

RHB EMERGING OPPORTUNITY UNIT TRUST

ANNUAL REPORT 2024

For the financial year ended 31 March 2024

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name - RHB Emerging Opportunity Unit Trust

Fund Category - Equity fund

Fund Type - Growth

Investment Objective, Policy and Strategy

Objective of the Fund

This Fund aims to achieve superior long term* capital appreciation through investments in companies with high growth potential.

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

Strategy

This Fund seeks to achieve its investment objective by structuring a portfolio as follows:

95% - 98% of Net Asset Value

- Investments in securities of companies with market capitalisation of not more than RM1.50 billion.

2% - 5% of Net Asset Value

- Investments in liquid assets including bonds, money market instruments and deposits with financial institutions.

The above mentioned restriction on market capitalisation is determined at the point of purchase. Subject to the range stipulated above, the asset allocation will be reviewed from time to time depending on the judgement of the Manager as to the general market and economic conditions. Although the Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities.

For investments in foreign markets, the Manager in managing the principal risks such as country risk and currency risk will always take into consideration its evaluation of the historical developments and its prior experience in such markets. Such practice will be managed through active management and constant review of the economic and political developments of the countries invested. Investments will ultimately be made based on risk-reward. The risk management strategies and techniques employed by the Manager include diversification of this Fund’s investments in terms of its exposure to

various industries, sectors and asset classes and/or type of investments (i.e. equity, fixed income, money market instruments). Financial derivatives may also be used for hedging purposes where appropriate. Generally, the assets of the Fund will be invested over a medium to long term period with disposal of the investments when necessary to control risk as well as to optimise capital gains. This is especially so when the full growth potential of an investment is deemed to have been reduced over a prolonged rise in equity value and other available equity investments may present cheaper valuations and potential higher returns. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. Adherence to the permitted investments and restrictions also helps the Manager to risk-manage the Fund's portfolio in terms of diversification. Moreover, the Manager in making its investment decisions shall at all times comply with the investment restrictions of the Fund and requirements as set out in the Deed.

The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse economic, political or any other market conditions. In such circumstances, the Manager may reallocate the Fund's equity investments into other asset classes such as fixed income securities, money market instruments and deposits with any financial institutions, which are defensive in nature. These are deposits that are not embedded with or linked to financial derivative instruments (structured deposits) and (where applicable) these are current accounts, short term money market deposits and short term deposits with financial institutions. In its reallocation, the level of equity investments would normally not be below 20% of the Net Asset Value.

Performance Benchmark

The performance of the Fund is benchmarked against the FBM Small Cap Index.

Permitted Investments

The Fund may invest in securities traded on Bursa Malaysia or any other market considered as an Eligible Market, unlisted securities, collective investment schemes, securities/instruments in foreign markets, financial derivatives, structured products, liquid assets (including money market instruments and deposits with any financial institutions) and any other investments permitted by the Securities Commission Malaysia from time to time.

Distribution Policy

Consistent with the Fund's objective to achieve capital growth, distributions will therefore be of secondary importance. Distributions, if any, after deduction of taxation and expenses, are generally declared annually and will be reinvested.

MANAGER’S REPORT

MARKET REVIEW

The Financial Times Stock Exchange (“FTSE”) Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) fell 0.47% Month-on-Month (“MoM”) to 1,415.95 points in April 2023 due possibly to concerns over global growth and United States (“US”) financial sector turmoil. The FBM KLCI fell 2.04% MoM to 1,387.12 points in May 2023 due possibly to lacklustre first quarter corporate reporting season and concerns over the US debt ceiling issues. The FBM KLCI fell 0.75% MoM to 1,376.68 points in June 2023 possibly due to concerns over the global economy’s slowdown and weakness in the Malaysian Ringgit (“MYR”) currency exchange.

The FBM KLCI increased by 6.01% MoM to 1,459.43 points in July 2023 possibly due to positive sentiments from the unveiling of Madani Economy Framework and National Energy Transition Roadmap. In the same month Bank Negara Malaysia (“BNM”) has decided to maintain its Overnight Policy Rate (“OPR”) at 3.00% and Gross Domestic Product (“GDP”) growth forecast at between 4.00% to 5.00%, while the upcoming six state elections will be held on 12 August 2023. The FBM KLCI decreased by 0.51% MoM to 1,451.94 points in August 2023 possibly due to profit taking, uninspiring recent second quarterly result and slower second quarter GDP growth. The FBM KLCI decreased by 1.91% MoM to 1,424.17 points in September 2023 possibly due to profit taking activities and concerns over external factors like indications from global central bankers that interest rates would remain elevated and sluggish property market in China. BNM decided to maintain the OPR at 3.00% on 7 September 2023. The Budget 2024 this month will be closely monitored by investors.

