FRANKLIN U.S. OPPORTUNITIES FUND

Audited Annual Report
30 September 2021

FRANKLIN TEMPLETON

FRANKLIN U.S. OPPORTUNITIES FUND

AUDITED ANNUAL REPORT FOR THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2021

I. GENERAL INFORMATION ABOUT THE FUND

Launch and Commencement Date

The Franklin U.S. Opportunities Fund (the "Fund") was launched on 8 May 2013 and commenced operations on 22 May 2013.

Fund Name, Category, Type

Fund Name	Franklin U.S. Opportunities Fund
Fund Category	Wholesale – Feeder Fund (Equity)
Fund Type	Growth

Investment Objective, Policy and Strategy

The Fund is structured as a feeder fund and it is available in two share classes, MYR and USD. The Fund aims to achieve capital appreciation by investing in a single collective investment scheme i.e. Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund (the "Target Fund") which is denominated in United States Dollar ("USD") and domiciled in Luxembourg. The Manager will monitor the investment objective of the Target Fund to ensure that it is consistent with the investment objective of the Fund.

As the primary investment of the Fund i.e. the Target Fund, is denominated in USD, the Manager intends to employ hedging to reduce the Fund's exposure to foreign exchange fluctuations. The hedging tools that the Manager may utilise include but are not limited to foreign exchange forwards.

The Target Fund invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above average growth or growth potential as compared with the overall economy. Equity securities generally entitle the holder to participate in a company's general operating results. They include common stocks, convertible securities and warrants on securities. The Target Fund principally invests in small, medium, and large capitalisation companies with strong growth potential across a wide range of sectors. In selecting equity investments, the Investment Manager utilises fundamental, bottom-up research focusing on companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. The Investment Manager focuses on sectors that have exceptional growth potential and fast growing, innovative companies within these sectors. In addition, solid management and sound financial records are factors the Investment Manager also considers. Although the Investment Manager searches for investments across a large number of sectors, the Target Fund, from time to time, may have significant positions in particular sectors such as technology (including electronic technology, technology services, biotechnology and health care technology).

The asset allocation of the Fund will be as follows:

- Minimum 95% of the NAV of the Fund to be invested in the Target Fund; and
- Up to 5% of the NAV of the Fund in cash and/or other liquid assets.

Fund Distribution Policy

Distribution of income, if any, is subject to the availability of income and shall be in line with the distribution policy of the Target Fund.

II. MANAGER'S REPORT

MARKET REVIEW

US equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), rose over the 12 months ended 30 September 2021. Stocks benefitted from the continued economic recovery, monetary and fiscal stimulus measures, development of highly effective novel coronavirus (COVID-19) vaccines, implementation of vaccination programmes and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. A rebound in corporate earnings and the US Senate's passage of a bipartisan infrastructure bill further bolstered investor sentiment, helping equities to reach new all-time price highs late in the 12-month period.

Gross domestic product growth was robust, as the lifting of many COVID-19 restrictions and strong consumer spending continued to support the economy. Both exports and imports increased significantly in an environment of high business confidence and recovering industrial production. The continued growth of the economy led the US to surpass its pre-pandemic output in 2021's second quarter.

The inflation rate surged during the 12-month period amidst increased demand and supply-chain bottlenecks, with the price pressures coming principally from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and energy. Personal consumption expenditures, a measure of inflation, also rose dramatically during the period, representing the highest 12-month increase in decades. The unemployment rate declined from 7.8% in September 2020 to 4.8% in September 2021 as job openings increased, but a relative lack of available workers fuelled wage growth, adding to some investors' inflation concerns.

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also maintained quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended US Treasury and mortgage bond purchasing. In its September 2021 meeting statement, the Fed indicated that it soon plans to reduce its purchases of US Treasury and mortgage-backed securities but did not provide a timetable. The Fed also maintained that it views inflation as partially transitory, and that further employment progress was needed before the Fed would consider raising the range for the federal funds target rate.

PERFORMANCE REVIEW

The Target Fund slightly trailed the Russell 3000® Growth Index for the one-year period ended 30 September 2021. The industrials, communication services and real estate sectors were leading detractors from relative performance, while the consumer discretionary and information technology sectors were top contributors to relative returns.

The industrials sector was hindered by stock selection in the professional services industry and a position in real estate data and analytics company CoStar Group. Underperformance in the communication services sector was mostly due to its relative underweighting and a position in technology company Google, which was the Target Fund's biggest relative detractor over the period. In the real estate sector, the shares of wireless tower operator SBA Communications rose but underperformed the overall benchmark return and so our overweighting dampened relative returns.

Turning to contributors, strong stock selection in the consumer discretionary and information technology sectors bolstered both absolute and relative Target Fund performance. A top contributor in the consumer discretionary sector was health care apparel company FIGS, which went public in May. Conversely, electric carmaker Tesla delivered strong absolute returns, however, our lower exposure than the benchmark undermined relative performance.

MANAGER'S REPORT (CONTINUED)

The software industry was a performance leader in the information technology sector. Positions in bill payment solutions provider Bill.com Holdings and open-source data analytics company Confluent were notable contributors. In addition, semiconductor manufacturer Monolithic Power Systems was also amongst the Target Fund's top five contributors over the period. The company remains one of the best secular growth companies in the semiconductor industry, in our view.

