

**RHB GROWTH AND INCOME FOCUS TRUST**

**ANNUAL REPORT 2024**

For the financial year ended 31 December 2024

## GENERAL INFORMATION ABOUT THE FUND

### Name, Category and Type

Fund Name	-	RHB Growth and Income Focus Trust
Fund Category	-	Mixed asset fund
Fund Type	-	Growth and Income

### Investment Objective, Policy and Strategy

#### Objective of the Fund

This Fund aims to achieve maximum total returns through a combination of long term\* growth of capital and current income^.

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

^ The income is in the form of units.

#### Strategy

This Fund seeks to achieve its investment objective through a policy of diversified investment in equities and quality fixed income securities.

This Fund’s portfolio will comprise a blend of carefully selected investments in securities of companies with market capitalization of not more than RM750 million (“small cap securities”), quality fixed income securities (comprising amongst others of convertible debt securities, redeemable debt securities, bonds/securities that are issued and/or guaranteed by the government or quasi-government agencies, corporate bonds carrying at least BBB ratings by any Domestic Rating Agencies or its equivalent rating by a reputable rating establishment and fixed income collective investment schemes), money market instruments, cash and deposits with financial institutions, but subject always to a minimum allocation of 30% in small cap securities and 30% in fixed income securities, money market instruments, cash and deposits with financial institutions.

In reviewing this asset allocation strategy, the Fund’s asset mix would normally range from 30% -70% in small cap securities and 30% - 70% in fixed income securities, money market instruments, cash and deposits with financial institutions. Accordingly, this Fund will be able to have a maximum exposure to the equities market of up to 70% through investments in small cap securities whilst maintaining a minimum of 30% in fixed income securities to provide stability through diversification of the asset class. Similarly, this Fund can also invest up to 70% of its investments in fixed income securities whilst maintaining the minimum of 30% in

small cap securities to diversify the portfolio and to provide capital growth. The restriction on market capitalisation mentioned above is determined at the point of purchase.

Given this asset mix, the Fund will be able to tap into varied market conditions in order to capitalise on any market opportunities. The actual percentage of assets invested in equities and fixed income securities will therefore vary from time to time, depending on the judgement of the Manager as to the general market and economic conditions, trends and yields, interest rates and changes in fiscal and monetary policies. Thus, although this 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 securities, 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 market value and other available 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 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 not fall below 10% of the Net Asset Value.

### **Performance Benchmark**

Effective from 28 April 2023, the performance of the Fund is benchmarked against 50% of the performance of the FBM Fledgling Index and 50% of the RHB Bank Berhad's 12-month fixed deposit rate.

Prior to 28 April 2023, the performance of the Fund was benchmarked against 50% of the performance of the FBM Fledgling Index and 50% of the Maybank's 12-month fixed deposit rate.

### **Permitted Investments**

This Fund may invest in securities traded on the Bursa Malaysia or any other market considered as an Eligible Market, unlisted securities, collective investments schemes, 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 from time to time.

### **Distribution Policy**

Consistent with the Fund's objective of long term growth of capital and current income<sup>^</sup>, the Fund will distribute a portion of its returns to unit holders. Distributions, if any, after deduction of taxation and expenses, are generally declared annually and will be reinvested.

<sup>^</sup>Note: The income is in the form of units.

## **MANAGER’S REPORT**

### **MARKET REVIEW**

Going into year 2024, Financial Times Stock Exchange (“FTSE”) Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) increased by 4.01% month-on-month (“MoM”) to 1512.98 points (“pts”) in January 2024 possibly due to better sentiment from the Memorandum of Understanding (“MOU”) signing for the Johor-Singapore Special Economic Zone and the decision by Bank Negara Malaysia (“BNM”) to maintain the Overnight Policy Rate (“OPR”) rate at 3.00%. The FBMKLCI increased by 2.54% MoM to 1551.44 pts in February 2024 possibly attributed to strong foreign buying interests, better recent fourth quarter of year 2023 (“4Q2023”) earnings season and positive sentiment on structural economic reforms. In the following month, the FBMKLCI decreased by negative 0.99% “MoM to 1536.07 pts, possibly attributed to profit taking after five consecutive months of gains. BNM, as expected, has decided to keep its OPR unchanged at 3.00%. The FBMKLCI increased by 2.60% MoM to 1575.97 pts in April 2024 supported by some sectors like the utilities, healthcare and industrials, despite the geopolitical tensions. The FBMKLCI increased by 1.31% MoM to 1596.68 pts in May 2024 supported by some sectors like the technology, construction and property sectors. BNM kept the OPR at 3.00%, and Prime Minister Anwar Ibrahim announced the largest-ever increase in civil servants’ remuneration, exceeding 13.00%, to take effect from 1 December 2024, and the Malaysia’s National Semiconductor Strategy was launched on 28 May 2024. Externally, the United States (“US”) has made a decision to impose higher tariffs rate on Chinese semiconductors from 25.00% to 50.00% in year 2025. The FBMKLCI decreased by 0.41% MoM to 1590.09 pts in June 2024 possibly due to profit taking. Market participants will closely monitor the impact arising from the floating of diesel prices in Peninsular Malaysia and the targeted diesel subsidy plans via fleet card on corporate earnings.

The FBMKLCI increased by 2.23% MoM to 1625.57 pts in July 2024 possibly due increased interest from foreign investors. On 11 July 2024, BNM maintained the benchmark interest rate unchanged at 3.00%, as widely expected, amid resilient economic growth and manageable inflation. The FBMKLCI increased by 3.27% MoM to 1678.80 pts in August 2024 possibly due to increase in interest from foreign investors, mainly in the banking sectors. BNM reported that the country's economy grew by 5.90% in second quarter of year 2024 (“2Q2024”), up from a 4.20% expansion in first quarter of year 2024 (“1Q2024”). The FBMKLCI declined by 1.78% MoM to 1648.91 pts in September 2024 possibly due to profit-taking set in after the strong run-up in the past two months and investors turned their focus to China equities after China’s central bank implemented a range of broad stimulus measures. On 5 September 2024, BNM maintained the OPR at 3.00%, citing sustained economic growth and low inflation.