The FBM KLCI increased by 1.26% MoM to 1,442.14 points in October 2023 possibly due to bargain hunting by investors, after two previous consecutive months of declines in the index. The FBM KLCI increased by 0.74% MoM to 1,452.74 points in November 2023 possibly due to bargain hunting and the strengthening of the MYR currency. The FBM KLCI increased by 0.13% MoM to 1,454.66 points in December 2023 possibly due to better sentiment from the government’s cabinet reshuffling, the US Federal Reserve’s decision to maintain its key interest rates and continued buying by foreign investors. In year 2023 the FBM KLCI fell by 2.73% MoM to 1,454.66 points. The FBM KLCI increased by 4.01% MoM to 1,512.98 points in January 2024 possibly due to better sentiment from the Memorandum of Understanding signing for the Johor-Singapore Special Economic Zone and the decision by BNM to maintain the OPR rate at 3.00%. The FBM KLCI increased by 2.54% MoM to 1,551.44 points in February 2024 possibly attributed to strong foreign buying interests, better recent fourth quarter of year 2023 earnings season and positive sentiment on structural economic reforms. The FBM KLCI decreased by 0.99% MoM to 1,536.07 points in March 2024 possibly attributed to profit taking after five consecutive months of gains. BNM, as expected, has decided to keep its OPR unchanged at 3.00%.

ECONOMIC REVIEW AND OUTLOOK

On the latest economic releases in Malaysia, key highlight was the increase in Malaysia's inflation number in February 2024 to 1.80% Year-on-Year ("YoY") versus 1.50% in the previous month due to upward adjustments in water bill, public transport (flight, railway) and maintenance, and repair of personal transport equipment. Notably, core inflation which removes food and price-administered goods remain steady at 1.80% YoY.

For Malaysia, we continue to expect BNM to keep the OPR unchanged in year 2024 as inflation remain contained supported by the decline in core inflation to 1.80% YoY seen since January 2024 it came off from its high of 4.20% in year 2022, while growth remains uneven in the country. While BNM indicated that it is monitoring closely for any inflationary impact from the government's subsidy rationalisation, we believe that these adjustments by the government will be gradual and likely to be a one-off dynamic which should not warrant for a rate hike.

MARKET OUTLOOK AND STRATEGY

We are positive on the equity outlook for year 2024 with much of the bad news already in the price although the US rate cut might be pushed towards second half of year 2024 from first quarter of year 2024. China in our view should recover in year 2024. Besides better domestic economy, corporate earnings are also expected to recover having recorded negative growth last year. From valuation perspective, the domestic index is attractive as well as the currency which would attract foreign inflows.

In terms of strategy, we are cognizant of concerns on global economic growth and market volatility, therefore, we will focus on stocks with strong balance sheet, cashflows and good earnings growth potential, plus accumulating good quality stocks during weakness to benefit the Fund in the longer term.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a return of 19.40%* against its benchmark return of 13.35%*. The Fund thus outperformed its benchmark by 6.05% during the financial year under review. The outperformance against the benchmark was due to strength from the equity holdings in the Industrials, Energy and Real Estate sectors. The Net Asset Value per unit of the Fund was RM0.4597 (2023: RM0.3850) as at 31 March 2024.

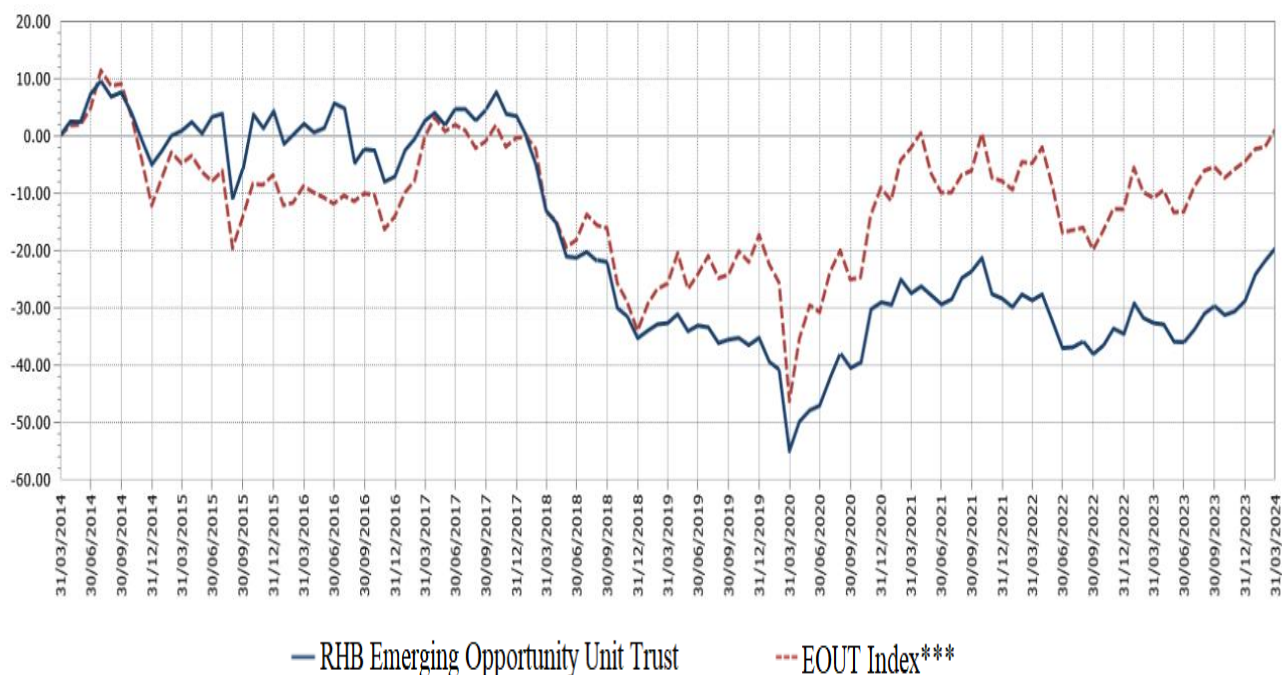
* Source: Lipper Investment Management ("Lipper IM"), 15 April 2024