Amongst individual stocks, a position in global market index provider MSCI was helped results in the financials sector. The company has been benefitting from the secular tailwind of the shift in the investment business to passive management and the strong flows into ETFs linked to the company's indices.

PORTFOLIO POSITIONING

The Target Fund's investment philosophy is to identify and invest in high-quality growth companies with sustainable long-term growth prospects, superior profitability and meaningful competitive advantages. For the one-year period ended 30 September 2021, information technology remained the Target Fund's largest sector weighting and increased over the period. The financials, health care and industrials sectors were most overweight relative to the benchmark, while communication services, consumer discretionary and information technology were most underweight. Leading areas of investment were in the software, IT services, internet & direct marketing retail and health care equipment & supplies industries.

OUTLOOK & STRATEGY

The economic rebound has moderated in recent months as a rise in COVID-19 cases, specifically the Delta variant, created an uncertain outlook. We view this as a pause rather than a broad-based pullback and expect the US economic recovery to remain on track for the remainder of the year and into 2022. We continue to focus on what we consider high-quality businesses with sustainable growth drivers that may not be reflected in current valuations. Many of these investments are levered to strong secular growth themes that we believe will deliver consistent performance throughout the market cycle.

As we move from an analogue-based world to a digital one, numerous investment opportunities are being created across all sectors, not just the technology sector. In financials, the rise of many fintech (financial technology) companies and the growth of digital payments has disrupted the traditional banking industry, creating new options for consumers. We view many fintech businesses as being in the early days of disruption with a potentially long runway for growth. In the health care sector, biotechnology and genomics companies have shown tremendous promise with new and innovative treatments and cures, while the medical device and medical technology industries have been investing heavily in research and development to reimagine the health care system of the future.

Looking ahead, we will be paying close attention to how monetary policy changes, inflationary pressures and economic developments will play on market dynamics. We continue to look for investment opportunities that have the potential to deliver attractive total returns relative to risk.

MANAGER'S REPORT (CONTINUED)

Asset Breakdown as at end Sep 2021*	
Equity	99.21%
Cash & Cash Equivalents	0.79%

Sector Allocation as at end Sep 2021*	
Information Technology	43.24%
Health Care	15.83%
Consumer Discretionary	15.14%
Communication Services	7.09%
Industrials	6.27%
Financials	4.98%
Consumer Staples	2.57%
Real Estate	2.41%
Materials	1.26%
Others	0.42%
Cash & Cash Equivalents	0.79%

*The data relates to the Target Fund

MANAGER'S REPORT (CONTINUED)

CUMULATIVE RETURNS AS OF 30 SEPTEMBER 2021**

	Currency	3 Months	1 Year	3 Years	5 Years	Since Commencement ***
Franklin U.S. Opportunities Fund – MYR Share Class	MYR	0.16%	23.81%	69.88%	147.44%	233.90%
Franklin U.S. Opportunities Fund – USD Share Class	USD	0.00%	23.28%	71.63%	149.17%	183.95%
Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund (the "Target Fund")	USD	0.46%	26.48%	83.96%	179.00%	286.14%
Russell 3000 Growth Index (the Fund's benchmark)	USD	0.69%	27.57%	78.35%	173.63%	293.77%
S&P 500 Index (the Fund's secondary benchmark)	USD	0.58%	30.00%	56.07%	118.26%	204.32%

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

**Source: Franklin Templeton. Sources for benchmarks: FTSE. STANDARD & POOR'S®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. Standard & Poor's does not sponsor, endorse, sell or promote any S&P index-based product. Important data provider notices and terms available at www.franklintempletondatasources.com

The Russell 3000 Growth Index is considered the Fund's primary benchmark because it consists of growth securities, which is aligned with the Manager's focus on growth securities in managing the Fund. The performance of the S&P 500 Index may also be provided because it is considered a proxy for the US equity market.

***Commencement date for the Fund's MYR share class is 22 May 2013, while for the Fund's USD share class is 3 December 2013. Since commencement performance of the Target Fund and the benchmark are based on 22 May 2013.

Indexes are unmanaged and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Statement on Soft Commission

The Manager and the Trustee will not retain any rebates from, or otherwise share in, any commission with any dealer in consideration for directing dealings in the investments of the Fund. The Manager retains soft commissions received from brokers only if the goods and services are of demonstrable benefits to the unitholders as allowed under the regulations.

FRANKLIN U.S. OPPORTUNITIES FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

FRANKLIN U.S. OPPORTUNITIES FUND

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

CONTENTS	**PAGE(S)**

STATEMENT BY MANAGER
TO THE UNIT HOLDERS OF FRANKLIN U.S. OPPORTUNITIES FUND

I, Avinash Deepak Satwalekar, being the Director of the Manager, Franklin Templeton Asset Management (Malaysia) Sdn. Bhd., for **Franklin U.S. Opportunities Fund** do hereby state that, in the opinion of the Manager, the accompanying financial statements comprising the statement of financial position as at 30 September 2021 of the Fund, and the statements of comprehensive income, changes in net assets attributable to unit holders and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes:

(a) are drawn up in accordance with the provisions of the Deeds, Malaysian Financial Reporting Standards ("MFRS") and the International Financial Reporting Standards ("IFRS"); and

(b) give a true and fair view of the financial position of the Fund as at 30 September 2021 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended.

For and on behalf of the Manager
Franklin Templeton Asset Management (Malaysia) Sdn. Bhd.

