

RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND

ANNUAL REPORT 2020

For the financial year ended 30 September 2020

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name - RHB Global Artificial Intelligence Fund

Fund Category - Feeder Fund

Fund Type - Growth fund

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to achieve long term* capital growth by investing in one (1) target fund.

*Note: *“long term” in this context refers to a period of between 5 – 7 years.*

Strategy

The Fund will invest principally in the USD denominated class AT^ units of the Target Fund, Allianz Global Investors Fund - Allianz Global Artificial Intelligence.

The investment objective of the Target Fund is to provide long term capital growth by investing in the global equity markets of companies whose business will benefit from/ or is currently related to the evolution of artificial intelligence.

The Target Fund was launched on 31 March 2017. The Target Fund is one (1) of the sub-funds of the Allianz Global Investors Fund, an umbrella unit trust pursuant to Article 181 of the Luxembourg Law of 17 December 2010 on UCI. Allianz Global Investors Fund is authorized and regulated by the Commission de Surveillance du Secteur Financier, the Luxembourg securities supervisory authority (“CSSF”).

The Target Fund’s manager is Allianz Global Investors GmbH and the Target Fund’s investment manager is Allianz Global Investors U.S. LLC. The investment management duties of the Target Fund are delegated to Allianz Global Investors U.S. LLC. The manager of the Target Fund is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”), the German securities supervisory authority, while the investment manager of the Target Fund is regulated by the US Securities and Exchange Commission. The depositary of the Target Fund is State Street Bank Luxembourg S.C.A.

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

The Fund is a feeder fund that invests at least 95% of its NAV in the Target Fund. The risk management strategies and techniques employed will be at the Target Fund level.

When appropriate for all Classes (except USD Class & RM Class), the Manager may participate in financial derivatives, which include but is not limited to forwards and swaps, for the purpose of hedging the currency risk exposure (if any) of the various currency Classes. The benefit of any upside of currency movement is limited when hedging the various currency Class exposures to foreign currency risk as the primary interest is to protect the value of the various currency Classes.

The Fund's portfolio will structured as follows:

At least 95% of NAV - Investments in the USD denominated class AT[^] units of the Target Fund.

The balance of the NAV shall be invested in liquid assets including money market instruments, Deposits and collective investment schemes investing in money market instruments and Deposits.

[^] Class "AT" refers to retail accumulation units of the Target Fund.

Performance Benchmark

MSCI World Information Technology Index.

Permitted Investments and Restrictions

The Fund will invest in Allianz Global Artificial Intelligence Fund, financial derivatives, money market instruments, Deposits, units/shares of collective investment schemes and any other investments in line with the objective of the Fund, provided that there is no inconsistency with the Fund's objective.

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

Distribution Policy

Incidental. Distribution, if any, is declared at the end of each financial year, or for any other period.

MANAGER'S REPORT

MARKET REVIEW

Global equities rallied over the third quarter of year 2020, buoyed by positive trial results for potential COVID-19 vaccines, further stimulus measures and hopes that the global economy may be over the worst of its pandemic-induced recession. However, after recording their strongest August 2020 returns since year 1986, stock markets weakened throughout September 2020, undermined by political wrangling in the United States (“US”) over the size of further fiscal stimulus and concerns over a potentially destabilizing US presidential election. A surge in new coronavirus infections in Europe further weighed on sentiment. The market’s overall positive third-quarter returns were led by cyclical stocks in the consumer discretionary, materials and industrials sectors. Energy companies fell sharply as oil prices remained pressured by weak global demand.

Information technology and related stocks outperformed the broader market in the third quarter. Big US technology stocks continued their strong run, with Apple surpassing \$2 trillion in market value at a point in the period supported by robust third-quarter earnings and forthcoming product launches. Sentiment on various other US technology heavyweights continued to benefit from home working and online shopping trends, though regulatory issues were a cause of some relative weakness. Software was mixed with several high-growth companies missing elevated expectations on their earnings results, while a handful of larger companies showed resilient results. Semis were also mixed with mobile handset levered names outperforming those linked to softening memory prices.

ECONOMIC REVIEW AND OUTLOOK

Second-quarter Gross Domestic Product (“GDP”) data confirmed that the COVID-19 pandemic had plunged the global economy into a sharp contraction. The US economy shrank, while economic activity also fell in the euro zone and Japan. China stood out as a rare bright spot, with its economy expanding between April 2020 and June 2020. While China’s recovery appeared to be picking up speed in the third quarter, elsewhere hopes of a robust rebound in second half of the year were jeopardized by surging coronavirus infections, particularly in Europe where many countries saw the start of a second wave.

After suffering its steepest fall on record in the second quarter, the US economy appeared to be picking up speed in the third quarter despite a continued high level of COVID-19 infections. August’s Institute of Supply Managers’ manufacturing survey indicated activity was running at the strongest rate of expansion since November 2018, while non-manufacturing activity returned to pre-pandemic levels. Jobs growth continued, helping the unemployment rate to fall in August

2020 from a peak in April 2020. However, while consumer sentiment improved, it remained well below pre-pandemic levels.

The US Federal Reserve (“Fed”) pledged to keep interest rates near zero until the end of year 2023 at the earliest, but refrained from introducing innovative measures, such as controlling the yield curve. The Fed’s inflation target was raised to “moderately above 2.00%”, with officials noting that an accommodative stance would be maintained until inflation hit this level. However, with Republicans and Democrats unable to agree on a new stimulus package, the Fed warned that its massive monetary stimulus may not be enough to support the world’s largest economy through the pandemic unless it is matched by government stimulus spending.

REVIEW OF TARGET FUND PERFORMANCE AND STRATEGY DURING THE YEAR

From 01 October 2019 to 30 September 2020, the Allianz Global Artificial Intelligence Fund (Class AT USD) returned +67.90% (source: Morningstar, NAV-NAV, total returns in USD). Stock selection in the IT services and automobiles industries contributed to the target portfolio’s relative returns. Conversely, stock selection in the semiconductors & semiconductor equipment and media industries detracted from relative performance. From an industry allocation perspective, an underweight allocation to the bank industry contributed to relative performance, while no allocation to the technology hardware, storage & peripherals industry detracted from relative returns.