The FBMKLCI declined by 2.85% MoM to 1601.88 pts in October 2024 possibly due to profit taking in the market, driven by concerns over geo-political tensions, negligible impact to corporate earnings from the recent Budget announcement, and the upcoming US presidential election on 5 November 2024. Key events to monitor include BNM's Monetary Policy Committee ("MPC") meeting on 5 to 6 November 2024 for a monetary policy decision, the release of Malaysia's third quarter of year 2024 ("3Q2024") GDP data on 15 November 2024, and the release of Malaysia's monthly Industrial Production Index ("IPI") and Consumer Price Index ("CPI") data, scheduled for 8 and 22 November 2024, respectively. Additionally, the US Federal Reserves ("Fed") Federal Open Market Committee ("FOMC") will hold its meeting on 6 to 7 November 2024. The FBMKLCI declined by 0.47% MoM to 1594.29 pts in November 2024 possibly due to profit taking in the market, driven by concerns over geo-political tensions, escalation of global trade tensions from US tariff threats and underwhelming third quarter result season. The FBMKLCI increased by 3.01% MoM to 1642.33 pts in December 2024 possibly due to positioning for next year and also the positive sentiments over the coming announcement of the Johor-Singapore Special Economic Zone ("JS-SEZ").

## **FIXED INCOME MARKET REVIEW**

Malaysian Government Securities ("MGS") and Malaysia Government Investment Issue ("MGII") market generally sold off in December 2024 due to poor market sentiment following the sharp sell-off in the US Treasury market following the revision of dot-plot by the Fed. Notably, the sell-off came despite the Government reducing the final 10-year MGS auction to just RM2 billion, from the usual RM5 billion size – hinting at better fiscal performance as the year 2024 full-year MGS + MGII auction net issuance total was only RM77 billion, significantly lower than the RM103 billion recorded in year 2023. The sell-off momentum slowed towards the year-end and the eventually saw some consolidation where the benchmark MGII yields closed lower driven by local investor demand.

With the December 2024 performance, the Malaysian fixed income market capped off a year 2024 performance with a decently positive returns where the benchmark FTSE BPAM Ringgit All Bond Index gained 4.33% on a full-year basis. The gains were mainly contributed by the coupon income accrued from the bonds as yields were largely driven by BNM's steady policy of maintaining the OPR unchanged at 3.00% - providing a conducive and stable interest rate environment for fixed income assets to perform well. Notably, the re-emergence of Malaysia as one of the preferred spot for foreign direct investments ("FDI") have also supported sentiments which had led to the Malaysian Ringgit ("MYR") emerging as the best performing currency in Asia, gaining about 3.00% vs. the US Dollar ("USD") when many other currencies depreciated.

## **ECONOMIC REVIEW & OUTLOOK**

In terms of economic numbers, Malaysia's growth remained strong, with the final 3Q2024 Gross domestic product ("GDP") recorded at 5.30% Year-on-Year ("YoY"). The growth was led by continued strong momentum in the construction sector (19.90% YoY), private investments (15.50% YoY) and manufacturing (5.60% YoY). The growth numbers are broadly on track with the Ministry of Finance ("MOF")'s projection range of 4.50% to 5.50% for year 2024. Meanwhile, Malaysia's headline CPI was recorded at 1.80% YoY in November 2024, down from 1.90% in October 2024 due to slower increase in healthcare and transportation (car price and decline in RON97 prices). Notably, the inflation numbers are below BNM's forecast range of 2.00% to 3.50% which would provide the central bank the flexibility to keep OPR unchanged and support economic growth.

Our base case is unchanged for Malaysia where we expect BNM to hold the OPR unchanged at 3.00% for a prolonged period of time as Malaysia's inflation rate remain stable and whilst GDP growth momentum is strong. The risks to OPR change is roughly balanced with inflation potentially reaccelerating next year following the civil service salary hike and RON-95 subsidy rationalisation while risks to growth have now turned decisively negative arising from Trump's potential trade policies.

## **EQUITY MARKET OUTLOOK AND STRATEGY**

We expect heightened market volatility in year 2025 as investors grapple with the incoming policy risks from Trump's presidential comeback and the possibility of lesser interest rate cut from the sticky US inflation. Malaysia is on steady economic growth, subsidy reforms in motion, robust investment pipeline, and a more stable political climate. In addition, foreign investors have yet to fully appreciate the country's ongoing rejuvenation given their continued underweight position on Malaysia.

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.

## **FIXED INCOME MARKET OUTLOOK AND STRATEGY**

The October 2024 International Monetary Fund ("IMF") World Economic Outlook Update is broadly unchanged where IMF is expecting global growth at 3.20% for both year 2024 and year 2025. IMF expects global growth to remain stable yet underwhelming., given the overall trend of data, disinflation should likely lead to a smooth or even no-landing scenario. However, the balance of risks is tilted to the downside: geopolitical tensions could flare up; sudden eruptions in financial market

volatility could tighten financial conditions; problems in China's property sector could generate global spill overs via their effect on global trade. Recent upside surprises in inflation data could possibly prevent central banks from easing monetary policy in line with guidance, adding challenges to fiscal policy and financial stability.

We envisage with the change in presidency, volatility will hinge on Trump's next moves as he prepares to take office, which may likely include campaign promises to implement a corporate tax cut, and a 10.00% to 20.00% across-the-board tariff. Most of President Trump's key policies, if successfully implemented, may have the potential to drive inflation higher. Following the 100bps of rate cuts in year 2024, we scale back on expecting the same quantum of cuts for year 2025, but expect 1-2 rate cuts, depending on macro events and data releases. In the current market environment, we are still biased towards allocation into higher quality credit issuers given rates still arguable remain elevated. While year 2024's view of being a "bond year" did not materialise to the extent most investors have expected, with the total return of the US Treasury index as flattish, our strategy for year 2025 is to position more for carry given a number of external factors (potentially looser fiscal policies, divergence of monetary policy, etc) could heighten volatility and stifle the potential upside in fixed income.

In addition, the technical conditions are also highly conducive for Malaysia fixed income to perform well. Investors demand had been growing steadily in year 2024, primarily from institutional investors and we expect this trend to continue in year 2025 as the job market remain strong and wage growth translating into savings and demand for investment products including fixed income assets. Meanwhile, the government is also pursuing lower fiscal deficit by widening its tax bracket and removing subsidies (e.g. diesel and Ron 95) which would mean that net government issuances will continue to reduce. This combination of increasing demand and tight supply creates a natural support for domestic fixed income assets backing our projection for yet another positive return in year 2025.

In summary, we are positive on the fixed income market in year 2025 buoyed by the 3 main factors supporting the local market i.e. stable OPR, growing investors' demand and lower government budget deficit. We advocate portfolios to stay invested in the fixed income space and increase allocation whenever any exacerbated selling occurs.



## **REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR**

During the financial year under review, the Fund registered a total return of 12.28%\* compared to its benchmark negative return of 1.08%\*. The contributors to the equity performance was from Energy, Real Estate, Materials and Industrials while the detractors are from Consumer discretionary, Technology and Utilities sectors. The Fund has underperformed the benchmark during this financial year under review. The Net Asset Value (“NAV”) per unit of the Fund was RM0.3456 (2023: RM0.3078) as at 31 December 2024.