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 March				
	2024	2023	2022	2021	2020
	%	%	%	%	%
RHB Emerging Opportunity Unit Trust					
- Capital Return	19.40	(5.68)	(1.57)	60.92	(33.10)
- Income Return	-	-	-	-	-
- Total Return	19.40	(5.68)	(1.57)	60.92	(33.10)
EOUT Index***	13.35	(6.34)	(2.73)	81.89	(27.56)

	Average Annual Returns			
	1 Year	3 Years	5 Years	10 Years
	31.03.2023-	31.03.2021-	31.03.2019-	31.03.2014-
	31.03.2024	31.03.2024	31.03.2024	31.03.2024
	%	%	%	%
RHB Emerging Opportunity Unit Trust	19.40	3.49	3.60	(2.17)
EOUT Index***	13.35	1.08	6.35	0.10

**Performance of RHB Emerging Opportunity Unit Trust
for the period from 31 March 2014 to 31 March 2024
Cumulative Return Over The Period (%)**



Source: Lipper IM, 15 April 2024

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since 31 March 2014.

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

*** Following the cessation of the KLSE Second Board Index in the year 2007, the Fund’s composite benchmark (EOUT Index) was replaced with the FBM Second Board Index and the Fund’s composite benchmark performance has been adjusted to reflect the new benchmark.

On 3 August 2009, Bursa Malaysia Securities Berhad (“BMSB”) implemented a new framework which combined the Second Board with the Main Board to form a new unified board, the “Main Market”. Consequently, the Manager changed the Fund’s component benchmark to the FBM Small Cap Index to best reflect the Fund’s underlying investments.

Accordingly, a combination of benchmark/composite benchmark has been used for the performance computation as follows:

From Since Launch – October 2007	70% KLSE Second Board Index + 30% FBM EMAS Index
November 2007 – July 2009	70% FBM Second Board + 30% FBM EMAS Index
August 2009 onwards	FBM Small Cap Index

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

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

Fund Size	As at 31 March		
	2024	2023	2022
Net Asset Value (RM million)	5.85	5.36	6.68
Units In Circulation (million)	12.72	13.92	16.36
Net Asset Value Per Unit (RM)	0.4597	0.3850	0.4082

Historical Data	Financial Year Ended 31 March		
	2024	2023	2022
Unit Prices			
NAV - Highest (RM)	0.4597	0.4204	0.4565
- Lowest (RM)	0.3621	0.3423	0.3823
Distribution and Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	2.14	1.77	1.70
Portfolio Turnover Ratio (PTR) (times) ##	0.67	0.55	0.76

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

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

DISTRIBUTION

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

PORTFOLIO STRUCTURE

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

Sectors	As at 31 March		
	2024	2023	2022
	%	%	%
Equities			
Construction	14.94	6.59	8.83
Consumer Products & Services	4.89	23.15	21.05
Energy	19.52	12.41	11.03
Health Care	-	0.30	2.80
Industrial Products & Services	31.95	31.37	17.96
Plantation	5.28	4.35	9.15
Property	10.54	3.33	5.95
Technology	-	3.55	5.09
Transportation & logistics	3.38	3.96	6.54
Utilities	0.93	-	-
TSR & Warrants	-	0.04	0.12
	<hr/>	<hr/>	<hr/>
	91.43	89.05	88.52
Collective investment schemes	4.73	6.36	-
Liquid assets and other net current assets	3.84	4.59	11.48
	<hr/>	<hr/>	<hr/>
	100.00	100.00	100.00

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

SECURITIES FINANCING TRANSACTIONS

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

CROSS TRADE

The Fund has not carried out any cross trade transactions for the financial year under review.

SOFT COMMISSION

Soft commissions were received by the management company for the financial year under review from brokers/dealers who have also executed trades for other funds or investment managed by the management company or Fund Manager. The soft commissions were utilised for research data and materials that assist in the decision making process relating to the Fund's investment. The soft commissions received were for the benefit of the funds and there were no churning of trades.

RHB EMERGING OPPORTUNITY UNIT TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Bank balances	5	80,599	82,932
Deposits with licensed financial institutions	5	155,380	176,450
Investments	6	5,620,657	5,114,890
Dividend receivables		13,144	11,638
TOTAL ASSETS		<u>5,869,780</u>	<u>5,385,910</u>
LIABILITIES			
Amount due to Manager		-	2,693
Accrued management fee		7,266	6,880
Amount due to Trustee		291	275
Tax payable		2,022	-
Other payables and accruals		15,000	15,195
TOTAL LIABILITIES		<u>24,579</u>	<u>25,043</u>
NET ASSET VALUE		<u>5,845,201</u>	<u>5,360,867</u>
EQUITY			
Unit holders' capital		13,695,095	14,169,941
Accumulated losses		(7,849,894)	(8,809,074)
		<u>5,845,201</u>	<u>5,360,867</u>
UNITS IN CIRCULATION (UNITS)	7	<u>12,717,000</u>	<u>13,923,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4597</u>	<u>0.3850</u>