MARKET OUTLOOK AND STRATEGY GOING FORWARD

Looking into the remainder of year 2020, the Target Fund Manager sees economies opening to varied degrees and timelines. While flare-ups in the virus are persisting and expected, the Target Fund Manager believes the strictest mitigation efforts were implemented during the second quarter and see a gradual recovery underway. Company management teams sound optimistic that demand is returning but remain cautious on the magnitude of the recovery and the trajectory (i.e. V-shaped vs. W-shaped, etc.). In the Target Fund Manager view, it is the former point on demand stabilization and recovery that has driven US equity markets back to pre-pandemic levels. However, with the remaining uncertainties around the shape of the recovery, the Target Fund Manager has seen a relatively narrow recovery led by smaller secular growth companies along with mega-cap technology shares that have demonstrated resilient business models through this period.

The Artificial Intelligence (“AI”) strategy has performed well through this period with exposures to many of the secular growth companies finding strong markets

for their solutions as new modes of work and consumption take shape. Over the past months, the Target Fund Manager has selectively added new opportunities in different industries where they noted dislocations and attractive valuations. Some of these positions face headwinds to the extent there is more uncertainty regarding the path of recovery. Nonetheless, the Target Fund Manager believes that through a combination of improved health care system preparedness, better individual education of social distancing, and progress towards therapies and vaccines the trend toward normalcy is inevitable. Over time, the Target Fund Manager expects equity market performance to broaden and benefit some of the newer positions in the target portfolio. This speaks to the Target Fund Manager constructiveness on the overall equity market as significant segments carry attractive long-term risk-rewards for patient investors. In times of elevated volatility, risk management and staying active is critical to take advantage of opportunities as the market recovers.

AI Infrastructure

The Target Fund Manager expects healthy demand for the ongoing build-out of AI infrastructure in the coming years. As AI training progresses past the pilot stage, the next phase will be about the new types of processing and storage needed to deploy AI from the cloud to billions of edge devices. The Target Fund Manager continues to believe the global rollout of 5G will accelerate in year 2020, and the resulting higher bandwidth will enable the collection of more data from billions of mobile and IoT devices.

Within AI Infrastructure, the Target Fund Manager has become more constructive on semiconductors (after previously reducing exposure in late year 2019 and early year 2020) as they believe the impacts from the coronavirus on the supply chain are more reflected in stock prices. In addition, there have been signs of improvement in China where the disruption from the virus initially began. While news flow will likely remain mixed in the very near-term, the Target Fund Manager believes investors have begun to look forward to the recovery in the coming year given the historical cyclicity of the group.

AI Applications

The Target Fund Manager is seeing AI get embedded into an increasing number of software applications and systems to help make more intelligent decisions. AI is helping to drive higher levels of automation, better recommendations, faster decision-making, and significant cost savings. As AI continues to advance, year 2020 should see software and apps offer even more personalized services, made possible through an increased understanding of user behavior and search patterns, allowing companies to deliver more human-centric experiences in real-time. Smart assistants will begin to move from passive to proactive interactions by anticipating the user's needs rather than simply waiting for instructions. AI and machine learning will continue to automate mundane tasks and complicated

analyses to free up employees to focus more time and attention on creative and strategic tasks. The recent introduction of quantum cloud computing could lead to significant breakthroughs in AI and machine learning in the coming years as researchers design new algorithms to exploit the exponentially faster computing power. The Target Fund Manager is just beginning to see AI become a part of more applications, which could potentially create an even bigger market opportunity than past IT transformation eras.

AI-enabled Industries

The Target Fund Manager is seeing more companies begin to leverage Artificial Intelligence to drive innovation. Many of the target portfolio holdings in the automotive, consumer, healthcare, and finance sectors are already seeing the early benefits from AI, which is allowing them to introduce unique products and services enabling them to outperform their industry peers. The Target Fund Manager expects to see more industries roll out AI projects across more of their operations to accelerate their digital transformation. The Target Fund Manager believes companies will continue to adopt AI technologies such as facial recognition for identification and fraud detection, autonomous vehicles and robots for transportation and logistics, robotic process automation (“RPA”) and virtual digital workers to automate repetitive office tasks, predictive maintenance powered by Internet of things (“IoT”) to minimize maintenance costs and equipment down time, and augmented and virtual reality (AR/VR) to create engaging experiences and entertainment.

Overall, the Target Fund Manager continues to believe they are at the very early stages of massive disruptive change brought about by advancement in Artificial Intelligence and its deployment. The Target Fund Manager believes that these changes will drive meaningful growth for companies that are able to take advantage and drive disruption within their respective industries. While it is expected at times that markets may question the underpinnings of this growth, the Target Fund Manager believes the compounding effect from AI disruption will create long-term shareholder value. The Target Fund Manager believes that stock picking will be imperative to capturing the benefits of this opportunity, especially in an environment characterized by disruption and change.

REVIEW OF FUND PERFORMANCE DURING THE YEAR

During the year under review, the Fund has generated a gain of 63.10%* and 64.61%* as compared with the benchmark gain of 42.85%* and 43.93%* for RM-Hedged and USD class respectively. The Fund is working to meet the objective by achieving long term (5-7 years) capital growth.

** Source: Lipper for Investment Management (“Lipper IM”), 13 October 2020*

PERFORMANCE DATA

	Annual Total Returns	
	Financial Year Ended 30 September	
	2020 %	2019^ %
RHB Artificial Intelligence Fund - USD Class		
- Capital Return	64.61	5.81
- Income Return	-	-
- Total Return	64.61	5.81
MSCI World Information Technology Index	43.93	17.97

	Annual Total Returns	
	Financial Year Ended 30 September	
	2020 %	2019^ %
RHB Artificial Intelligence Fund - RM - Hedged Class		
- Capital Return	63.10	5.54
- Income Return	-	-
- Total Return	63.10	5.54
MSCI World Information Technology Index	42.85	18.04