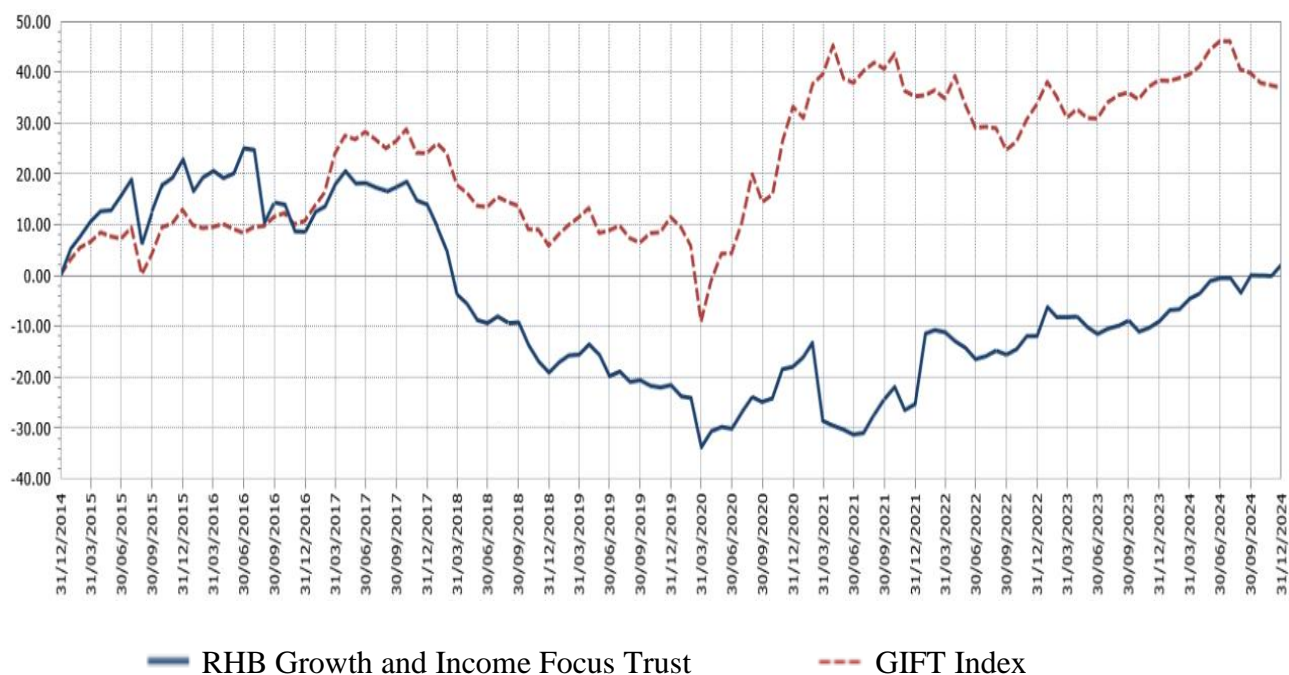
\* *Source: Lipper Investment Management (“Lipper IM”), 06 January 2025*

## PERFORMANCE DATA

	<b>Annual Total Returns</b>				
	<b>Financial Year Ended 31 December</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
RHB Growth and Income Focus Trust					
- Capital Return	12.28	3.25	18.06	(8.94)	4.60
- Income Return	-	-	-	-	-
- Total Return	12.28	3.25	18.06	(8.94)	4.60
GIFT Index	(1.08)	3.51	(1.12)	1.52	19.62

	<b>Average Annual Returns</b>			
	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
	<b>31.12.2023-</b>	<b>31.12.2021-</b>	<b>31.12.2019-</b>	<b>31.12.2014-</b>
	<b>31.12.2024</b>	<b>31.12.2024</b>	<b>31.12.2024</b>	<b>31.12.2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
RHB Growth and Income Focus Trust	12.28	11.02	5.44	0.21
GIFT Index	(1.08)	0.41	4.21	3.19

**Performance of RHB Growth and Income Focus Trust  
for the period from 31 December 2014 to 31 December 2024  
Cumulative Return Over The Period (%)**



Source: Lipper IM, 06 January 2025

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

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

\* Effective from 28 April 2023, the performance of the Fund is benchmarked against 50% FBM Fledgling Index and 50% RHB Bank Berhad’s 12-month fixed deposit rate.

Prior to 28 April 2023, the performance of the Fund was benchmarked against 50% FBM Fledgling Index and 50% Maybank’s 12-month fixed deposit rate.

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

31 July 2009 – 27 April 2023	50% FBM Fledgling Index and 50% Maybank’s 12-month fixed deposit rate
28 April 2023 onwards	50% FBM Fledgling Index and 50% RHB Bank Berhad’s 12-month fixed deposit rate

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.

<b>Fund Size</b>	<b>As at 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Net Asset Value (RM million)	16.18	17.56	19.80
Units In Circulation (million)	46.81	57.03	66.42
Net Asset Value Per Unit (RM)	0.3456	0.3078	0.2981

<b>Historical Data</b>	<b>As at 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Unit Prices</b>			
NAV - Highest (RM)	0.3456	0.3211	0.3059
- Lowest (RM)	0.3076	0.2991	0.2076
<b>Distribution and Unit Split</b>	-	-	-
<b>Others</b>			
Total Expense Ratio (TER) (%) #	1.68	1.72	1.63
Portfolio Turnover Ratio (PTR) (times) ##	0.29	0.68	0.26

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

## The PTR for the financial year was lower compared with previous financial year due to lesser investment activities during 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:

	As at 31 December		
	2024	2023	2022
	%	%	%
<b>Equities</b>			
Construction	10.91	4.23	1.51
Consumer Products	4.28	6.53	14.18
Energy	-	-	3.74
Industrial Products	14.96	14.57	13.78
Property	0.53	1.02	2.87
Technology	-	2.80	2.33
Trading/Services	-	1.61	-
Transportation & Logistics	2.04	0.96	0.82
TSR & Warrants	-	-	0.57
	<hr/>	<hr/>	<hr/>
	32.72	31.72	39.80
Unquoted fixed income securities	59.73	60.04	51.47
Collective investment scheme	5.24	5.05	1.68
Liquid assets and other net current assets	2.31	3.19	7.05
	<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 GROWTH AND INCOME FOCUS TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>ASSETS</b>			
Bank balances	5	75,657	67,745
Deposits with licensed financial institutions	5	346,610	519,224
Investments	6	15,806,434	16,995,335
Amount due from brokers		141,198	-
Dividend receivables		978	14,924
<b>TOTAL ASSETS</b>		<u>16,370,877</u>	<u>17,597,228</u>
<b>LIABILITIES</b>			
Amount due to brokers		120,232	-
Amount due to Manager		18,854	2,464
Accrued management fee		20,284	22,268
Amount due to Trustee		811	891
Tax payable		8,243	-
Other payables and accruals		22,239	16,600
<b>TOTAL LIABILITIES</b>		<u>190,663</u>	<u>42,223</u>
<b>NET ASSET VALUE</b>		<u>16,180,214</u>	<u>17,555,005</u>
<b>EQUITY</b>			
Unit holders' capital		20,701,844	24,121,240
Accumulated losses		(4,521,630)	(6,566,235)
		<u>16,180,214</u>	<u>17,555,005</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	7	<u>46,811,072</u>	<u>57,031,072</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.3456</u>	<u>0.3078</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of the financial statements.

**RHB GROWTH AND INCOME FOCUS TRUST**  
**STATEMENT OF INCOME AND EXPENSES**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>INCOME</b>			
Dividend income		228,375	296,073
Interest income from deposits with licensed financial institutions		13,744	30,605
Interest income from investments		607,315	542,061
Net realised gain/(loss) on disposal		647,170	(4,050,902)
Net unrealised gain on changes in fair value		899,814	4,210,266
Net (loss)/gain on foreign currency exchange		(684)	24,189
		<u>2,395,734</u>	<u>1,052,292</u>
<b>EXPENSES</b>			
Management fee	8	(264,389)	(284,736)
Trustee's fee	9	(10,576)	(11,390)
Audit fee		(7,800)	(7,800)
Tax agent's fee		(5,639)	(11,585)
Transaction costs		(40,734)	(91,858)
Other expenses		(13,748)	(13,257)
		<u>(342,886)</u>	<u>(420,626)</u>
Net income before taxation		2,052,848	631,666
Taxation	10	(8,243)	-
Net income after taxation		<u>2,044,605</u>	<u>631,666</u>
Net income after taxation is made up as follow:			
Realised amount		1,145,475	(3,667,055)
Unrealised amount		899,130	4,298,721
		<u>2,044,605</u>	<u>631,666</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of the financial statements.



**RHB GROWTH AND INCOME FOCUS TRUST**  
**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<b>Unit holders' capital RM</b>	<b>Accumulated losses RM</b>	<b>Total net asset value RM</b>
Balance as at 1 January 2023	26,994,517	(7,197,901)	19,796,616
Movement in net asset value:			
Net income after taxation	-	631,666	631,666
Creation of units arising from applications	25,957	-	25,957
Cancellation of units	(2,899,234)	-	(2,899,234)
Balance as at 31 December 2023	<u>24,121,240</u>	<u>(6,566,235)</u>	<u>17,555,005</u>
Balance as at 1 January 2024	24,121,240	(6,566,235)	17,555,005
Movement in net asset value:			
Net income after taxation	-	2,044,605	2,044,605
Creation of units arising from applications	1,021	-	1,021
Cancellation of units	(3,420,417)	-	(3,420,417)
Balance as at 31 December 2024	<u>20,701,844</u>	<u>(4,521,630)</u>	<u>16,180,214</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of the financial statements.

**RHB GROWTH AND INCOME FOCUS TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from redemption of investments		1,715,700	93,725
Proceeds from sale of investments		5,118,451	11,620,885
Purchase of investments		(4,095,672)	(10,074,250)
Dividends received		236,959	299,331
Interest received from deposits with licensed financial institutions		13,744	30,605
Interest received from unquoted fixed income securities		543,021	373,717
Management fee paid		(266,373)	(287,859)
Trustee's fee paid		(10,656)	(11,515)
Payment for other fees and expenses		(16,186)	(27,054)
Net cash generated from operating activities		<u>3,238,988</u>	<u>2,017,585</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		1,021	25,957
Cash paid for units cancelled		(3,404,027)	(2,918,800)
Net cash used in financing activities		<u>(3,403,006)</u>	<u>(2,892,843)</u>
Net decrease in cash and cash equivalents		(164,018)	(875,258)
Foreign currency translation differences		(684)	24,195
Cash and cash equivalents at the beginning of the financial year		<u>586,969</u>	<u>1,438,032</u>
Cash and cash equivalents at the end of the financial year	5	<u>422,267</u>	<u>586,969</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of the financial statements.

**RHB GROWTH AND INCOME FOCUS TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

**1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

The RHB Growth and Income Focus Trust (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master deed dated 27 April 2004 as modified via 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 collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund was launched on 7 January 2005 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.

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

The main objective of the Fund is to maximise total returns through a combination of long term (between 5 – 7 years) growth of capital and current income.

The Manager, a company incorporated in Malaysia, and 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.

**RHB GROWTH AND INCOME FOCUS TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES  
(CONTINUED)**

These financial statements were authorised for issue by the Manager on 24 February 2025.

**2. MATERIAL ACCOUNTING POLICY INFORMATION**

**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 material accounting policy information, 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 material to the financial statements.

**(a) Standards and amendments to existing standards effective 1 January 2024**

The Fund has applied the following standards and amendments for the first time for the financial period beginning 1 January 2024:

- 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 adoption of the above accounting standard, annual improvement and improvement does not give rise to any material financial impact to the Fund.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **2.1 Basis of preparation of the financial statements (continued)**

(b) New standards, amendments and interpretations effective after 1 January 2024 and have not been early adopted

- Amendments to MFRS 9 and MFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’ (effective 1 January 2026)
  - The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition.).
  - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;
  - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion;
  - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income (“FVOCI”).

## **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **2.1 Basis of preparation of the financial statements (continued)**

(b) New standards, amendments and interpretations effective after 1 January 2024 and have not been early adopted (continued)

- MFRS 18 ‘Presentation and Disclosure in Financial Statements’ (effective 1 January 2027) replaces MFRS 101 ‘Presentation of Financial Statements’.
  - The new MFRS introduces a new structure of profit or loss statement.
    - i. Income and expenses are classified into 3 new main categories:
      - Operating category which typically includes results from the main business activities;
      - Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
      - Financing category that presents income and expenses from financing liabilities.
    - ii. Entities are required to present two new specified subtotals: ‘Operating profit or loss’ and ‘Profit or loss before financing and income taxes’.
  - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
  - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Fund is currently still assessing the effect of the above standards and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

### **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.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **2.2 Financial assets (continued)**

#### Classification (continued)

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 assets measured at fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely payment of 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 brokers 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 unrealised gains or losses on changes in fair value in the financial year in which they arise.