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

RHB EMERGING OPPORTUNITY UNIT TRUST
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
INCOME/(LOSS)			
Dividend income		217,928	288,675
Interest income from deposits with licensed financial institutions		4,316	13,730
Net realised loss on disposal		(9,989)	(694,628)
Net unrealised gain on changes in fair value		894,941	112,877
Net foreign currency exchange gain		468	21
		<u>1,107,664</u>	<u>(279,325)</u>
EXPENSES			
Management fee	8	(79,489)	(86,302)
Trustee's fee	9	(3,180)	(3,452)
Audit fee		(6,200)	(6,200)
Tax agent's fee		(16,085)	(3,000)
Transaction cost		(31,372)	(25,986)
Other expenses		(10,130)	(4,480)
		<u>(146,456)</u>	<u>(129,420)</u>
Net income/(loss) before taxation		961,208	(408,745)
Taxation	10	(2,028)	-
Net income/(loss) after taxation		<u>959,180</u>	<u>(408,745)</u>
Net income/(loss) after taxation is made up as follow:			
Realised amount		63,771	(521,643)
Unrealised amount		895,409	112,898
		<u>959,180</u>	<u>(408,745)</u>

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

RHB EMERGING OPPORTUNITY UNIT TRUST
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Unit holders' capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 April 2022	15,076,569	(8,400,329)	6,676,240
Movement in net asset value:			
Net loss after taxation	-	(408,745)	(408,745)
Creation of units arising from applications	18,665	-	18,665
Cancellation of units	(925,293)	-	(925,293)
Balance as at 31 March 2023	<u>14,169,941</u>	<u>(8,809,074)</u>	<u>5,360,867</u>
Balance as at 1 April 2023	14,169,941	(8,809,074)	5,360,867
Movement in net asset value:			
Net income after taxation	-	959,180	959,180
Creation of units arising from applications	303,714	-	303,714
Cancellation of units	(778,560)	-	(778,560)
Balance as at 31 March 2024	<u>13,695,095</u>	<u>(7,849,894)</u>	<u>5,845,201</u>

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

RHB EMERGING OPPORTUNITY UNIT TRUST
STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		3,743,655	2,891,719
Purchase of investments		(3,395,842)	(2,733,806)
Dividends received		214,710	297,008
Interest received from deposits with licensed financial institutions		4,316	13,730
Management fee paid		(79,103)	(88,080)
Trustee's fee paid		(3,164)	(3,523)
Payment for other fees and expenses		(30,904)	(8,636)
Net cash generated from operating activities		<u>453,668</u>	<u>368,412</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		303,714	18,665
Cash paid for units cancelled		(781,253)	(923,410)
Net cash used in financing activities		<u>(477,539)</u>	<u>(904,745)</u>
Net decrease in cash and cash equivalents		(23,871)	(536,333)
Foreign currency translation differences		468	21
Cash and cash equivalents at the beginning of the financial year		<u>259,382</u>	<u>795,694</u>
Cash and cash equivalents at the end of the financial year	5	<u>235,979</u>	<u>259,382</u>

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

**RHB EMERGING OPPORTUNITY UNIT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Emerging Opportunity Unit Trust (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 27 April 2004 and as modified by its First Supplemental Master Deed dated 8 June 2004, Second Supplemental Master Deed dated 19 October 2005, Third Supplemental Master Deed dated 8 December 2005, Fourth Supplemental Master Deed dated 28 February 2006, Fifth Supplemental Master Deed dated 9 March 2006, Sixth Supplemental Master Deed dated 22 September 2006, Seventh Supplemental Master Deed dated 15 December 2006, Eighth Supplemental Master Deed dated 30 January 2007, Ninth Supplemental Master Deed dated 9 April 2007, Tenth Supplemental Master Deed dated 14 May 2007, Eleventh Supplemental Master Deed dated 15 May 2007, Twelfth Supplemental Master Deed dated 27 June 2007, Thirteenth Supplemental Master Deed dated 24 December 2007, Fourteenth Supplemental Master Deed dated 28 February 2013, Fifteenth Supplemental Master Deed dated 4 September 2013, Sixteenth Supplemental Master Deed dated 2 March 2015, Seventeenth Supplemental Master Deed dated 8 May 2015, Eighteenth Supplemental Master Deed dated 25 May 2015, Nineteenth Supplemental Master Deed dated 3 June 2015, Twentieth Supplemental Master Deed dated 11 December 2018 and Twenty-First Supplemental Master Deed dated 7 February 2023 (hereinafter referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund commenced operations on 18 May 2004 and will continue its operations until terminated according to the conditions provided in the Deeds. The principal activity of the Fund is to invest in Permitted Investments as defined under the Deeds.

The main objective of the Fund is to achieve superior long term capital appreciation through investments in companies with high growth potential.

All investments will be subject to the Securities Commission Malaysia (“SC”)’s Guidelines on Unit Trust Funds, SC’s requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and objective of the Fund.