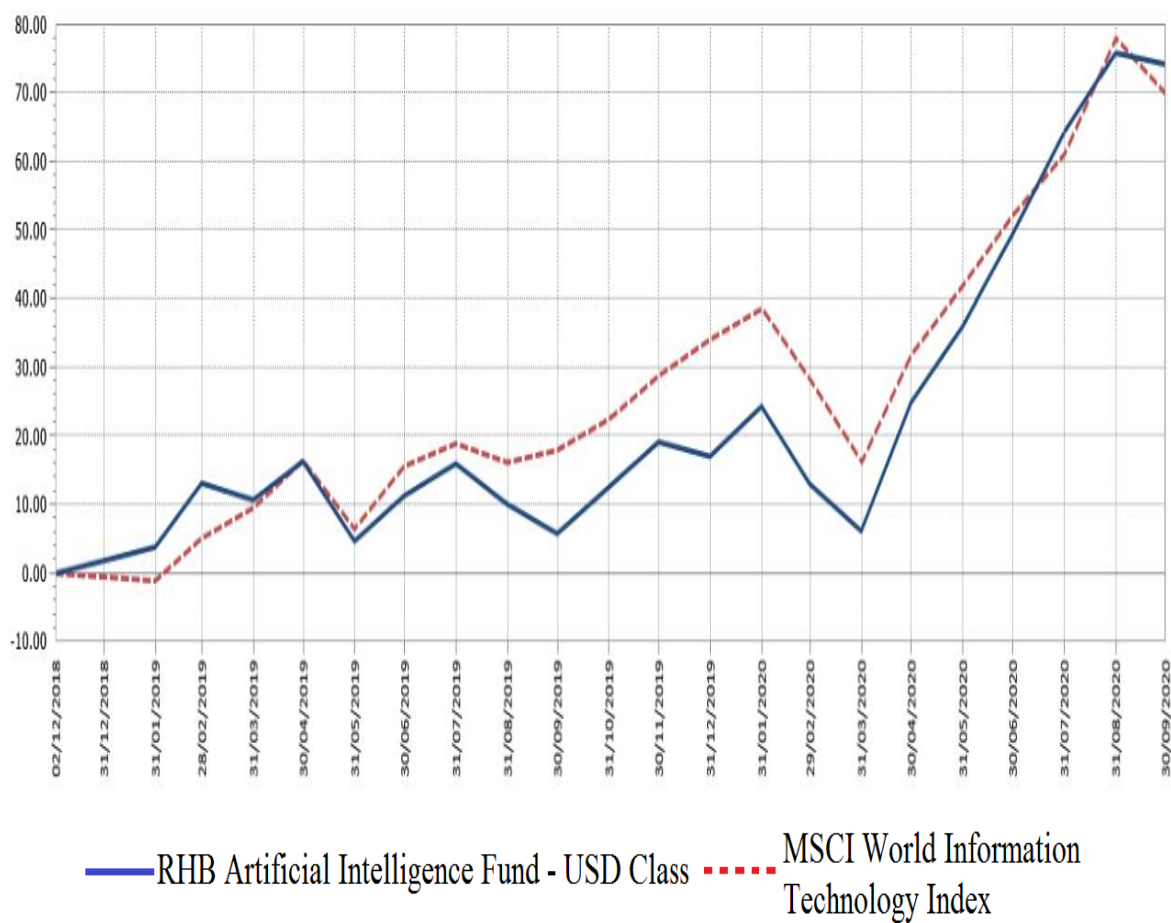
	Average Total Returns	
	1 Year 30.09.2019 - 30.09.2020 %	Since Inception 02.12.2018** - 30.09.2019^ %
RHB Artificial Intelligence Fund - USD Class	64.38	35.42
MSCI World Information Technology Index	43.79	33.55

	Average Total Returns	
	1 Year 30.09.2019 - 30.09.2020 %	Since Inception 02.12.2018** - 30.09.2019^ %
RHB Artificial Intelligence Fund - RM - Hedged Class	62.89	34.55
MSCI World Information Technology Index	42.71	33.04

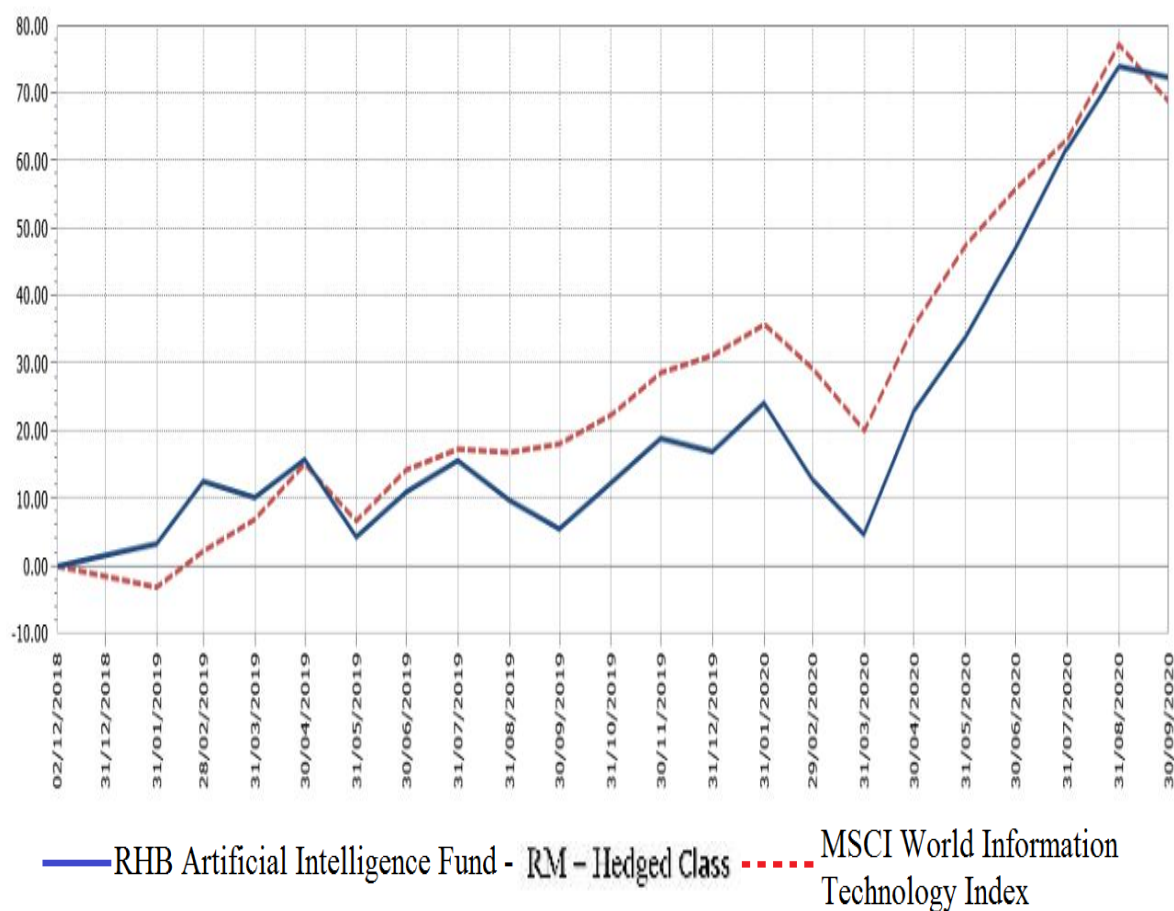
^ For the financial period since the last day of Initial Offer Period