Dividend 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.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **2.2 Financial assets (continued)**

#### Recognition and measurement (continued)

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

Quoted investments and collective investment scheme 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.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency (“BPA”) registered with SC as per the SC’s Guidelines on Unit Trust Funds.

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

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

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.



## **2. MATERIAL ACCOUNTING POLICY INFORMATION (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 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. MATERIAL ACCOUNTING POLICY INFORMATION (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 brokers, 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.

### **2.4 Unit holders' capital**

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

- the units entitle the holder to a proportionate share of the Fund's net assets 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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **2.5 Income recognition**

Dividend income from quoted investments and collective investment scheme 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 and unquoted fixed income securities are 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 disposal of quoted investments and collective investment scheme are arrived at after accounting for cost of investments, determined on the weighted average cost method.

Realised gains or losses on disposal of unquoted fixed income securities are measured by the difference between net disposal proceeds and the carrying amount of investments (adjusted for accretion of discount or amortisation of premium).

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

### **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 Amount due from/to brokers**

Amounts due from/to brokers 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 brokers 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 brokers 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 brokers, probability that the brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

## **2.9 Presentation and functional currency**

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

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

- 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.

## **2.10 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 an investment of the Fund will fluctuate because of changes in market prices.

The Fund is exposed to equity security and collective investment scheme (other than those arising from interest rate risk) price risk for its investments of RM6,142,500 (2023: RM6,455,434) in equity securities and collective investment scheme.

The Fund is exposed to price risk arising from interest rate risk in relation to its investments of RM9,663,934 (2023: RM10,539,901) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate risk and the related sensitivity analysis are disclosed in "Interest rate risk" below.

The sensitivity analysis is based on the assumption that the price of the quoted securities investments and collective investment scheme fluctuate by +/-(-) 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/-(-) RM307,125 (2023: RM322,772).

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

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

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

<b><u>% Change in interest rate</u></b>	<b>Impact on profit after taxation and <u>net asset value</u></b>	
	<b><u>2024</u></b> <b>RM</b>	<b><u>2023</u></b> <b>RM</b>
+1%	(35,988)	(45,993)
- 1%	<u>36,159</u>	<u>46,250</u>

The Fund's exposure to interest rate risk arises from investment in money market instruments is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

### 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 analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5%, with all other variables remain constants, the impact on statement of income and expenses and net asset value is +/- RM857 (2023: RM1,007).

	<b><u>Cash and cash equivalents</u></b> RM	<b><u>Other financial liabilities*</u></b> RM	<b><u>Total</u></b> RM
<b><u>2024</u></b>			
United States Dollar	<u>25,574</u>	<u>(8,439)</u>	<u>17,135</u>
<b><u>2023</u></b>			
United States Dollar	<u>25,936</u>	<u>(5,800)</u>	<u>20,136</u>

\*Comprise of other payable and accruals.

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. For investments in fixed income securities, risk is minimised by spreading its maturity profile. The risk arising from cash and cash equivalent is managed by ensuring that the Fund will only maintain cash balances and place deposits in reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). 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.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk

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

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets*</u> RM	<u>Total</u> RM
<b><u>2024</u></b>				
AAA	-	422,267	-	422,267
A1	9,663,934	-	-	9,663,934
Others	-	-	142,176	142,176
	<u>9,663,934</u>	<u>422,267</u>	<u>142,176</u>	<u>10,228,377</u>
<b><u>2023</u></b>				
AAA	-	586,969	-	586,969
A2	10,539,901	-	-	10,539,901
Others	-	-	14,924	14,924
	<u>10,539,901</u>	<u>586,969</u>	<u>14,924</u>	<u>11,141,794</u>

\* Comprise of amount due from brokers and dividend receivables.

#### Liquidity risk

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

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

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



### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk (continued)

	<b>Less than <u>1 month</u> RM</b>	<b>Between <u>1 month</u> to <u>1 year</u> RM</b>
<b><u>2024</u></b>		
Amount due to brokers	120,232	-
Amount due to Manager	18,854	-
Accrued management fee	20,284	-
Amount due to Trustee	811	-
Other payables and accruals	-	22,239
	<u>160,181</u>	<u>22,239</u>
<b><u>2023</u></b>		
Amount due to Manager	2,464	-
Accrued management fee	22,268	-
Amount due to Trustee	891	-
Other payables and accruals	-	16,600
	<u>25,623</u>	<u>16,600</u>

#### Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM20,701,844 (2023: RM24,121,240) and accumulated losses of RM4,521,630 (2023: RM6,566,235). 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.

#### **4. FAIR VALUE ESTIMATION (CONTINUED)**

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
<b><u>2024</u></b>				
<b>Financial assets at FVTPL:</b>				
- Quoted investments	5,294,421	-	-	5,294,421
- Collective investment scheme	848,079	-	-	848,079
- Unquoted fixed income securities	-	9,663,934	-	9,663,934
Total	<u>6,142,500</u>	<u>9,663,934</u>	<u>-</u>	<u>15,806,434</u>

##### **2023**

##### **Financial assets at FVTPL:**

- Quoted investments	5,569,304	-	-	5,569,304
- Collective investment scheme	886,130	-	-	886,130
- Unquoted fixed income securities	-	10,539,901	-	10,539,901
Total	<u>6,455,434</u>	<u>10,539,901</u>	<u>-</u>	<u>16,995,335</u>

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

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted fixed income investments. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2024</u> RM	<u>2023</u> RM
Bank balances	75,657	67,745
Deposits with licensed financial institutions	346,610	519,224
	<u>422,267</u>	<u>586,969</u>

## 6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Quoted investments - local	5,294,421	5,569,304
- Unquoted fixed income securities - local	9,663,934	10,539,901
- Collective investment scheme	848,079	886,130
	<u>15,806,434</u>	<u>16,995,335</u>

Investments as at 31 December 2024 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset Value</u> %
<b>QUOTED INVESTMENTS - LOCAL</b>				
<b>Construction</b>				
Kimlun Corporation Berhad	316,800	444,435	380,160	2.35
MN Holdings Berhad	652,200	596,648	815,250	5.04
Muhibbah Engineering (M) Berhad	706,900	503,759	569,055	3.52
		<u>1,544,842</u>	<u>1,764,465</u>	<u>10.91</u>
<b>Consumer Products &amp; Services</b>				
Formosa Prosonic Industries Berhad	190,800	549,174	532,332	3.29
Mynews Holdings Berhad	237,000	162,424	159,975	0.99
		<u>711,598</u>	<u>692,307</u>	<u>4.28</u>

## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset Value</u> %
<b>QUOTED INVESTMENTS - LOCAL</b>				
<b>Industrial Products &amp; Services</b>				
Ann Joo Resources Berhad	388,600	328,148	324,481	2.00
CPE Technology Berhad	369,700	381,237	345,669	2.14
Pantech Group Holdings Berhad	632,100	553,895	584,693	3.61
Southern Cable Group Behad	949,200	594,011	1,167,516	7.21
		<u>1,857,291</u>	<u>2,422,359</u>	<u>14.96</u>
<b>Property</b>				
Paramount Corporation Berhad	81,300	74,586	85,365	0.53
<b>Transportation &amp; Logistics</b>				
Tasco Berhad	439,900	360,182	329,925	2.04
<b>TOTAL QUOTED INVESTMENTS - LOCAL</b>		<b><u>4,548,499</u></b>	<b><u>5,294,421</u></b>	<b><u>32.72</u></b>
<b>COLLECTIVE INVESTMENT SCHEMES – LOCAL</b>				
<b>Real Estate Investment Trusts</b>				
AME Real Estate Investment Trust	193,000	248,300	272,130	1.68
UOA Real Estate Investment Trust	619,300	674,227	575,949	3.56
		<u>922,527</u>	<u>848,079</u>	<u>5.24</u>
<b>TOTAL COLLECTIVE INVESTMENT SCHEME - LOCAL</b>		<b><u>922,527</u></b>	<b><u>848,079</u></b>	<b><u>5.24</u></b>

## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
<b>UNQUOTED FIXED INCOME SECURITIES - LOCAL</b>					
5.60% Alpha Circle Sdn Bhd 18/11/2022 <sup>^</sup>	C*	89,600	89,600	-	-
5.50% MEX I Capital Berhad 21/01/2037 - Tranche 13	A1	2,540,786	2,098,023	2,948,790	18.22
5.50% MEX I Capital Berhad 21/01/2038 - Tranche 14	A1	5,180,769	4,264,604	6,068,243	37.51
5.50% MEX I Capital Berhad 21/01/2039 - Tranche 15	A1	546,757	448,814	646,901	4.00
5.70% MEX II Sdn Bhd 29/04/2027 <sup>^</sup>	D**	5,000,000	5,200,803	-	-
			<u>12,101,844</u>	<u>9,663,934</u>	<u>59.73</u>
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL</b>			<b><u>12,101,844</u></b>	<b><u>9,663,934</u></b>	<b><u>59.73</u></b>
<b>TOTAL INVESTMENTS</b>			<b><u>17,572,870</u></b>	<b><u>15,806,434</u></b>	<b><u>97.69</u></b>

## 6. INVESTMENTS (CONTINUED)

Investments as at 31 December 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset Value</u> %
<b>QUOTED INVESTMENTS - LOCAL</b>				
<b>Construction</b>				
Muhibbah Engineering (M) Berhad	958,400	682,986	742,760	4.23
<b>Consumer Products &amp; Services</b>				
Formosa Prosonic Industries Berhad	157,800	454,104	452,886	2.58
Lii Hen Industries Berhad	733,400	705,109	693,063	3.95
		1,159,213	1,145,949	6.53
<b>Industrial Products &amp; Services</b>				
CPE Technology Berhad	416,600	429,601	414,517	2.36
HSS Engineers Berhad	429,900	377,289	417,003	2.38
PA Resources Berhad	2,101,300	524,467	567,351	3.23
Pantech Group Holdings Berhad	994,900	871,808	895,410	5.10
Thong Guan Industries Berhad	140,400	263,733	263,952	1.50
		2,466,898	2,558,233	14.57
<b>Property</b>				
Paramount Corporation Berhad	193,400	177,428	179,862	1.02
<b>Technology</b>				
JHM Consolidation Berhad	682,200	524,186	491,184	2.80
<b>Trading &amp; Services</b>				
Perdana Petroleum Berhad	1,412,400	354,189	282,480	1.61

## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset Value</u> %
<b>QUOTED INVESTMENTS – LOCAL (CONTINUED)</b>				
<b>Transportation &amp; Logistics</b>				
Tasco Berhad	220,700	179,332	168,836	0.96
<b>TOTAL QUOTED INVESTMENTS - LOCAL</b>		<b>5,544,232</b>	<b>5,569,304</b>	<b>31.72</b>
<b>COLLECTIVE INVESTMENT SCHEMES – LOCAL</b>				
<b>Real Estate Investment Trusts</b>				
AME Real Estate				
Investment Trust	137,900	177,284	179,270	1.02
UOA Real Estate				
Investment Trust	642,600	706,282	706,860	4.03
		883,566	886,130	5.05
<b>TOTAL COLLECTIVE INVESTMENT SCHEME - LOCAL</b>		<b>883,566</b>	<b>886,130</b>	<b>5.05</b>



## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
<b>UNQUOTED FIXED INCOME SECURITIES - LOCAL</b>					
5.60% Alpha Circle Sdn Bhd 18/11/2022 <sup>^</sup>	C*	89,600	89,600	-	-
5.50% MEX I IMTN Tranche 14 21/01/2038	A2	6,680,769	5,430,321	7,215,603	41.10
5.50% MEX I IMTN Tranche 13 21/01/2037	A2	2,540,786	2,069,437	2,728,768	15.55
5.50% MEX I IMTN Tranche 15 21/01/2039	A2	546,756	443,625	595,530	3.39
5.70% MEX II Sdn Bhd 29/04/2027	D**	5,000,000	5,200,803	-	-
			<u>13,233,786</u>	<u>10,539,901</u>	<u>60.04</u>
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL</b>			<b><u>13,233,786</u></b>	<b><u>10,539,901</u></b>	<b><u>60.04</u></b>
<b>TOTAL INVESTMENTS</b>			<b><u>19,661,584</u></b>	<b><u>16,995,335</u></b>	<b><u>96.81</u></b>

<sup>^</sup>Maturity date extended to 31/12/2030

## 6. INVESTMENTS (CONTINUED)

### \* Alpha Circle Sdn Bhd (“ACSB”) RM60 million Senior Sukuk Musharakah and RM55 million Junior Sukuk Musharakah

Alpha Circle Sdn Bhd (“ACSB”) has, since year 2016, undertaken various re-termining exercises for its Senior Sukuk due to its lumpy debt maturities, and volatile foreign worker permit or Pas Lawatan Kerja Sementara (“PLKS”) volumes owing to changes in government policy relating to the recruitment of foreign workers. In recent years, ACSB’s parent company and concessionaire, NERS Sdn Bhd (“NERS”), has been adversely affected by lower PLKS volumes due to closure of international borders and the restriction on intake of foreign workers amid the pandemic. ACSB has continued to rely on Sukukholders’ indulgence to defer shortfalls on the Senior Sukuk obligations with repayments on a piecemeal basis. On 18 January 2023, MARC downgraded ACSB’s rating to C from B after noting that ACSB has continued to face payment delays that have led to a severe liquidity crunch. Repayments over the years have, nonetheless, reduced the Senior Sukuk outstanding amount by 92.00% or RM498 million, from RM540 million to RM42 million currently. The latest repayment of the Senior Sukuk made by ACSB amounted to RM10 million on 28 July 2023.