The 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 23 May 2024.

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

(a) Standards and amendments to existing standards effective 1 April 2023

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2023 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 April 2023 and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 April 2023. None of these is expected to have a significant effect on the financial statements of the Fund, except the following set out below:

- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The amendment is effective for the annual financial reporting period beginning on or after 1 April 2024.

The amendment shall be applied retrospectively.

2. SUMMARY OF MATERIAL 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 financial asset measured at fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of income and expenses.

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 within net gains or losses on investments in the year in which they arise.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of income and expenses within dividend income when the Fund's right to receive payments is established.

Quoted investments and collective investment schemes are initially recognised at fair value and subsequently re-measured at fair value based on the market price quoted on the relevant stock exchanges at the close of the business on the valuation day, where the close price falls within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

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

Impairment of financial assets

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on the 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2.3 Financial liabilities

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Unit holders' capital

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

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

The outstanding units are carried at the redemption amount that is payable at each financial year if the unit holders exercise the right to put the units back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

2.5 Income recognition

Dividend income from quoted investments and collective investment schemes are recognised when the Fund's right to receive payment is established. Dividend income is received from financial assets measured at FVTPL.

Interest income from short-term 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 gains or losses on sale of quoted investments and collective investment schemes are arrived at after accounting for cost of investments, determined on the weighted average cost method.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Taxation

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

2.7 Cash and cash equivalents

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

2.8 Presentation and functional currency

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

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

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

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.

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, credit risk, liquidity risk and capital risk.

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

Market risk

Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investors' sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities. The market price of securities owned by a unit trust fund might go down or up, sometimes rapidly or unpredictably.

Price risk

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

The Fund is exposed to equity securities and collective investment schemes (other than those arising from interest rate risk) price risk for its investments of RM5,620,657 (2023: RM5,114,890) in equity securities and collective investment schemes.

The sensitivity analysis is based on the assumption that the price of the quoted securities investments fluctuate by +/- 5% with all other variables held constant, the impact on statement of income and expenses and net asset value is +/- RM281,033 (2023: +/- RM255,745).

Interest rate risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

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

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

The sensitivity analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5%, with all other variables held constant, the impact on statement of income and expenses and net asset value is +/- RM943 (2023: +/- RM18).

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

	Cash and cash <u>equivalents</u> RM	Other payables and <u>accruals</u> RM	<u>Total</u> RM
<u>2024</u>			
Taiwan Dollar	-	(5,800)	(5,800)
United States Dollar	24,662	-	24,662
	<u>24,662</u>	<u>(5,800)</u>	<u>18,862</u>
<u>2023</u>			
United States Dollar	350	-	350
	<u>350</u>	<u>-</u>	<u>350</u>

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 SC's Guidelines on Unit Trust Funds.

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

	Cash and cash equivalents RM	Dividend receivables RM	Total RM
<u>2024</u>			
AAA	235,979	-	235,979
Others	-	13,144	13,144
	<u>235,979</u>	<u>13,144</u>	<u>249,123</u>
<u>2023</u>			
AAA	259,382	-	259,382
Others	-	11,638	11,638
	<u>259,382</u>	<u>11,638</u>	<u>271,020</u>

Liquidity risk

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

Liquidity risk exists when particular investments are difficult to sell. As such, the Fund may not be able to sell such illiquid investments at an advantageous time or price to meet its liquidity requirements. Unit trust funds with principal investment strategies that involve securities or securities with substantial market and/or credit risk tend to have the greater exposure to liquidity risk. As part of its risk management, the Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

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 RM	Between 1 month to 1 year RM
<u>2024</u>		
Accrued management fee	7,266	-
Amount due to Trustee	291	-
Other payables and accruals	-	15,000
	7,557	15,000
<u>2023</u>		
Amount due to Manager	2,693	-
Accrued management fee	6,880	-
Amount due to Trustee	275	-
Other payables and accruals	-	15,195
	9,848	15,195

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM13,695,095 (2023: RM14,169,941) and accumulated losses of RM7,849,894 (2023: RM8,809,074). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

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

The fair value of financial assets and financial 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 financial liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each financial year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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

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

Fair value hierarchy

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

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

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at FVTPL:				
- Quoted investments - local	5,344,214	-	-	5,344,214
- Collective investment schemes - local	276,443	-	-	276,443
	<u>5,620,657</u>	-	-	<u>5,620,657</u>
<u>2023</u>				
Financial assets at FVTPL:				
- Quoted investments - local	4,773,782	-	-	4,773,782
- Collective investment schemes - local	341,108	-	-	341,108
	<u>5,114,890</u>	-	-	<u>5,114,890</u>

Investments in active listed equities, i.e. quoted investments and collective investment schemes whose values are based on quoted and published market prices in active markets are classified within Level 1. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2024</u> RM	<u>2023</u> RM
Bank balances	80,599	82,932
Deposits with licensed financial institutions	155,380	176,450
	<u>235,979</u>	<u>259,382</u>