** Being the last day of Initial Offer Period

**Performance of RHB Artificial Intelligence Fund - USD Class
for the period from 2 December 2018** to 30 September 2020
Cumulative Return Over The Period (%)**



**Performance of RHB Artificial Intelligence Fund - RM - Hedged Class
for the period from 2 December 2018** to 30 September 2020
Cumulative Return Over The Period (%)**



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

Source: Lipper IM, 13 October 2020

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since inception.

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

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

The abovementioned performance computations have been adjusted to reflect distribution payments and unit splits wherever applicable.

Fund Size – USD Class	As at 30 September	
	2020	2019
Net Asset Value (USD million)	18.30	3.80
Units In Circulation (million)	10.51	3.59
Net Asset Value Per Unit (USD)	1.7417	1.0581

Fund Size – RM – Hedged Class	As at 30 September	
	2020	2019
Net Asset Value (USD million)	93.75	23.16
Units In Circulation (million)	226.29	91.83
Net Asset Value Per Unit (USD)	0.4143	0.2521

Historical Data	Financial Year/Period Ended 30 September	
	2020	2019
Unit Prices		
<u>USD Class</u>		
NAV - Highest (USD)	1.8357	1.1844
NAV - Lowest (USD)	0.8534	0.9037
<u>RM - Hedged Class</u>		
NAV - Highest (RM)	1.8130	1.1806
NAV - Lowest (RM)	0.8447	0.9002
Distribution and Unit Split	-	-
Others		
Management Expense Ratio (MER) (%) #	0.16	0.19
Portfolio Turnover Ratio (PTR) (times) ##	1.29	1.20

The MER for the financial year was lower compared with previous financial period due to lower average net asset value during the financial year under review.

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

DISTRIBUTION

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

PORTFOLIO STRUCTURE

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

	As at 30 September	
	2020	2019
Sectors	%	%
Collective investment scheme - foreign	95.82	96.48
Liquid assets and other net current assets	4.18	3.52
	<u>100.00</u>	<u>100.00</u>

The asset allocation was reflective of the Manager's stance to risk manage its portfolio in an environment of volatile markets.

BREAKDOWN OF UNIT HOLDINGS BY SIZE – USD CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	1	6.25	7	0.07
10,001 to 50,000	8	50.00	155	1.47
50,001 to 500,000	3	18.75	297	2.83
500,001 and above	4	25.00	10,045	95.63
Total	16	100.00	10,504	100.00

BREAKDOWN OF UNIT HOLDINGS BY SIZE - RM - HEDGED CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	11	22.91	22	0.01
5,001 to 10,000	9	18.75	66	0.03
10,001 to 50,000	8	16.67	235	0.10
50,001 to 500,000	12	25.00	1,415	0.63
500,001 and above	8	16.67	224,547	99.23
Total	48	100.00	226,285	100.00

* Excluding Manager's stock

SOFT COMMISSION

The Fund Manager may only receive soft commission in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments.

During the financial year under review, the soft commission received from the brokers had been retained by the Manager as the goods and services provided are of demonstrable benefit to the unitholders.

RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	<u>Note</u>	<u>2020</u> <u>USD</u>	<u>2019</u> <u>USD</u>
ASSETS			
Investments	5	107,359,888	26,005,564
Forward foreign currency contracts	6	1,231,135	-
Deposits with licensed financial institutions	7	4,118,520	1,240,859
Bank balances	7	1,195,487	497,895
Amount due from Manager		2,470,724	330,535
Other receivables		394,698	116,205
TOTAL ASSETS		<u>116,770,452</u>	<u>28,191,058</u>
LIABILITIES			
Amount due to fund manager of collective investment scheme		4,600,000	965,000
Amount due to counterparty		9,097	1,110
Amount due to Manager		17,207	-
Accrued management fee		93,660	27,590
Amount due to Trustee		2,341	690
Forward foreign currency contracts	6	-	239,333
Other payables and accruals		3,090	2,598
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>4,725,395</u>	<u>1,236,321</u>
NET ASSET VALUE		<u>112,045,057</u>	<u>26,954,737</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>112,045,057</u>	<u>26,954,737</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- USD Class		18,296,167	3,799,498
- RM - Hedged Class		93,748,890	23,155,239
		<u>112,045,057</u>	<u>26,954,737</u>

RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONTINUED)

	<u>Note</u>	<u>2020</u> USD	<u>2019</u> USD
UNITS IN CIRCULATION			
- USD Class (UNITS)	8	10,505,000	3,591,000
- RM - Hedged Class (UNITS)	8	226,289,500	91,832,500
		<u>236,794,500</u>	<u>95,423,500</u>
NET ASSET VALUE PER UNIT:			
- USD Class		1.7417	1.0581
- RM - Hedged Class		<u>0.4143</u>	<u>0.2521</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES:			
- USD Class		USD1.7417	USD1.0581
- RM - Hedged Class		<u>RM1.7214</u>	<u>RM1.0554</u>

RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

			Financial period from 12.11.2018 (date of inception) to 30.09.2019 USD
	<u>Note</u>	<u>2020</u> <u>USD</u>	
INCOME/(LOSS)			
Interest income from deposits with licensed financial institutions		27,389	12,350
Net gain/(loss) on investments	5	20,588,264	(1,253,322)
Net foreign currency exchange loss		(373,649)	(47,926)
Net gain/(loss) on forward foreign currency contracts	6	971,086	(246,640)
		<u>21,213,090</u>	<u>(1,535,538)</u>
EXPENSES			
Management fee	9	(49,053)	(14,186)
Trustee's fee	10	(12,492)	(4,876)
Audit fee		(1,504)	(1,500)
Tax agent's fee		(927)	(908)
Other expenses		(2,975)	(1,916)
		<u>(66,951)</u>	<u>(23,386)</u>
Net income/(loss) before taxation		21,146,139	(1,558,924)
Taxation	11	-	-
Net increase/(decrease) in net assets attributable to unitholders		<u>21,146,139</u>	<u>(1,558,924)</u>
Net increase/(decrease) in net assets attributable to unitholders is made up as follows:			
Realised amount		2,461,454	29,039
Unrealised amount		18,684,685	(1,587,963)
		<u>21,146,139</u>	<u>(1,558,924)</u>

RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	<u>2020</u> USD	Financial period from 12.11.2018 (date of inception) <u>to 30.09.2019</u> USD
Net assets attributable to unitholders at the beginning of the financial year/ date of inception	26,954,737	-
Movement due to units created and cancelled during the financial year/period:		
Creation of units from applications		
- USD Class	17,028,619	4,874,538
- RM - Hedged Class	81,417,294	26,081,527
	<u>98,445,913</u>	<u>30,956,065</u>
Cancellation of units		
- USD Class	(28,367,672)	(862,751)
- RM - Hedged Class	(6,134,060)	(1,579,653)
	<u>(34,501,732)</u>	<u>(2,442,404)</u>
Net increase/(decrease) in net assets attributable to unitholders during the financial year/period	<u>21,146,139</u>	<u>(1,558,924)</u>
Net assets attributable to unitholders at the end of the financial year/period	<u>112,045,057</u>	<u>26,954,737</u>

RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	<u>Note</u>	<u>2020</u> <u>USD</u>	Financial period from 12.11.2018 (date of inception) to 30.09.2019 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of investments		(81,911,495)	(27,391,000)
Sales of investments		24,780,435	1,097,115
Interest received from deposits with licensed financial institution		27,389	12,350
Net loss from forward contract		(499,382)	(7,307)
Management fee paid		(261,476)	(102,801)
Trustee's fee paid		(10,841)	(4,186)
Payment for other fees and expenses		(4,914)	(1,726)
Net realised foreign exchange loss		(347,873)	(28,304)
Net cash used in operating activities		<u>(58,228,157)</u>	<u>(26,425,859)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		96,305,724	30,606,101
Cash paid for unit cancelled		<u>(34,484,525)</u>	<u>(2,441,487)</u>
Net cash generated from financing activities		<u>61,821,199</u>	<u>28,164,614</u>
Net increase in cash and cash equivalents		3,593,042	1,738,754
Foreign currency translation differences		(17,789)	-
Cash and cash equivalents at the beginning of the financial year/date of inception		<u>1,738,754</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year/period	7	<u>5,314,007</u>	<u>1,738,754</u>

**RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

1 THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Global Artificial Intelligence Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 7 November 2018 (hereinafter referred to as “the Deed”) between RHB Asset Management Sdn Bhd (“the Manager”) and SCBMB Trustee Berhad (“the Trustee”).

The Fund was launched on 12 November 2018 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 under the Deed.

The Fund is a feeder fund that invests in the USD denominated class AT units of the Target Fund, Allianz Global Investors Fund - Allianz Global Artificial Intelligence, a collective investment scheme domiciled in the Luxembourg that regulated by the Luxembourg Commission de Surveillance du Secteur Financier (“CSSF”).

All investments will be subject to the Securities Commission’s (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, SC 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 achieve capital appreciation above its benchmark by investing in one of the sub-funds of the Allianz Global Investors Fund, an umbrella unit trust.

The Manager, a company incorporated in Malaysia, is a wholly-owned subsidiary of RHB Investment Bank Berhad, effective 6 January 2003. Its principal activities include rendering of investment management services, management of unit trust funds and private retirement schemes and provision of investment advisory services.

These financial statements were authorised for issue by the Manager on 26 November 2020.

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.

(a) The Fund has applied the following interpretation to existing standard and amendments to published standard for the first time for the financial year beginning on 1 October 2019:

- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’ provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

(a) The Fund has applied the following interpretation to existing standard and amendments to published standard for the first time for the financial year beginning on 1 October 2019: (continued)

- Annual Improvements to MFRSs 2015 – 2017 Cycle: Amendments to MFRS 112 ‘Income Taxes’ clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in statement of income and expenses when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

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

(b) Amendments and interpretations which are relevant to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

(b) Amendments and interpretations which are relevant to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(i) Financial year beginning on/after 1 October 2020 (continued)

- The Conceptual Framework for Financial Reporting (“Framework”) (effective 1 January 2020) (continued)

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 principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be 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 will need 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 Conceptual Framework for Financial Reporting.

The revised Framework and adoption of the amendments to published standards are not expected to give rise to any material impact on the financial statements of the Fund.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets

Classification

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

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

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

The Fund classifies cash and cash equivalents, amount due from manager and other receivables as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund designates its investment in collective investment scheme as financial assets at fair value through profit or loss at inception.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

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.

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 in the period in which they arise.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

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 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 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 amount due to fund manager of collective investment scheme, amount due to counterparties, accrued management fee, amount due to Trustee and other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Fund's policies on derivative instruments are stated in Note 2.2 and Note 2.11.

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 unitholders' contribution to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues two classes of cancellable units, which are cancelled at the unitholders' option. The units are classified as financial liabilities as they do not have identical features subject to restrictions as stipulated in the Information Memorandum and SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. 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 unitholders exercise the right to put the unit back to the Fund.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Creation and cancellation of units (continued)

Units are created and cancelled at the unitholder's 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 unitholders of each class of units with the total number of outstanding units for each respective class.

2.5 Income recognition

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Taxation

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

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and deposits with licensed financial institutions which are subject to an insignificant risk of changes in value.

2.8 Presentation and functional currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in United States Dollar (“USD”), 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 USD primarily due to the following factors:

- (i) The Fund’s investments are denominated in USD.
- (ii) The Fund’s significant expenses are denominated in USD.