Avinash Deepak Satwalekar
Director

Kuala Lumpur
10 November 2021

TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF FRANKLIN U.S. OPPORTUNITIES FUND

We have acted as Trustee for **Franklin U.S. Opportunities Fund** (the "Fund") for the financial year ended 30 September 2021. To the best of our knowledge, for the financial year under review, **Franklin Templeton Asset Management (Malaysia) Sdn. Bhd**. (the "Manager") has operated and managed the Fund in accordance with the following:

(a) limitations imposed on the investment powers of the Manager under the Information Memorandum and in accordance with the Deed(s), the Securities Commission's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;

(b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and

(c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

We are of the view that the distribution made during the financial year ended 30 September 2021 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Gerard Ang Boon Hock
Chief Executive Officer

Kuala Lumpur
10 November 2021

INDEPENDENT AUDITORS' REPORT
TO THE UNIT HOLDERS OF FRANKLIN U.S. OPPORTUNITIES FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of **Franklin U.S. Opportunities Fund** ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2021, and the statement of comprehensive income, statement of changes in net assets attributable to units holders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 32.

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.

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 the General information about the Fund, Manager's Report, Statement by Manager and Trustee'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.

PricewaterhouseCoopers PLT (LLP 0014401 - LCA & AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE UNIT HOLDERS OF FRANKLIN U.S. OPPORTUNITIES FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

(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 represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT
TO THE UNIT HOLDERS OF FRANKLIN U.S. OPPORTUNITIES FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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
LLP 0014401 - LCA & AF 1146
Chartered Accountants

Kuala Lumpur
10 November 2021

FRANKLIN U.S. OPPORTUNITIES FUND

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 RM	2020 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	3	556,942,434	348,792,873
Derivative financial instruments	4	411,819	1,068,738
Due from Manager		25,282,312	7,940,860
Due from the Manager of the Target Fund		50,220	-
Cash and cash equivalents	5	4,631,297	5,244,266
TOTAL ASSETS		**587,318,082**	**363,046,737**
CURRENT LIABILITIES			
Due to Manager		6,471,894	5,076,098
Due to the Manager of the Target Fund		17,125,427	2,835,009
Accrued management fee	6	804,092	449,254
Accrued trustee fee	6	22,974	12,836
Other payables and accruals		20,429	21,063
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		**24,444,816**	**8,394,260**
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		**562,873,266**	**354,652,477**
REPRESENTED BY:			
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS			
– MYR CLASS		**463,779,101**	**300,718,993**
– USD CLASS		**99,094,165**	**53,933,484**
		562,873,266	**354,652,477**
NUMBER OF UNITS IN CIRCULATION			
– MYR CLASS	7	**438,422,104.88**	**309,897,446.26**
– USD CLASS	7	**26,321,049.33**	**15,669,754.71**
NET ASSET VALUE PER UNIT			
– MYR CLASS		**RM 1.0578**	**RM 0.9704**
– USD CLASS		**USD 0.8996**	**USD 0.8288**

The accompanying notes form an integral part of these audited financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM
INVESTMENT INCOME			
Interest income		9,631	13,546
Dividend income		355,945	327,521
Net gain from financial assets at fair value through profit or loss	3	105,819,254	69,867,035
Net (loss)/gain from derivative financial instruments	4	(1,259,207)	2,563,182
Net foreign currency exchange loss		(187,406)	(384,098)
		104,738,217	72,387,186
EXPENSES			
Management fee	6	7,959,154	3,601,527
Trustee fee	6	227,404	102,901
Audit fee		9,531	9,441
Professional fee		5,606	5,618
Custodian fee		9,843	9,548
Printing fee		12,639	22,587
		8,224,177	3,751,622
NET INCOME BEFORE FINANCE COST AND TAXATION		**96,514,040**	**68,635,564**
Finance cost	8	(59,418,855)	(22,977,342)
NET INCOME AFTER FINANCE COST AND BEFORE TAXATION		**37,095,185**	**45,658,222**
Taxation	9	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		**37,095,185**	**45,658,222**
Increase in net assets attibutable to unit holders comprises the following:			
Realised amount		3,314,976	19,474,291
Unrealised amount		33,780,209	26,183,931
		37,095,185	**45,658,222**

The accompanying notes form an integral part of these audited financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	**354,652,477**	**155,766,797**
Movement due to units created and cancelled during the financial year:		
Creation of units	896,214,728	565,214,206
Cancellation of units	(784,325,594)	(434,916,737)
Reinvestment of distributions	59,236,470	22,929,989
	171,125,604	153,227,458
Increase in net assets attributable to unit holders during the financial year	37,095,185	45,658,222
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	**562,873,266**	**354,652,477**

The accompanying notes form an integral part of these audited financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of financial assets at fair value through profit or loss		469,883,521	280,856,342
Payment for purchase of financial assets at fair value through profit or loss		(557,822,131)	(413,778,579)
Settlement of derivative financial instruments		(602,288)	1,592,094
Interest income received		9,631	13,546
Management fee paid		(7,604,316)	(3,370,591)
Trustee fee paid		(217,266)	(96,302)
Audit fee paid		(9,434)	(9,434)
Professional fee paid		(5,606)	(5,618)
Custodian fee paid		(9,843)	(9,548)
Printing fee paid		(13,369)	(15,913)
Net cash used in operating activities		**(96,391,101)**	**(134,824,003)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		878,876,828	568,980,963
Payments for cancellation of units		(782,930,295)	(430,025,801)
Distribution paid		(182,385)	(47,353)
Net cash generated from financing activities		**95,764,148**	**138,907,809**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(626,953)**	**4,083,806**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**5,244,266**	**1,176,576**
EFFECTS OF UNREALISED FOREIGN EXCHANGE		13,984	(16,116)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	5	**4,631,297**	**5,244,266**

The accompanying notes form an integral part of these audited financial statements.