6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Quoted investments - local	5,344,214	4,773,782
- Collective investment schemes - local	276,443	341,108
	<u>5,620,657</u>	<u>5,114,890</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2024 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS - LOCAL				
Construction				
AME Elite Consortium Berhad	96,700	126,195	170,192	2.91
Econpile Holdings Berhad	152,500	54,403	79,300	1.36
Kerjaya Prospek Group Berhad	203,870	216,948	364,927	6.24
Muhibbah Engineering M Berhad	286,000	215,103	258,830	4.43
		612,649	873,249	14.94
Consumer Products & Services				
Aeon Co M Berhad	74,700	61,691	81,423	1.39
Lii Hen Industries Berhad	150,100	129,824	145,597	2.49
MBM Resources Berhad	12,700	40,777	58,928	1.01
		232,292	285,948	4.89
Energy				
Dayang Enterprise Holdings Berhad	142,600	174,874	343,666	5.88
Hibiscus Petroleum Berhad	47,880	70,699	124,009	2.12
Perdana Petroleum Berhad	503,600	122,913	166,188	2.84
Velesto Energy Berhad	1,127,100	93,318	332,495	5.69
Wah Seong Corporation Berhad	136,500	114,188	174,720	2.99
		575,992	1,141,078	19.52
Industrial Products & Services				
Ann Joo Resources Berhad	161,800	173,432	181,216	3.10
Aurelius Technologies Berhad	60,600	158,994	161,802	2.77
CPE Technology Berhad	144,400	150,967	153,064	2.62
EG Industries Berhad	40,900	56,872	51,943	0.89
HSS Engineers Berhad	74,400	71,464	86,304	1.48
Kellington Group Berhad	155,900	145,048	414,694	7.09
Pantech Group Holdings Berhad	294,700	191,673	277,018	4.74
Solarvest Holdings Berhad	96,600	125,848	149,730	2.56
Uchi Technologies Berhad	63,200	192,862	247,112	4.23
Wellcall Holdings Berhad	86,600	125,903	144,622	2.47
		1,393,063	1,867,505	31.95

6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2024 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – LOCAL				
(CONTINUED)				
Plantation				
Ta Ann Holdings Berhad	37,900	109,224	151,600	2.60
TSH Resources Berhad	138,800	138,033	156,844	2.68
		<u>247,257</u>	<u>308,444</u>	<u>5.28</u>
Property				
LBS Bina Group Berhad	566,600	239,156	407,952	6.98
Matrix Concepts Holdings Berhad	115,650	148,168	208,170	3.56
		<u>387,324</u>	<u>616,122</u>	<u>10.54</u>
Transportation & logistics				
Tasco Berhad	242,400	212,509	197,556	3.38
Utilities				
PBA Holdings Berhad	29,200	56,917	54,312	0.93
TOTAL QUOTED INVESTMENTS - LOCAL		<u>3,718,003</u>	<u>5,344,214</u>	<u>91.43</u>
COLLECTIVE INVESTMENT SCHEMES - LOCAL				
Real Estate Investment Trusts				
Al-Aqar Healthcare Real Estate Investment Trust	45,400	57,658	57,204	0.98
AME Real Estate Investment Trust	122,600	147,031	166,736	2.85
UOA Real Estate Investment Trust	47,300	54,463	52,503	0.90
		<u>259,152</u>	<u>276,443</u>	<u>4.73</u>
TOTAL COLLECTIVE INVESTMENT SCHEMES - LOCAL		<u>259,152</u>	<u>276,443</u>	<u>4.73</u>
TOTAL INVESTMENTS		<u>3,977,155</u>	<u>5,620,657</u>	<u>96.16</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS - LOCAL				
Construction				
AME Elite Consortium Berhad	96,700	126,194	128,611	2.40
Kerjaya Prospek Group Berhad	195,170	206,013	224,446	4.19
		<u>332,207</u>	<u>353,057</u>	<u>6.59</u>
Consumer Products & Services				
Aeon Co M Berhad	168,100	138,826	218,530	4.08
Berjaya Food Berhad	147,500	62,231	135,700	2.53
Formosa Prosonic Industries Berhad	80,500	193,502	237,475	4.43
Kawan Food Berhad	105,600	208,287	223,872	4.18
Lii Hen Industries Berhad	177,300	153,350	147,159	2.74
MBM Resources Berhad	81,300	257,659	278,046	5.19
		<u>1,013,855</u>	<u>1,240,782</u>	<u>23.15</u>
Energy				
Dayang Enterprise Holdings Berhad	231,600	284,017	310,344	5.79
Hibiscus Petroleum Berhad	119,700	70,699	118,503	2.21
Velesto Energy Berhad	1,127,100	93,318	236,691	4.41
		<u>448,034</u>	<u>665,538</u>	<u>12.41</u>
Health Care				
Duopharma Biotech Berhad	10,400	13,081	16,224	0.30
Industrial Products & Services				
Ann Joo Resources Berhad	138,200	161,759	175,514	3.28
Aurelius Technologies Berhad	90,700	148,297	250,332	4.67
Cahaya Mata Sarawak Berhad	184,500	177,199	210,330	3.92
Cape EMS Berhad	35,680	32,112	44,957	0.84
Kellington Group Berhad	172,600	160,585	253,722	4.73
PA Resources Berhad	170,700	57,892	48,649	0.91
Pantech Group Holdings Berhad	376,400	244,811	295,474	5.51