2.9 Foreign currency translation

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

2.10 Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Derivative financial instruments

The Fund's derivative financial instruments comprise foreign currency forward contracts. 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.

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

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

2.12 Amount due from/to fund manager of collective investment scheme and counterparty

Amount due from/to fund manager of collective investment scheme represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively. The amount due from fund manager of collective investment scheme balance is held for collection.

Amounts due from/to counterparty represent spot contract receivables/payables that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively. The amount due from counterparty balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from fund manager of collective investment and counterparty 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 fund manager of collective investment and counterparty, probability that the fund manager of collective investment and counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Information Memorandum or SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

Market risk

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

Price risk

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

The Fund is exposed to collective investment scheme price risk (other than those arising from interest risk) for its investments of USD107,359,888 (2019: USD26,005,564) in the Target Fund.

The sensitivity analysis is based on the assumption that the price of the investments fluctuate by +/- 5% with all other variables held constant, the impact on statement of income and expenses and net asset value is +/- USD5,367,994 (2019: USD1,300,278).

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. The Fund's exposure to the interest rate risk is mainly confined to short term placements with financial institutions. The Manager overcomes the exposure by way of maintaining deposits on short term basis. Therefore, exposure to interest rate fluctuations is minimal.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

The Fund is denominated in USD, as such investors who are converting from Ringgit Malaysia (“RM”) to USD to invest into the Fund will be subject to currency risk, as the distribution and payment at maturity is in USD. When USD moves unfavourably against the RM, investors may face currency losses if they convert from USD to RM.

The sensitivity analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5% with all other variable held constant, the impact on statement of income and expenses and net asset value is (-) USD12,990,329/(+) USD5,492,372 (2019: (-) USD449,604/(+) USD1,977,116).

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

	Net asset value attributable to <u>unitholders</u> USD	Forward foreign currency contracts USD	Cash and cash equivalents USD	<u>Payables</u> USD	<u>Total</u> USD
<u>2020</u>					
RM	<u>(93,748,890)</u>	<u>1,231,135</u>	<u>24,886</u>	<u>(9,097)</u>	<u>(92,501,966)</u>
<u>2019</u>					
RM	<u>(23,155,239)</u>	<u>(239,333)</u>	<u>11,801</u>	<u>(1,110)</u>	<u>(23,383,881)</u>

Liquidity risk

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

The liquidity risk that exists at the Fund level is associated with the inability of the Target Fund to meet large redemption in a timely manner. In the event of large redemption request that would result in the total redemption to be more than 10% of the shares in the Target Fund or a particular share class of the Target Fund, part or all of such requests for redemption may be deferred for a period typically not exceeding ten business days of the Target Fund.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

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 month USD	Between 1 month to 1 year USD
<u>2020</u>		
Amount due to fund manager of collective investment scheme	4,600,000	-
Amount due to counterparty	9,097	-
Amount due to Manager	17,207	-
Accrued management fee	93,660	-
Amount due to Trustee	2,341	-
Other payables and accruals	-	3,090
Net assets attributable to unitholders*	112,045,057	-
	<u>116,750,155</u>	<u>3,090</u>
<u>2019</u>		
Amount due to fund manager of collective investment scheme	965,000	-
Amount due to counterparty	1,110	-
Forward foreign currency contract	243,856	688
Accrued management fee	27,590	-
Amount due to Trustee	690	-
Other payables and accruals	-	2,598
Net assets attributable to unitholders*	26,954,737	-
	<u>28,192,983</u>	<u>3,286</u>

* Outstanding units are redeemed on demand at the unitholder'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 unitholders typically retain them for the medium to long term.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits with reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Information Memorandum and SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

	Forward foreign currency contracts USD	Cash and cash equivalents USD	Other financial assets* USD	Total USD
<u>2020</u>				
Financial institutions:				
AAA	-	5,314,007	-	5,314,007
AA3	1,231,135	-	-	1,231,135
Others	-	-	2,865,422	2,865,422
	<u>1,231,135</u>	<u>5,314,007</u>	<u>2,865,422</u>	<u>9,410,564</u>
<u>2019</u>				
Financial institutions:				
AAA	-	1,738,754	-	1,738,754
Others	-	-	446,740	446,740
	<u>-</u>	<u>1,738,754</u>	<u>446,740</u>	<u>2,185,494</u>

* Comprise amount due from Manager and other receivables.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by net assets attributable to unitholders of USD112,045,057 (2019: USD26,954,737). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. 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 unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4 FAIR VALUE ESTIMATION

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets and liabilities traded in an active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial year end date.

An active market is a market in which transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each financial year end date.

Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

4 FAIR VALUE ESTIMATION (CONTINUED)

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

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

Fair value hierarchy

The Fund adopted MFRS 13 “Fair Value Measurement” in respect of disclosures about the degree of reliability of fair value measurement. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs)

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2020</u>				
Investments:				
- Collective investment scheme				
- foreign	107,359,888	-	-	107,359,888
Derivative instruments:				
- Forward foreign currency contracts	-	1,231,135	-	1,231,135
	<u>107,359,888</u>	<u>1,231,135</u>	<u>-</u>	<u>108,591,023</u>

4 FAIR VALUE ESTIMATION (CONTINUED)

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2019</u>				
Investments:				
- Collective investment scheme				
- foreign	26,005,564	-	-	26,005,564
Derivative instruments:				
- Forward foreign currency contracts	-	(239,333)	-	(239,333)
	<u>26,005,564</u>	<u>(239,333)</u>	<u>-</u>	<u>25,766,231</u>

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

Financial instruments that are traded in markets that are not 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 foreign currency forward contract. 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 instruments are stated in Note 2.2.

The Fund's policies on valuation of these financial instruments are stated in Note 2.2 and 2.11.