On 15 March 2023, a news article was published on the arrest of several individuals by Malaysian Anti-Corruption Commission (“MACC”) over alleged misappropriation of funds involving a project facilitating the registration, recruitment and biometric security system for foreign workers in the country. Investigations relating to the charges mentioned in the article are still ongoing, although we are not privy to the progress of this investigation. However, Sukukholders were made to understand that there was a diversion of funds with respect to the April 2022 to November 2022 payments from JIM as instructed by the Directors of NERS without the Sukukholders’ and Trustee’s consent (“Misappropriated Funds”).

To avoid a default and risk termination of the concession at the time, Sukukholders collectively agreed to pass resolutions to extend the maturity of the RM60 million Senior Sukuk principal due on 23 March 2023 until further notice from the Sukukholders or until 31 May 2023 (i.e. the concession expiry), whichever is earlier.

Sukukholders were informed by NERS that a lawsuit has been brought by S5 Systems Sdn Bhd (“S5”, which operates and maintains the NERS system) against NERS for amounts owed for services provided. Following a hearing on 3 April 2023, NERS was placed under Judicial Management.

## 6. INVESTMENTS (CONTINUED)

### \* Alpha Circle Sdn Bhd (“ACSB”) RM60 million Senior Sukuk Musharakah and RM55 million Junior Sukuk Musharakah (continued)

While the Judicial Manager (“JM”) has attempted to make contact with Kementerian Dalam Negeri (“KDN”) to negotiate for an extension of the concession, the JM has been unsuccessful in securing a meeting. The concession expired on 31 May 2023, although there was no official notification from KDN at that time. Sukukholders passed resolutions to extend the maturity of the Senior Sukuk to 31 December 2023 and the Junior Sukuk to 31 March 2024 given uncertainties surrounding the concession. On 8 August 2023, Sukukholders were notified that KDN has decided not to grant an extension of the concession via a letter dated 3 August 2023. Without the extension of the concession, there will be no future cash inflows from the concession.

Meanwhile, payments from Jabatan Imigresen Malaysia (“JIM”) for billings for the month of December 2023 up to April 2023 are lower than expected, as the Government has made profit-sharing deductions to the payments (“Profit-Sharing Deductions”). Sukukholders are of the view that such payments were not justified and have requested for the JM to seek clarification from JIM on this. Payment from JIM for May 2023 billing remains outstanding (“May 2023 Payment”).

The JM had provided a Statement of Proposal (“SOP”) to all creditors of NERS on 10 November 2023 for voting during a Creditors’ Meeting on 1 December 2023. The SOP detailed amounts owing to all creditors and the JM’s action plan for recovery, without any mention of the position and ranking of creditors. Sukukholders were generally not agreeable to this as based on the advice of the Trustee’s solicitor, Shook Lin & Bok (“SLB”), the security of Sukukholders may be challenged by the other major creditor of NERS, i.e. S5, at a later stage since a Dissolution Event (“DE”) has not been called. As such, the requisite approval (from creditors holding 75% of the outstanding amounts claimed) to pass the SOP was not obtained.

Sukukholders approved resolutions to call a DE and appoint a Receiver and Manager (“R&M”) on 28 February 2024. A DE Notice was sent to the issuer on 5 March 2024 and the R&M was to be formally appointed on 8 April 2024 to take over the recovery process from the JM. On 8 April 2024, Sukukholders were notified that S5 (now known as Ultiotech Sdn Bhd), has commenced action against NERS, where it is seeking for NERS to be placed under JM (“JM Application”). In light of this, the Trustee had put on hold the enforcement of the security furnished by NERS, including the appointment of the R&M.

## 6. INVESTMENTS (CONTINUED)

### \* Alpha Circle Sdn Bhd (“ACSB”) RM60 million Senior Sukuk Musharakah and RM55 million Junior Sukuk Musharakah (continued)

A hearing for the JM Application was held on 24 May 2024, where the Judge fixed a case management on 16 July 2024, before delivery of his decision on 10 September 2024. On 10 September 2024, the Judge dismissed the JM Application. The Trustee is at liberty to enforce the security of the Sukuk and the appointment of the R&M has been effected on 11 September 2024.

On 26 November 2024, Sukukholders were notified by the Trustee that it had been served with Notices of Appeal (dated 21 November 2024), which were filed by Ultiotech against the Court's decision delivered on 24 October 2024. The case management is fixed for 24 January 2025.

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

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

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

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

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

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

## 6. INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

## 6. INVESTMENTS (CONTINUED)

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

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

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

On 15 May 2023, the Court of Appeal has ruled in favour of the Sukukholders whereby the appeal sought by MEX II has been unsuccessful. On 15 June 2023, MEX II filed Motions to Appeal to Federal Court. A hearing took place on 26 September 2023, where the Appeal by MEX II was dismissed, exhausting all legal options for MEX II.

The R&M continues to work on a restructuring proposal for MEX II and has submitted a proposal to Kementerian Kerja Raya on 21 November 2023 and a revised proposal on 15 March 2024, which incorporates some feedback from the government agencies. The proposal is currently pending further feedback from the government agencies.