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – LOCAL				
(CONTINUED)				
Industrial Products & Services				
(continued)				
Thong Guan Industries Berhad	86,000	220,589	197,800	3.69
Uchi Technologies Berhad	63,200	192,862	204,768	3.82
		<u>1,396,106</u>	<u>1,681,546</u>	<u>31.37</u>
Plantation				
Ta Ann Holdings Berhad	22,800	61,746	72,048	1.34
TSH Resources Berhad	158,200	157,326	161,364	3.01
		<u>219,072</u>	<u>233,412</u>	<u>4.35</u>
Property				
LBS Bina Group Berhad	26,700	11,080	10,680	0.20
Matrix Concepts Holdings Berhad	115,650	148,168	167,692	3.13
		<u>159,248</u>	<u>178,372</u>	<u>3.33</u>
Technology				
Globetronics Technology Berhad	147,000	185,229	169,050	3.16
JHM Consolidation Berhad	25,000	22,190	21,000	0.39
		<u>207,419</u>	<u>190,050</u>	<u>3.55</u>
Transportation & logistics				
Tasco Berhad	251,500	233,818	212,518	3.96
TSR & Warrants				
Pestech International Berhad - Warrants	26,862	-	2,283	0.04
TOTAL QUOTED INVESTMENTS - LOCAL		<u>4,022,840</u>	<u>4,773,782</u>	<u>89.05</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
COLLECTIVE INVESTMENT SCHEMES - LOCAL				
Real Estate Investment Trusts				
AME Real Estate Investment Trust	96,400	111,819	113,752	2.12
UOA Real Estate Investment Trust	201,200	231,670	227,356	4.24
		<u>343,489</u>	<u>341,108</u>	<u>6.36</u>
TOTAL COLLECTIVE INVESTMENT SCHEMES - LOCAL				
		<u>343,489</u>	<u>341,108</u>	<u>6.36</u>
TOTAL INVESTMENTS				
		<u>4,366,329</u>	<u>5,114,890</u>	<u>95.41</u>

7. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At the beginning of the financial year	13,923,000	16,356,000
Creation of units arising from applications during the financial year	720,000	49,000
Cancellation of units during the financial year	<u>(1,926,000)</u>	<u>(2,482,000)</u>
At the end of the financial year	<u>12,717,000</u>	<u>13,923,000</u>

8. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.50% (2023: 1.50%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

9. TRUSTEE'S FEE

In accordance with the Prospectus, the Trustee's fee provided in the financial statements is 0.06% (2023: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

10. TAXATION

(a) Tax charge for the financial year

	<u>2024</u> RM	<u>2023</u> RM
Current taxation	<u>2,028</u>	<u>-</u>

(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>2024</u> RM	<u>2023</u> RM
Net income/(loss) before taxation	<u>961,208</u>	<u>(408,745)</u>
Tax calculated at statutory income tax rate of 24%	230,690	(98,099)
Tax effects of:		
- (Investment income not subject to tax)/Investment loss not brought to tax	(263,811)	67,038
- Expenses not deductible for tax purposes	14,273	8,500
- Restriction on tax deductible expenses	<u>20,876</u>	<u>22,561</u>
Tax expense	<u>2,028</u>	<u>-</u>

11. TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	<u>2.14</u>	<u>1.77</u>

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

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.67</u>	<u>0.55</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.

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

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

	<u>2024</u>		<u>2023</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	5,072	2,332	5,426	2,089
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>777,336</u>	<u>357,341</u>	<u>959,279</u>	<u>369,322</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 is 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.

14. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 31 March 2024 are as follows:

Brokers/ <u>Financial institutions</u>	Value of <u>trades</u> RM	Percentage of total <u>trades</u> %	Brokerage <u>fees</u> RM	Percentage of total brokerage <u>fees</u> %
RHB Investment Bank Berhad*	3,564,394	49.91	10,832	51.95
CGS-CIMB Securities Sdn Bhd	842,311	11.80	2,528	12.12
Affin Hwang Investment Bank Berhad	674,286	9.44	2,043	9.80
UOB Kay Hian Securities Malaysia Sdn Bhd	587,087	8.22	1,194	5.73
Maybank Investment Bank Berhad	510,240	7.15	1,540	7.39
MIDF Amanah Investment Bank Berhad	400,064	5.60	1,236	5.93
KAF Equities Sdn Bhd	338,542	4.74	1,016	4.87
Hong Leong Investment Bank Berhad	170,374	2.39	354	1.70
CLSA Securities Malaysia Sdn Bhd	53,602	0.75	107	0.51
	<u>7,140,900</u>	<u>100.00</u>	<u>20,850</u>	<u>100.00</u>