5 INVESTMENTS

	<u>2020</u> <u>USD</u>	<u>2019</u> <u>USD</u>
Investments:		
- Collective investments scheme - foreign	<u>107,359,888</u>	<u>26,005,564</u>
		Financial period from 12.11.2018 (date of inception) to 30.09.2019
	<u>2020</u> <u>USD</u>	<u>USD</u>
Net income/(loss) on investments comprised:		
- Net realised gain on sale of investments	3,374,048	95,308
- Net unrealised gain/(loss) on changes in fair value	<u>17,214,216</u>	<u>(1,348,630)</u>
	<u>20,588,264</u>	<u>(1,253,322)</u>

Investments as at 30 September 2020 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	% of Net Asset Value %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>Luxembourg</u>				
Allianz Global Investors Fund - Allianz Global Artificial Intelligence (Class AT)	4,927,026	<u>91,494,302</u>	<u>107,359,888</u>	<u>95.82</u>

5 INVESTMENTS (CONTINUED)

Investments as at 30 September 2019 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> USD	<u>Fair value</u> USD	<u>% of Net Asset Value</u> %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>Luxembourg</u>				
Allianz Global Investors Fund - Allianz Global Artificial Intelligence	2,003,510	27,354,194	26,005,564	96.48

6 FORWARD FOREIGN CURRENCY CONTRACTS

As at 30 September 2020, there were twenty-four (2019: eighteen) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contract amounted to USD92,418,000 (2019: USD24,053,000).

The forward foreign currency contracts entered into was for hedging against the currency exposure of RM-Hedged class units arising from the investment in collective investment scheme denominated in USD.

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

	<u>2020</u> USD	<u>Financial period from 12.11.2018 (date of inception) to 30.09.2019</u> USD
Net gain/(loss) on forward foreign currency contracts:		
- Net realised loss on forward foreign currency contracts	(499,382)	(7,307)
- Unrealised gain/(loss) on forward currency contracts	1,470,468	(239,333)
	<u>971,086</u>	<u>(246,640)</u>

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises:

	<u>2020</u> USD	<u>2019</u> USD
Deposits with licensed financial institutions	4,118,520	1,240,859
Bank balances	1,195,487	497,895
	<u>5,314,007</u>	<u>1,738,754</u>

8 UNITS IN CIRCULATION

USD Class

	<u>2020</u> Units	<u>2019</u> Units
At the beginning of the financial year/date of inception	3,591,000	-
Creation of units arising from applications during the financial year/period	11,340,000	4,396,000
Cancellation of units during the financial year/period	<u>(4,426,000)</u>	<u>(805,000)</u>
At the end of the financial year/period	<u>10,505,000</u>	<u>3,591,000</u>

RM - Hedged Class

	<u>2020</u> Units	<u>2019</u> Units
At the beginning of the financial year/date of inception	91,832,500	-
Creation of units arising from applications during the financial year/period	227,108,000	97,687,500
Cancellation of units during the financial year/period	<u>(92,651,000)</u>	<u>(5,855,000)</u>
At the end of the financial year/period	<u>226,289,500</u>	<u>91,832,500</u>

9 MANAGEMENT FEE

In accordance with the Information Memorandum, the management fee provided in the financial statements is 1.20% (2019: 1.20%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year. As the Fund invests in the Target Fund, the management fee charged by the Target Fund is fully refunded to this Fund. There is no double charging of management fee to the Fund.

10 TRUSTEE'S FEE

In accordance with the Information Memorandum, the Trustee's fee provided in the financial statements is 0.03% (2019: 0.03%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year, subject to a minimum of RM18,000 per annum equivalent to USD4,332 (2019: USD4,300).

11 TAXATION

(a) Tax charge for the financial year/period

	<u>2020</u> USD	Financial period from 12.11.2018 (date of inception) to 30.09.2019 USD
Current taxation	-	-

(b) Numerical reconciliation of income tax expense

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

	<u>2020</u> USD	Financial period from 12.11.2018 (date of inception) to 30.09.2019 USD
Net income/(loss) before taxation	21,146,139	(1,558,924)
Tax calculated at statutory income tax rate of 24%	5,075,073	(374,142)
Tax effects of:		
- Loss not deductible for tax purposes	(5,091,142)	368,529
- Expenses not deductible for tax purposes	3,935	1,716
- Restriction on tax deductible expenses	12,134	3,897
Tax expense	-	-

12 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2020</u> %	Financial period from 12.11.2018 (date of inception) to <u>30.09.2019</u> %
MER	<u>0.16</u>	<u>0.19</u>

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

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2020</u>	Financial period from 12.11.2018 (date of inception) to <u>30.09.2019</u>
PTR (times)	<u>1.29</u>	<u>1.20</u>

The PTR ratio is calculated based on average of acquisition and disposals of the Fund for the financial year to the average net asset value of the Fund calculated on a daily basis.

14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

	2020		2019	
	Units	USD	Units	USD
The Manager				
- USD Class	1,303	2,269	1,475	1,560
- RM - Hedged Class	4,416	1,830	1,712	432
	<u>5,719</u>	<u>4,099</u>	<u>3,187</u>	<u>1,992</u>
RHB Capital Nominees (Tempatan) Sdn Bhd				
- USD Class	2,157,752	3,758,156	532,995	563,941
- RM - Hedged Class	63,608,026	26,352,805	18,398,637	4,639,151
	<u>65,765,778</u>	<u>30,110,961</u>	<u>18,931,632</u>	<u>5,203,092</u>
RHB Nominees (Tempatan) Sdn Bhd				
- USD Class	<u>161,513</u>	<u>281,307</u>	<u>-</u>	<u>-</u>

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

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

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

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

15 TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 30 September 2020 are as follows:

<u>Fund manager</u>	<u>Value of trades</u> USD	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> USD	<u>Percentage of total brokerage fees</u> %
Allianz Global Investors (SG) Limited	<u>110,326,930</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions by the Fund for the financial period from 12 November 2018 (date of inception) to 30 September 2019 are as follows:

<u>Fund manager</u>	<u>Value of trades</u> USD	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> USD	<u>Percentage of total brokerage fees</u> %
Allianz Global Investors (SG) Limited	<u>29,453,114</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

16 FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2020</u> USD	<u>2019</u> USD
Financial assets		
Financial assets at fair value through profit or loss (“FVTPL”)		
• Collective investment scheme	107,359,888	26,005,564
• Forward foreign currency contracts	1,231,135	-
	<u>108,591,023</u>	<u>26,005,564</u>
Financial assets at amortised cost		
• Deposits with licensed financial institutions	4,118,520	1,240,859
• Bank balances	1,195,487	497,895
• Amount due from Manager	2,470,724	330,535
• Other receivables	394,698	116,205
	<u>8,179,429</u>	<u>2,185,494</u>
Financial liabilities		
Financial liabilities at fair value through profit or loss (“FVTPL”)		
• Forward foreign currency contracts	-	239,333
Financial liabilities at amortised cost		
• Amount due to fund manager of collective investment scheme	4,600,000	965,000
• Amount due to counterparties	9,097	1,110
• Amount due to Manager	17,207	-
• Accrued management fee	93,660	27,590
• Amount due to Trustee	2,341	690
• Other payables and accruals	3,090	2,598
	<u>4,725,395</u>	<u>996,988</u>

17 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally, has impacted the Fund’s performance during the financial year.