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

The Franklin U.S. Opportunities Fund (the "Fund") was constituted pursuant to a Deed dated 23 May 2012 as modified via its First Supplemental Deed dated 2 December 2013 and Second Supplemental Deed dated 31 March 2015 (collectively referred to as the "Deeds"), between Franklin Templeton Asset Management (Malaysia) Sdn. Bhd. (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The principal objective of the Fund is to achieve capital appreciation by investing in the Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund (the "Target Fund") which invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential as compared with the overall economy. Being a feeder fund, a minimum of 95% of the Fund's net asset value will be invested in the Target Fund, which is a separate unit trust fund managed by Franklin Advisers, Inc. (the "Manager of the Target Fund"). The Fund offers the investors two different classes of units known respectively as the MYR class and USD class.

All investments will be subjected to the Securities Commission ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Deeds and the objective of the Fund. The Fund commenced operations on 22 May 2013 and will continue its operations until terminated as provided under Clause 11 of the Deeds.

The Manager, a company incorporated in Malaysia, is a wholly owned subsidiary of Franklin Resources Inc., a global investment management organisation. Its principal activities are fund management and investment advisory.

The financial statements have been approved for issue by the Manager on 10 November 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the items which are considered material to the financial statements unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets and liabilities (including derivative instruments) held at fair value through profit or loss.

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 revenues and expenses during the reported financial year.

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and assumptions are based on the Manager's best knowledge of current events and actions, actual results may differ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.14.

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Fund.

The Fund has applied the following amendments and interpretations for the first time for the financial year beginning on 1 October 2020:

- The Conceptual Framework for Financial Reporting ("Framework") (effective 1 January 2020):

  The Framework was revised with the primary purpose to assist the International Accounting Standards Board ("IASB") to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS.

  Key changes include:
  - Increasing the prominence of stewardship in the objective of financial reporting.
  - Reinstating prudence as a component of neutrality.
  - Defining a reporting entity, which may be a legal entity, or a portion of an entity.
  - Revising the definitions of an asset and a liability.
  - Removing the probability threshold for recognition and adding guidance on derecognition.
  - Adding guidance on different measurement basis, and
  - Stating that profit or loss is the primary performance indicator and that, in principal income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

  No changes are made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards have to apply the revised Framework from 1 October 2020.

- Amendments to MFRS 101 and MFRS 108 'Definition of Material' (effective 1 January 2020) clarify the definition of materiality and use a consistent definition throughout MFRSs and the Framework.

The revised Framework and adoption of the amendments to published standards did not have any impact on the current year or any prior period and is not likely to affect future periods.

(b) New standards, amendments and interpretations effective for annual periods beginning after 1 October 2020 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets and financial liabilities

2.2.1 Classification

The Fund classifies its financial assets and financial liabilities into the following measurement categories:

- Fair value through profit or loss, or
- Amortised cost

(a) Financial assets at fair value through profit or loss

The Fund classifies its investments based on 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 use that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(b) Financial assets at amortised cost

The Fund classifies "Cash and cash equivalents", "Due from Manager" and "Due from the Manager of the Target Fund" at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

(c) Financial liabilities at amortised cost

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

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

The Fund's financial liabilities which include "Due to Manager", "Due to the Manager of the Target Fund", "Accrued trustee fee", "Accrued management fee", "and "Other payables and accruals" are recognised initially at fair value plus directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method.

The Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

2.2.2 Recognition, de-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 investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets and financial liabilities (continued)

2.2.2 Recognition, de-recognition and measurement (continued)

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Other financial assets are carried at amortised cost using the effective interest method. 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 the statement of comprehensive income within "net gain/loss on financial assets at fair value through profit or loss" in the year in which they arise.

The fair value of foreign collective investment scheme is based on the most recent published net asset value per unit or share of such foreign collective investment schemes or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

2.3 Derivative financial instruments

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative financial instruments may comprise foreign currency swap, as part of the currency hedging techniques employed by the Manager to hedge the investment in the foreign collective investment scheme, so as to minimise the impact of fluctuations in the foreign currency versus Ringgit Malaysia exchange rate. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each valuation date. The resulting gain or loss is recognised in the statement of comprehensive income.

2.4 Income and expenses recognition

(a) Interest income

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

(b) Dividend income

Dividend income is recognised in the statement of comprehensive income when the right to receive payment is established.

(c) Realised gain or loss on sale

Realised gain or loss on sale of foreign collective investment schemes and foreign currency swap is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

(d) Expenses

Expenses are recognised in the statement of comprehensive income on an accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currencies translation

(a) Functional and presentation 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 functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

2.6 Creation and cancellation of units

The Fund issued units, in two different classes of units, known respectively as the MYR class and USD class which are cancellable at the unit holder's option and do not have identical features. In accordance with MFRS 132 (Amendment) "Financial Instruments: Presentation", such units, by virtue of not having identical features, are classified as financial liabilities. The 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 ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position if the unit holder exercises the right to put back the units to the Fund.