14. TRANSACTIONS BY THE FUND (CONTINUED)

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

Brokers/ <u>Financial institutions</u>	Value of <u>trades</u> RM	Percentage of total <u>trades</u> %	Brokerage <u>fees</u> RM	Percentage of total brokerage <u>fees</u> %
RHB Investment Bank Berhad*	1,555,379	27.79	4,975	30.87
CGS-CIMB Securities Sdn Bhd	1,185,045	21.17	3,555	22.06
Affin Hwang Investment Bank Berhad	646,245	11.55	1,951	12.11
Hong Leong Investment Bank Berhad	371,672	6.64	743	4.61
KAF Equities Sdn Bhd	347,921	6.22	1,044	6.48
Credit Suisse Securities Malaysia Sdn Bhd	342,882	6.13	703	4.36
MIDF Amanah Investment Bank Berhad	322,281	5.76	967	6.00
Maybank Investment Bank Berhad	270,286	4.83	811	5.03
UOB Kay Hian Securities Malaysia Sdn Bhd	245,174	4.38	491	3.05
J.P. Morgan Securities Malaysia Sdn Bhd	168,108	3.00	336	2.08
Others	141,480	2.53	540	3.35
	<u>5,596,473</u>	<u>100.00</u>	<u>16,116</u>	<u>100.00</u>

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

15. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2024</u> RM	<u>2023</u> RM
Financial assets		
Financial assets at FVTPL		
• Quoted investments	5,344,214	4,773,782
• Collective investment schemes	276,443	341,108
	<u>5,620,657</u>	<u>5,114,890</u>
Financial assets at amortised cost		
• Bank balances	80,599	82,932
• Deposits with licensed financial institutions	155,380	176,450
• Dividend receivables	13,144	11,638
	<u>249,123</u>	<u>271,020</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to Manager	-	2,693
• Accrued management fee	7,266	6,880
• Amount due to Trustee	291	275
• Other payables and accruals	15,000	15,195
	<u>22,557</u>	<u>25,043</u>

**STATEMENT BY MANAGER
RHB EMERGING OPPORTUNITY UNIT TRUST**

We, Dato' Darawati Hussain and Mohd Farid Bin Kamarudin, 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 31 March 2024 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

Mohd Farid Bin Kamarudin
Director

23 May 2024

TRUSTEE'S REPORT

To the unit holders of RHB Emerging Opportunity Unit Trust (“Fund”)

We have acted as Trustee of the Fund for the financial year ended 31 March 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, RHB Asset Management Sdn Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
23 May 2024

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB EMERGING OPPORTUNITY UNIT TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Emerging Opportunity Unit Trust (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2024 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2024, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 9 to 35.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB EMERGING OPPORTUNITY UNIT TRUST (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB EMERGING OPPORTUNITY UNIT TRUST (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB EMERGING OPPORTUNITY UNIT TRUST (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the unit holders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 May 2024

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: <https://rhbgroup.com/myinvest>

BOARD OF DIRECTORS

Mr Chin Yoong Kheong (*Independent Non-Executive Chairman*)

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

Tuan Syed Ahmad Taufik Albar (*Non-Independent Non-Executive Director*)
(*Resigned with effect from 29 February 2024*)

Encik Mohd Farid Bin Kamarudin (*Chief Executive Officer / Managing Director*)
(*Appointed with effect from 1 August 2023*)

Puan Hijah Arifakh Binti Othman (*Independent Non-Executive Director*)
(*Resigned with effect from 1 June 2023*)

Puan Sharizad Binti Juma'at (*Independent Non-Executive Director*)

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Puan Hijah Arifakh Binti Othman (*Resigned with effect from 1 June 2023*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Encik Mohd Farid Bin Kamarudin (*Appointed with effect from 1 August 2023*)

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

BRANCH OFFICE

Shah Alam Office	B-3-1, 1st Floor Jalan Serai Wangi G16/G, Alam Avenue Persiaran Selangor, Section 16 40200 Shah Alam Tel: 03-5523 1909 Fax: 03-5524 3471
Sri Petaling Office	Level 1 & 2, No 53 Jalan Radin Tengah Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel: 03-9054 2470 Fax: 03-9054 0934
Ipoh Office	No.7A, Persiaran Greentown 9 Pusat Perdagangan Greentown 30450 Ipoh, Perak Tel: 05-242 4311 Fax: 05-242 4312
Johor Bahru Office	No 34 Jalan Kebun Teh 1 Pusat Perdagangan Kebun Teh 80250 Johor Bahru, Johor Tel: 07-221 0129 Fax: 07-221 0291 2nd Floor, 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru, Johor Tel: 07-358 3587 Fax: 07-358 3581
Kuantan Office	1st Floor, Lot 10, Jalan Putra Square 1 Putra Square 25300 Kuantan, Pahang Tel: 09-517 3611 / 09-517 3612 / 09-531 6213 Fax: 09-517 3615
Kuching Office	Lot 133, Section 20, Sublot 2 & 3 1st Floor, Jalan Tun Ahmad Zaidi Adruce 93200 Kuching, Sarawak Tel: 082-550 838 Fax: 082-550 508 Yung Kong Abell, Units 1-10 2nd Floor Lot 365 Section 50 Jalan Abell 93100 Kuching, Sarawak Tel: 082-245 611 Fax: 082-230 326

Kota Bharu Office	Ground Floor, No 3486-G Jalan Sultan Ibrahim 15050 Kota Bharu, Kelantan Tel: 09-740 6891 Fax: 09-740 6890
Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu Sabah Tel: 088-528 686 / 088-528 692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211 / 06-281 4110 Fax: 06-292 2212
Penang Office	3rd Floor, 44 Lebuhr Pantai 10300 Georgetown, Penang Tel: 04-264 5639 Fax: 04-264 5640
Prai Office	No 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528

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

RHB ♦ Asset Management

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