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

STATEMENT BY MANAGER
RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND

We, Dato' Darawati Hussain and Chin Yoong Kheong, two of the Directors of RHB Asset Management Sdn Bhd, do hereby state that in the opinion of the Directors of the Manager, the accompanying statement of financial position, statement of income and expenses, statement of changes in net asset value, statement of cash flows and the accompanying notes, are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 30 September 2020 and of its financial performance and cash flows for the financial year then ended and comply with the provisions of the Deeds.

On behalf of the Manager

Dato' Darawati Hussain
Director

Chin Yoong Kheong
Director

26 November 2020

TRUSTEE’S REPORT TO THE UNITHOLDERS OF RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND

We have acted as Trustee of RHB Global Artificial Intelligence Fund (“the Fund”) for the financial year ended 30 September 2020. To the best of our knowledge, RHB Asset Management Sdn Bhd (“the Management Company”), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deed, 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/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

For SCBMB Trustee Malaysia Berhad
(Company No: 201201021301 (1005793T))

Prasad A/L S Vijayasundram
Chief Executive Officer

Kuala Lumpur
26 November 2020

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB GLOBAL ARTIFICIAL INTELLIGENCE FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Global Artificial Intelligence Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 September 2020 and of its financial performance and its cash flows for the financial year ended 30 September 2020 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 2020, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year ended 30 September 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 45.

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 UNITHOLDERS OF RHB GLOBAL ARTIFICIAL INTELLIGENCE 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 UNITHOLDERS OF RHB GLOBAL ARTIFICIAL INTELLIGENCE 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 UNITHOLDERS OF RHB GLOBAL ARTIFICIAL INTELLIGENCE 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 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 unitholders 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
26 November 2020

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

PRINCIPAL AND BUSINESS OFFICE

Level 8, Tower Two & Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

Email address: rhbam@rhbgroup.com

Tel: 03-9205 8000

Fax: 03-9205 8100

Website: www.rhbgroup.com

BOARD OF DIRECTORS

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

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

Dr. Ngo Get Ping (*Independent Non-Executive Director*)

Ms Ong Yin Suen (*Managing Director*)

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

YBhg Datuk Seri Dr Govindan A/L Kunchambo (*Independent Non-Executive Director*)(Appointed with effect from 15 October 2020)

INVESTMENT COMMITTEE MEMBERS

Mr Yap Chee Meng (*Independent Chairman*)

YBhg Dato' Darawati Hussain

Puan Sharifatu Laila Syed Ali

CHIEF EXECUTIVE OFFICER

Ms Ong Yin Suen

SECRETARY

Encik Azman Shah Md Yaman (LS No. 0006901)

BRANCH OFFICE

Kuala Lumpur Office

B-9-6, Megan Avenue 1
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50400 Kuala Lumpur
Tel: 03-2171 2755/ 03-2166 7011
Fax: 03-2770 0022

Sri Petaling Office

Level 1 & 2, No 53 Jalan Radin Tengah
Bandar Baru Seri Petaling
57000 Kuala Lumpur
Tel: 03-9054 2470 Fax: 03-9054 0934

Batu Pahat Office

53, 53-A and 53-B Jalan Sultanah
83000 Batu Pahat, Johor
Tel: 07-438 0271/ 07-438 0988
Fax: 07-438 0277

Ipoh Office

No.7A, Persiaran Greentown 9
Pusat Perdagangan Greentown
30450 Ipoh, Perak
Tel: 05-242 4311 Fax: 05-242 4312

Johor Bahru Office

No 34 Jalan Kebun Teh 1
Pusat Perdagangan Kebun Teh
80250 Johor Bahru, Johor
Tel: 07-221 0129 Fax: 07-221 0291

2nd Floor, 21 & 23
Jalan Molek 1/30, Taman Molek
81100 Johor Bahru, Johor
Tel: 07-358 3587 Fax: 07-358 3581

Kuantan Office

B 32-34, 2nd Floor, Lorong Tun Ismail 8
Sri Dagangan II
25000 Kuantan, Pahang
Tel: 09-517 3611 Fax: 09-517 3612

Kuching Office

Lot 133, Section 20, Sublot 2 & 3
1st Floor, Jalan Tun Ahmad Zaidi Adruce
93200 Kuching, Sarawak
Tel: 082-550 838 Fax: 082-550 508

Kuching Office	Yung Kong Abell, Units 1-10 2 nd Floor Lot 365 Section 50 Jalan Abell 93100 Kuching, Sarawak Tel: 082-245 611 Fax: 082-230 326
Kota Bharu Office	Ground Floor, No 3486-G Jalan Sultan Ibrahim 15050 Kota Bharu, Kelantan Tel: 09-740 6891 Fax: 09-740 6890
Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000, Kota Kinabalu Sabah Tel: 088-528 686/ 088-528 692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211/ 06-281 4110 Fax: 06-292 2212
Miri Office	Lot 1268 & 1269, Second Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri, Sarawak Tel: 085-422 788 Fax: 085-415 243
Penang Office	3rd Floor, 44 Lebuhraya 10300 Georgetown, Penang Tel: 04-264 5639 Fax: 04-264 5640
Prai Office	No 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528

TRUSTEE	SCBMB Trustee Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers PLT
TAX ADVISER	KPMG Tax Services Sdn Bhd
DISTRIBUTORS	RHB Asset Management Sdn Bhd RHB Bank Bhd Ambank (M) Bhd Citibank Bhd HSBC Bank (M) Bhd iFast Capital Sdn Bhd Phillip Mutual Bhd United Overseas Bank (M) Bhd UOB Kay Hian Securities (M) Sdn Bhd

RHB ♦ Asset Management

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