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

2.7 Due from and due to Manager

"Due from Manager" and "Due to Manager" represents receivable from and payable to the Manager for units created and cancelled.

"Due from Manager" is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Fund shall measure the loss allowances on "Due from Manager" at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the Manager, probability that the Manager will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that is considered to be credit-impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

Bad debts are written off when identified.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Due from and due to Manager (continued)

"Due to Manager" is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Due from and due to the Manager of the Target Fund

"Due from the Manager of the Target Fund" and "Due to the Manager of the Target Fund" represent receivables for investment in foreign collective investment scheme sold and payables for investment in foreign collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance for "Due from the Manager of the Target Fund".

The Fund shall measure the loss allowances on "Due from the Manager of the Target Fund" at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the Target Fund of the Manager, probability that the Target Fund of the Manager will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that is considered to be credit-impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

2.9 Cash and cash equivalents

For the purpose of the statement of cash flow, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investments of other purposes. Cash and cash equivalents comprise cash held in bank, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk changes in value.

2.10 Other payables and accruals

Other payables and accruals are obligations to pay for expenses incurred by the Fund. Other payables and accruals are classified as current liabilities as payment is due within the normal operating cycle of the Fund.

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial year.

Tax on dividend income from foreign collective investment schemes is based on the tax regime of the respective countries that the Fund invests in.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

2.13 Finance cost

A distribution to the Fund's unit holders is recognised in the statement of comprehensive income when they are appropriately approved by the Board of Directors of the Manager. The distribution is recognised as a finance cost in the statement of comprehensive income.

2.14 Critical accounting estimates and judgements in applying accounting policies

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgement are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

However, the Manager is of the opinion that in applying these accounting policies, no significant judgement was required.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RM	2020 RM
Financial assets at fair value through profit or loss		
- Foreign collective investment scheme	556,942,434	348,792,873

	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	71,392,258	44,634,955
- Unrealised fair value gain	34,426,996	25,232,080
	105,819,254	69,867,035

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Foreign collective investment scheme

Name of collective investment scheme	Quantity	Value	Percentage of net asset value
2021	**Units**	**RM**	**%**
Luxembourg			
Target Fund - Cost		476,852,997	
Accumulated unrealised gain on financial assets at fair value through profit or loss		80,089,437	
Quantity/Market Value	2,855,195	556,942,434	98.95

Name of collective investment scheme	Quantity	Value	Percentage of net asset value
2020	**Units**	**RM**	**%**
Luxembourg			
Target Fund - Cost		303,130,432	
Accumulated unrealised gain on financial assets at fair value through profit or loss		45,662,441	
Quantity/Market Value	2,277,271	348,792,873	98.35

4. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign currency swap

As at 30 September 2021, there is 1 (2020:1) foreign currency swap outstanding. The notional principal amount of the outstanding foreign currency swap amounted to RM454,561,808 (2020: RM285,486,601).

The foreign currency swap entered into during the financial year was for hedging against the currency exposure arising from the investment in the foreign collective investment scheme denominated in US Dollar.

	2021 RM	2020 RM
Financial assets at fair value through profit or loss		
- Foreign currency swap	411,819	1,068,738

4. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency swap (continued)

As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the foreign currency swap is recognised immediately in the statement of comprehensive income during the financial year.

Net fair value (loss)/gain on the foreign currency swap at fair value through profit or loss is as follows:

	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM
Net realised (loss)/gain on foreign currency swap	(602,288)	1,592,094
Net unrealised (loss)/gain on foreign currency swap	(656,919)	971,088
	(1,259,207)	2,563,182

5. CASH AND CASH EQUIVALENTS

	2021 RM	2020 RM
Bank balances in a licensed financial institution	4,631,297	5,244,266

6. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties and their relationships with the Fund are as follows:

Related parties	Relationship
Franklin Templeton Asset Management (Malaysia) Sdn. Bhd.	The Manager
Franklin Advisers, Inc.	The Manager of the Target Fund
Franklin Templeton Capital Holdings Pte. Ltd.	Holding company of the Manager
Deutsche Trustees (Malaysia) Berhad	The Trustee, a subsidiary of the Deutsche Bank AG
Deutsche Bank (Malaysia) Berhad	Custodian, a subsidiary of the Deutsche Bank AG

Other than as disclosed elsewhere in the financial statements, the following related party transactions took place during the financial year. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

6. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

6.1 Units held by the Manager and parties related to Manager

As at 30 September 2021 and 2020, there are no units held by directors or parties related to the Manager.

6.2 Fees and charges

	Expense		Accrual	
	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM	2021 RM	2020 RM
(a) Management fee	7,959,154	3,601,527	804,092	449,254
(b) Trustee fee	227,404	102,901	22,974	12,836
Total	8,186,558	3,704,428	827,066	462,090

(a) Management fee

In accordance with Clause 12.1 of the Deeds, management fee can be charged at a maximum of 1.75% per annum, calculated based on the net asset value of the Fund.

For the financial years ended 30 September 2021 and 2020, the Manager is entitled to receive a fee of 1.75% per annum of the net asset value of the Fund.

(b) Trustee fee

In accordance with Clause 12.2 of the Deeds, trustee fee can be charged at a maximum of 0.05% per annum, calculated based on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum (excluding foreign custodian fees and charges).

