243,788
Profit income from Islamic deposits with licensed financial institutions	7,693
Profit income from investments	21,071
Realised gain on investment	419,053
Net realised gain on foreign currency exchange	49
Net realised loss on Islamic forward foreign currency contracts	(485,750)
	<hr/> 1,205,904
Less: Expenses	(241,585)
Net distribution amount	<hr/> <u>964,319</u>

	<u>2022</u> RM
(b) <u>USD Class B</u>	
Previous financial year's realised income	437,396
Profit income from Islamic deposits with licensed financial institutions	2
Net realised loss on disposal	(271,637)
Net realised loss on Islamic derivative instrument	(11,539)
Net realised loss on foreign currency exchange	(788)
Net realised loss on Islamic forward foreign currency contracts	(153,054)
	<hr/> 380
Less: Expenses	(240)
Net distribution amount	<hr/> <u>140</u>

13. DISTRIBUTIONS (CONTINUED)

Distributions to unit holders are derived from the following sources: (continued)

	<u>2022</u> RM
(c) <u>SGD Class B</u>	
Previous financial year's realised income	2,748
Profit income from Islamic deposits with licensed financial institutions	149
Profit income from investments	9,378
Net realised gain on disposal	5,453
Net realised loss on foreign currency exchange	(1)
Net realised loss on Islamic forward foreign currency contracts	(9,125)
	<hr/> 8,602
Less: Expenses	(3,915)
Net distribution amount	<hr/> <u>4,687</u>
	<u>Gross/Net</u>
<u>Distributions during the financial year</u>	<u>sen per unit</u>
<u>RM Class B</u>	
25 August 2022	<hr/> <u>5.5000</u>
<u>USD Class B</u>	
25 August 2022	<hr/> <u>3.0000</u>
<u>SGD Class B</u>	
25 August 2022	<hr/> <u>1.0000</u>

Included in the above distributions was an amount of RM1,683,932 derived from previous financial year's realised income.

There was no distribution to unit holders for the financial year ended 31 August 2023.

There were unrealised losses of RM1,301,622 for the financial year ended 31 August 2022.

14. TOTAL EXPENSE RATIO (“TER”)

	<u>2023</u> %	<u>2022</u> %
TER	<u>1.18</u>	<u>1.21</u>

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

15. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2023</u>	<u>2022</u>
PTR (times)	<u>0.73</u>	<u>0.54</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.

16. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The number of units held by related parties are as follows:

	<u>2023</u>		<u>2022</u>	
	Units	RM	Units	RM
<u>RM Class B</u>				
RHB Nominees				
(Tempatan) Sdn Bhd	891,298	862,063	3,647,560	3,502,022
RHB Bank Berhad	<u>4,670,445</u>	<u>4,517,254</u>	<u>6,786,792</u>	<u>6,515,999</u>

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 Bank Berhad, the ultimate holding company of the Manager and RHB Nominees (Tempatan) Sdn Bhd, a wholly owned subsidiary of RHB Investment Bank Berhad, are under nominee structure.

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

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

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

17. TRANSACTIONS BY THE FUND

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

<u>Brokers/Financial institutions</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> %
Mitsubishi UFJ Trust International	10,625,321	45.16	-	-
RHB Investment Bank Berhad*	7,974,325	33.89	-	-
Liquidity Finance (DIFC) Limited	2,849,734	12.11	-	-
Standard Chartered Bank, London	1,121,670	4.77	-	-
BNP Paribas SA	958,761	4.07	-	-
	<u>23,529,811</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

17. TRANSACTIONS BY THE FUND (CONTINUED)

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

<u>Brokers/Financial institutions</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 Investment Bank Berhad*	12,737,601	55.83	-	-
Bank Muamalat Malaysia Berhad	8,050,822	35.28	-	-
CIMB Bank Berhad	1,502,900	6.59	-	-
Hwang-DBS Investment Bank Berhad	524,550	2.30	-	-
	<u>22,815,873</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

* Included in transactions by the Fund are trades with RHB Investment Bank Berhad, the penultimate holding company of the Manager. 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.

18. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2023</u> RM	<u>2022</u> RM
Financial assets		
Financial assets at FVTPL		
• Unquoted sukuk	<u>11,077,581</u>	<u>17,650,927</u>
Financial assets at amortised cost		
• Bank balances	113,138	168,113
• Islamic deposit with licensed financial institutions	940,147	522,696
• Amount due from Manager	<u>1,596</u>	<u>1,239</u>
	<u>1,054,881</u>	<u>692,048</u>
Financial liabilities		
Financial liabilities at FVTPL		
• Islamic forward foreign currency contracts	<u>5,210</u>	<u>57,107</u>
Financial liabilities at amortised cost		
• Amount due from Manager	20,899	-
• Accrued management fee	10,313	15,469
• Amount due to Trustee	516	774
• Other payables and accruals	14,974	18,924
• Net assets attributable to unit holders	<u>12,151,764</u>	<u>18,239,201</u>
	<u>12,198,466</u>	<u>18,274,368</u>

**STATEMENT BY MANAGER
RHB GLOBAL SUKUK FUND**

We, Dato' Darawati Hussain and Mohd Farid Bin Kamarudin, two of the Directors of RHB Islamic International Asset Management Berhad, 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 31 August 2023 and of its financial performance and cash flows for the financial year then ended and comply with the provisions of the Deed.

On behalf of the Manager,

Dato' Darawati Hussain
Director

Mohd Farid Bin Kamarudin
Director

23 October 2023

TRUSTEE'S REPORT

To the unit holders of RHB Global Sukuk Fund (“Fund”),

We have acted as Trustee of the Fund for the financial year ended 31 August 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, RHB Islamic International Asset Management Berhad 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 Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds,
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
23 October 2023

REPORT OF THE SHARIAH ADVISER RHB GLOBAL SUKUK FUND

To the unit holders of RHB Global Sukuk 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 Islamic International Asset Management Berhad (“the Manager”) and that the provisions of the Deed are in accordance with Shariah principles.

To the best of our knowledge, after having made all reasonable enquiries, the Manager has operated and managed the Fund in accordance with the Shariah principles and requirement 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 August 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 Berhad
23 October 2023

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB GLOBAL SUKUK FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Global Sukuk Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 August 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 August 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 27 to 65.

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 GLOBAL SUKUK 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 GLOBAL SUKUK 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 GLOBAL SUKUK 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
23 October 2023

CORPORATE INFORMATION

MANAGER

RHB Islamic International Asset Management Berhad

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: rhbiiam.enquiry@rhbgroup.com

Tel: 03 – 9205 8000

Fax: 03 – 9205 8107

Website: <http://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*)

Encik Mohd Farid Bin Kamarudin (*Non-Independent Non-Executive Director*)

(*Redesignated with effect from 1 August 2023*)

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

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

(*Appointed with effect from 1 December 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

(*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*)

CORPORATE INFORMATION (CONTINUED)

ACTING CHIEF EXECUTIVE OFFICER

Encik Mohd Farid Bin Kamarudin

(Redesignated with effect from 1 August 2023)

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

TRUSTEE	HSBC (Malaysia) Trustee Berhad
SHARIAH ADVISER	RHB Islamic Bank Berhad
PRINCIPAL BANKER	RHB Islamic 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 RHB Islamic Bank Berhad Areca Capital Sdn Bhd Kenanga Investors Berhad OCBC Bank (Malaysia) Berhad OCBC Al-Amin Bank Berhad Phillip Mutual Berhad TA Investment Management Berhad UOB Kay Hian Securities (M) Sdn Bhd