For the financial years ended 30 September 2021 and 2020, the Trustee is entitled to receive a fee of 0.05% per annum of the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

6.3 Significant related party transactions and balances

	Significant related party transactions 1 Oct 2020 to 30 Sep 2021			Significant related party balances 2021
	Income gain/(loss) RM	Purchases RM	Sales RM	RM
Franklin Advisers, Inc. - Foreign collective investment scheme	71,392,258	572,461,570	470,131,262	556,942,434
Deutsche Bank (Malaysia) Berhad - Interest income	9,631	-	-	-
- Net gain/(loss) from foreign currency swap	(602,288)	1,342,206	(1,944,494)	411,819

6. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

6.3 Significant related party transactions and balances (continued)

	Significant related party transactions 1 Oct 2019 to 30 Sep 2020			Significant related party balances 2020
	Income gain/(loss) RM	Purchases RM	Sales RM	RM
Franklin Advisers, Inc.				
- Foreign collective investment scheme	44,634,955	412,032,091	281,191,901	348,792,873
Deutsche Bank (Malaysia) Berhad				
- Interest income	13,456	-	-	-
- Net gain/(loss) from foreign currency swap	1,592,094	904,856	687,238	1,068,738

6.4 Transactions with Brokers/Dealers

Details of transactions with brokers/dealers for the financial year ended 30 September 2021 are as follows:

	Brokerage RM	Percentage of total brokerage %	Values of trades RM	Percentage of total trades %
Franklin Advisers, Inc.*	-	-	1,042,592,832	99.94
Deutsche Bank (Malaysia) Berhad**	-	-	602,288	0.06
Total	-	-	1,043,195,120	100.00

6. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

6.4 Transactions with Brokers/Dealers (continued)

Details of transactions with brokers/dealers for the financial year ended 30 September 2020 are as follows:

	Brokerage RM	Percentage of total brokerage %	Values of trades RM	Percentage of total trades %
Franklin Advisers, Inc.*	-	-	693,223,992	99.77
Deutsche Bank (Malaysia) Berhad**	-	-	1,592,094	0.23
Total	-	-	694,816,086	100.00

* Included in transactions with brokers/dealers are trades conducted with Franklin Advisers, Inc. amounting to RM1,042,592,832 (2020: RM693,223,992). The transaction values are in respect of transactions in foreign collective investment scheme. Transactions in this investment do not involve any commission or brokerage.

** Included in transactions with brokers/dealers are trades conducted with Deutsche Bank (Malaysia) Berhad, amounting to RM602,288 (2020: RM1,592,094). The transaction values are in respect of transactions in the foreign currency swap.

The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

7. NUMBER OF UNITS IN CIRCULATION

(a) MYR CLASS

	2021 Number of units	2020 Number of units
At beginning of the financial year	309,897,446.26	144,597,098.86
Creation of units	750,740,895.94	570,249,258.51
Cancellation of units	(665,514,352.63)	(424,414,323.36)
Reinvestment of distributions	43,298,115.31	19,465,412.25
At the end of the financial year	438,422,104.88	309,897,446.26

7. NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(b) USD CLASS

	2021 Number of units	2020 Number of units
At beginning of the financial year	15,669,754.71	14,511,618.81
Creation of units	23,434,302.95	13,264,126.83
Cancellation of units	(15,994,189.21)	(13,677,198.70)
Reinvestment of distributions	3,211,180.88	1,571,207.77
At the end of the financial year	26,321,049.33	15,669,754.71

8. FINANCE COST

	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM
Distribution to unit holders are from the following sources:		
Gross dividend	324,094	-
Interest income	8,769	-
Realised income	67,310,169	30,562,503
	67,643,032	30,562,503
Less: Expenses	(8,224,177)	(7,585,161)
Net Distribution amount	59,418,855	22,977,342

2021

Distribution date	Gross/net distribution per unit* MYR class RM	USD class USD
27 July 2021	0.1466	0.1248

2020

Distribution date	Gross/net distribution per unit* MYR class RM	USD class USD
3 August 2020	0.1135	0.0968

* Rounded to nearest 4th decimal place

Distribution is based on cumulative net realised income since inception.

Gross distribution is derived using total income less total expenses. Gross distribution per unit is derived from gross realised income less expenses, divided by the number of units in circulation. Net distribution per unit is derived from gross realised income less expense and taxation, divided by the number of units in circulation.

During the financial year ended 30 September 2021 and 2020, the Fund has not incurred unrealised losses on changes in fair values.

9. TAXATION

	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM
Current taxation	-	-

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

	1 Oct 2020 to 30 Sep 2021 RM	1 Oct 2019 to 30 Sep 2020 RM
Income before taxation	37,095,185	45,658,222
Taxation at Malaysian statutory rate of 24% (2020: 24%)	8,902,844	10,957,973
Tax effects of:		
Investment income not subject to tax	(25,137,172)	(17,372,925)
Restriction on tax deductible expenses	1,915,517	872,054
Expenses not deductible for tax purposes	14,318,811	5,542,898
Taxation	-	-

10. MANAGEMENT EXPENSE RATIO ("MER")

	1 Oct 2020 to 30 Sep 2021 %	1 Oct 2019 to 30 Sep 2020 %
MER	1.81	1.82

MER is derived based on the following calculation in accordance with the Securities Commission regulations:

$$MER = \frac{(A + B + C + D + E + F) \times 100}{G}$$

A = Management fee
B = Trustee fee
C = Audit fee
D = Professional fee
E = Custodian fee
F = Printing fee
G = Average daily net asset value of the Fund

The average daily net asset value of the Fund for the financial year calculated on daily basis is RM454,764,272 (2020: RM205,781,496).

11. PORTFOLIO TURNOVER RATIO ("PTR")

	1 Oct 2020 to 30 Sep 2021	1 Oct 2019 to 30 Sep 2020
PTR (times)	1.15	1.68

PTR represents the average of total acquisitions and disposals of investments in the Fund for the financial year over the Fund's average daily net asset value where:

Total acquisition for the financial year ended 30 September 2021 amounted to RM572,461,570 (2020: RM412,032,091).

Total disposal for the financial year ended 30 September 2021 amounted to RM470,131,262 (2020: RM281,191,901).

12. FINANCIAL RISK MANAGEMENT

The Fund aims to achieve capital appreciation by investing in the Target Fund which invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential as compared with the overall economy.

The Fund's activities exposed it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk, liquidity risk and capital risk. The risks and the risk management policies employed by the Fund to manage these risks are discussed below.

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Information Memorandum.

12.1 Market risk

(a) Market price risk

Market price risk is the risk that the fair value of investments in the foreign collective investment scheme will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of the collective investment scheme may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's net asset value and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The very nature of the Target Fund, however helps mitigate this risk because it would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the Target Fund.

The Fund's overall exposure to market price risk was as follows:

	2021 RM	2020 RM
Foreign collective investment scheme at fair value through profit or loss	556,942,434	348,792,873

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 Market risk (continued)

(a) Market price risk (continued)

Value-at-risk ("VaR")

VaR is used to monitor market exposure. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR can be defined as the predicted loss a portfolio can experience at a specified confidence level over a given period of time. The VaR presented is calculated assuming a one-month (20 day) holding period at a 99% confidence level, and a historical observation period of not less than 1 year (250 days). A 99% 1 month VaR means that the expectation is that 99% of the time over a 1 month period the Fund will lose less than this number in percentage terms.

The VaR is calculated using the Monte Carlo simulation. This approach estimates VaR by generating risk factor scenarios and revaluing portfolio positions using a fundamental risk factor model built up by identifying variables that can impact a security's price and measuring correlations those factors have to each other (derived by applying statistical analysis to historical data). The approach applies random shocks to the factors expected to impact volatility, reprices the portfolio at a point in time, repeats the process thousands of times, and creates a distribution of returns from all the values. The VaR at a 99% confidence level represents the best possible outcome for the worst 1% of returns from the resulting distribution. Both the size and probability of actual portfolio losses can differ significantly from the losses predicted by VaR. In addition, the use of historical data to derive correlations may not encompass all potential events, particularly events which may be extreme in nature. As a result, VaR maybe under or overestimated due to the assumptions placed on the risk factors and the relationship between such factors.

The VaR presented for the Fund represents the VaR for the Target Fund in which the Fund invests in. Hedges that seek to ensure that the Fund replicates the performance of the USD Target Fund are not factored into the VaR calculations.

The market price risk of the Fund estimated through a VaR computed using a 20-day holding period at 99% confidence level is as follows:

Impact on net income/(loss) before taxation/net asset value

	2021	**2020**
Var (%)	15.06	14.37
Var (RM)	83,875,531	50,121,536

(b) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments and its return will fluctuate because of changes in market interest rates.

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 Market risk (continued)

(b) Interest rate risk (continued)

The Fund's exposure to the interest rate risk is mainly confined to bank balances with financial institutions. The Manager overcomes the exposure by way of maintaining the bank balances on short term basis.

At the end of the reporting year, the Fund is not exposed to a material level of interest rate risk.

(c) Currency risk

The Fund invests in the Target Fund which operates internationally and holds financial instruments denominated in foreign currencies other than Ringgit Malaysia, the functional currency in which they are measured. Currency risk, as defined in MFRS 7, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As the collective investment scheme of the Fund is denominated in US Dollar, the Manager employs foreign currency swap to reduce the Fund's exposure to foreign exchange fluctuations in accordance with the Fund's investment policy.

The following table summarises the Fund's exposure to US Dollar denominated balances as at year end.

	2021 **RM**	**2020** **RM**
Financial assets at fair value through profit or loss	556,942,434	348,792,873
Due from Manager	1,551,872	668,579
Due from the Manager of the Target Fund	50,220	-
Cash and cash equivalents	3,916,346	3,952,949
Due to Manager	1,609,526	119,535
Due to the Manager of the Target Fund	17,125,427	2,835,009
Net assets attributable to unit holders	99,094,165	53,933,484

The sensitivity analysis of currency risk is covered under VaR analysis in Note 12.1(a).

12.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Fund.

The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only place balances in reputable licensed financial institutions. For "Due from Manager" and "Due from the Manager of the Target Fund", the settlement terms are governed by the Information Memorandums of the Fund and Target Fund respectively. The settlement terms of the proceeds from the creation of units receivable from the Manager are also governed by the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.2 Credit risk (continued)

The credit/default risk is minimal for foreign currency swap as they are executed and settled using approved broker.

At 30 September 2021, derivative financial instruments and cash and cash equivalents are held with counterparties with a credit rating by a recognised credit rating agency. Investments in collective investment schemes and amount "Due from the Manager of the Target Fund" are managed by reputable investment managers that have passed the review process of the Manager. Management considers the probability of default to be close to zero as 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 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

The following table sets out the credit risk concentration of the Fund at the end of the reporting year:

2021	**Foreign currency swap RM**	**Cash and cash equivalents RM**	**Others RM**	**Total RM**
AA1	411,819	4,631,297	-	5,043,116
NR*	-	-	25,332,532	25,332,532
Total	411,819	4,631,297	25,332,532	30,375,648

2020	**Foreign currency swap RM**	**Cash and cash equivalents RM**	**Others RM**	**Total RM**
AA1	1,068,738	5,244,266	-	6,313,004
NR*	-	-	7,940,860	7,940,860
Total	1,068,738	5,244,266	7,940,860	14,253,864

* As at the end of the financial year, the counterparties are not rated. The Fund considers the risk of material loss in the event of non-performance by the counterparties to be unlikely.

12.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemption of units.

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Liquidity risk (continued)

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balance and foreign collective investment scheme.

The following table summarises the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining year as at the end of the reporting year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

2021	No maturity RM	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
Current assets				
Financial assets at fair value through profit or loss	556,942,434	-	-	556,942,434
Derivative financial instruments	-	411,819	-	411,819
Due from Manager	-	25,282,312	-	25,282,312
Due from the Manager of the Target Fund	-	50,220	-	50,220
Cash and cash equivalents	4,631,297	-	-	4,631,297
Total assets	561,573,731	25,744,351	-	587,318,082
Current liabilities				
Due to Manager	-	6,471,894	-	6,471,894
Due to the Manager of the Target Fund	-	17,125,427	-	17,125,427
Accrued management fee	-	804,092	-	804,092
Accrued trustee fee	-	22,974	-	22,974
Other payables and accruals	-	-	20,429	20,429
Net asset attributable to unit holders*	-	562,873,266	-	562,873,266
Total liabilities	-	587,297,653	20,429	587,318,082
Contractual cash in/(out) flows	561,573,731	(561,553,302)	(20,429)	-

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Liquidity risk (continued)

2020	No maturity RM	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
Current assets				
Financial assets at fair value through profit or loss	348,792,873	-	-	348,792,873
Derivative financial instruments	-	1,068,738	-	1,068,738
Due from Manager	-	7,940,860	-	7,940,860
Cash and cash equivalents	5,244,266	-	-	5,244,266
Total assets	354,037,139	9,009,598	-	363,046,737
Current liabilities				
Due to Manager	-	5,076,098	-	5,076,098
Due to the Manager of the Target Fund	-	2,835,009	-	2,835,009
Accrued management fee	-	449,254	-	449,254
Accrued trustee fee	-	12,836	-	12,836
Other payables and accruals	-	-	21,063	21,063
Net asset attributable to unit holders*	-	354,652,477	-	354,652,477
Total liabilities	-	363,025,674	21,063	363,046,737
Contractual cash in/(out) flows	354,037,139	(354,016,076)	(21,063)	-

* Units are redeemed on demand at the unit holder's option (Note 2.6). However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the unit holders typically retain their units for the medium term.

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.4 Capital risk management

The capital of the Fund is represented by the net assets attributable to unit holders. 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.

12.5 Fair value estimation

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund used the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment allowances of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Fair value hierarchy

The following table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- 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 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.5 Fair value estimation (continued)

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, the Fund's investments measured at fair value as at the year end:

2021	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Current assets				
Financial assets at fair value through profit or loss:				
- Foreign collective investment scheme	556,942,434	-	-	556,942,434
- Foreign currency swap	-	411,819	-	411,819
Total	556,942,434	411,819	-	557,354,253

2020	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Current assets				
Financial assets at fair value through profit or loss:				
- Foreign collective investment scheme	348,792,873	-	-	348,792,873
- Foreign currency swap	-	1,068,738	-	1,068,738
Total	348,792,873	1,068,738	-	349,861,611

Investments whose values are based on quoted prices in active markets and are therefore classified within level 1, includes foreign collective investment schemes. The Fund does not adjust the quoted prices for this instrument. The Fund's policies on valuation of these financial assets are stated in Note 2.2 to the financial statements.

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.5 Fair value estimation (continued)

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. 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 to the financial statements.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, these securities use valuation techniques to derive the fair value. As at 30 September 2021 and 2020, the Fund did not have investments classified within level 3.

For the financial years ended 30 September 2021 and 2020, there were no transfers of financial instruments between levels.

The carrying values of "Due from Manager", "Due from the Manager of the Target Fund", "Cash and cash equivalents" and all current liabilities are a reasonable approximation of their fair value due to their short term nature.

Cash and cash equivalents comprise cash deposits held with banks.

"Due from Manager" and "Due from the Manager of the Target Fund" include the contractual amounts for units created and settlement of trades due to the Fund. "Due to Manager", "Due to the Manager of the Target Fund", "Accrued management fee", "Accrued trustee fee" and "Other payables and accruals" represent the contractual amounts and obligations due by the Fund for settlement of redemption and expenses.

13. SIGNIFICANT EVENT DURING FINANCIAL YEAR

Changes in macroeconomic conditions as a result of COVID-19, both domestically and globally, may result in the deterioration of the Fund's Net Asset Value/unit in future periods.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

Franklin Templeton Asset Management (Malaysia) Sdn. Bhd.
Suite 31-02, 31st Floor, Menara Keck Seng
203, Jalan Bukit Bintang
55100 Kuala Lumpur, Malaysia
tel +60 (3) 2264 6688
fax +60 (3) 2145 9071
www.franklintempleton.com.my