## 7. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At the beginning of the financial year	57,031,072	66,415,072
Creation of units arising from applications during the financial year	3,000	84,000
Cancellation of units during the financial year	(10,223,000)	(9,468,000)
At the end of the financial year	<u>46,811,072</u>	<u>57,031,072</u>

## 8. MANAGEMENT FEE

In accordance with the Master 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 Master 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	8,243	-

### (b) Numerical reconciliation of income tax expense

The numerical reconciliation between the net income 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 before taxation	2,052,848	631,666
Tax calculated at a statutory income tax rate of 24%	492,684	151,600
Tax effects of:		
- Investment income not subject to tax	(560,106)	(252,550)
- Expenses not deductible for tax purposes	15,878	29,953
- Restriction on tax deductible expenses for unit trust funds	59,787	70,997
Tax expense	8,243	-

## 11. TOTAL EXPENSE RATIO ("TER")

	<u>2024</u> %	<u>2023</u> %
TER	1.68	1.72

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>0.29</u>	<u>0.68</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>	
	Units	RM	Units	RM
The Manager	21,632,676	7,476,253	24,205,745	7,450,528
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>1,658,667</u>	<u>573,235</u>	<u>1,764,206</u>	<u>543,023</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 RHB Bank Berhad, are under nominee 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 December 2024 are as follows:

<b>Broker/ <u>Financial institutions</u></b>	<b><u>Value of trades</u> RM</b>	<b><u>Percentage of total trades</u> %</b>	<b><u>Brokerage fees</u> RM</b>	<b><u>Percentage of total brokerage fees</u> %</b>
RHB Investment Bank Berhad*	10,110,466	90.31	25,327	89.27
Maybank Investment Bank Berhad	545,354	4.87	1,636	5.77
Affin Hwang Investment Bank Berhad	327,571	2.92	983	3.46
UOB Kay Hian Securities (M) Sdn Bhd	212,357	1.90	425	1.50
	<u>11,195,748</u>	<u>100.00</u>	<u>28,371</u>	<u>100.00</u>

#### 14. TRANSACTIONS BY THE FUND (CONTINUED)

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

<b>Broker/ <u>Financial institutions</u></b>	<b>Value of <u>trades</u> RM</b>	<b>Percentage of total <u>trades</u> %</b>	<b>Brokerage <u>fees</u> RM</b>	<b>Percentage of total brokerage <u>fees</u> %</b>
RHB Investment Bank Berhad*	8,943,342	41.28	26,830	43.66
CGS-CIMB Securities Sdn Bhd	3,907,427	18.04	12,016	19.55
Maybank Investment Bank Berhad	3,430,773	15.84	10,292	16.75
Hong Leong Investment Bank Berhad	2,056,408	9.49	4,113	6.69
UOB Kay Hian Securities (M) Sdn Bhd	1,458,136	6.73	2,916	4.75
Affin Hwang Investment Bank Berhad	1,175,145	5.42	3,525	5.73
Macquarie Capital Securities (M) Sdn Bhd	225,943	1.04	452	0.74
MIDF Amanah Investment Bank Berhad	183,029	0.85	549	0.89
KAF Equities Sdn Bhd	170,700	0.79	512	0.83
CLSA Securities Malaysia Sdn Bhd	58,636	0.27	117	0.19
Others	54,141	0.25	135	0.22
	<u>21,663,680</u>	<u>100.00</u>	<u>61,457</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>	<u>2023</u>
	RM	RM
<b>Financial assets</b>		
Financial assets at FVTPL		
• Quoted investments	5,294,421	5,569,304
• Collective investment scheme	848,079	886,130
• Unquoted fixed income securities	9,663,934	10,539,901
	<u>15,806,434</u>	<u>16,995,335</u>
Financial assets at amortised cost		
• Bank balances	75,657	67,745
• Deposit with licensed financial institutions	346,610	519,224
• Amount due from brokers	141,198	-
• Dividend receivables	978	14,924
	<u>564,443</u>	<u>601,893</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
• Amount due to brokers	120,232	-
• Amount due to Manager	18,854	2,464
• Accrued management fee	20,284	22,268
• Amount due to Trustee	811	891
• Other payables and accruals	22,239	16,600
	<u>182,420</u>	<u>42,223</u>

**STATEMENT BY MANAGER**  
**RHB GROWTH AND INCOME FOCUS TRUST**

We, Chin Yoong Kheong and Ng Chze How, 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 December 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,

Chin Yoong Kheong  
Director

Ng Chze How  
Director

24 February 2025

## TRUSTEE'S REPORT

To the Unit Holders of RHB Growth and Income Focus Trust (“Fund”)

We have acted as Trustee of the Fund for the financial year ended 31 December 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.

Notwithstanding the above, the value of investment in the debenture of MEX I Capital Bhd amounting to 59.73% of the Fund’s NAV (as at 31 December 2024) and total value of investment in Maju Holdings Sdn Bhd (comprises of MEX II Sdn Bhd and MEX I Capital Bhd) amounting to 59.73% have inadvertently exceeded the investment spread limits as prescribed in paragraph (5), (7) and (10) respectively under Schedule B\* of SC Guidelines on Unit Trust Funds. The Management Company will continue to monitor the position until rectified.

For HSBC (Malaysia) Trustee Berhad

Lee Cincee  
Senior Manager, Trustee and Fiduciary Services

Kuala Lumpur  
24 February 2025

\*Paragraph (5) The value of a fund’s investments in (a) transferable securities; and (b) money market instruments, issued by any single issuer must not exceed 15% of the fund’s NAV (single issuer limit). In determining the single issuer limit, the value of the fund’s investments in instruments in paragraph (3) issued by the same issuer must be included in the calculation.

\*Paragraph (7) The aggregate value of a fund’s investments in, or exposure to, a single issuer through (a) transferable securities; (b) money market instruments; (c) deposits; (d) underlying assets of derivatives; and (e) counterparty exposure arising from the use of OTC derivatives, must not exceed 25% of the fund’s NAV. In determining the single issuer limit, the value of the fund’s investments in instruments in paragraph (3) of Schedule B of Guidelines on Unit Trust Funds issued by the same issuer must be included;

\*Paragraph (10) The value of a fund’s investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the fund’s NAV (group limit). In determining the group limit, the value of the fund’s investments in instruments in paragraph (3) issued by the issuers within the same group of companies must be included in the calculation.

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB GROWTH AND INCOME FOCUS TRUST

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of RHB Growth and Income Focus Trust (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 December 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 December 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 material accounting policy information, as set out on pages 14 to 50.

### 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 GROWTH AND INCOME FOCUS 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 GROWTH AND INCOME FOCUS 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 GROWTH AND INCOME FOCUS 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  
24 February 2025

## 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*)

Puan Sharizad Binti Juma'at (*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*)  
(*Resigned with effect from 14 June 2024*)

Mr Ng Chze How (*Chief Executive Officer / Managing Director*)  
(*Appointed with effect from 11 September 2024*)

### INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

### CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Encik Mohd Farid Bin Kamarudin (*Resigned with effect from 14 June 2024*)

Mr Ng Chze How (*Appointed with effect from 11 September 2024*)

### SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

## **BRANCH OFFICE**

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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 3615 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  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 Fax: 06-292 2212
Penang Office	3rd Floor, 44 Lebuhr Pantai 10300 Georgetown, Penang Tel: 04-264 5639
Prai Office	No 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528

<b>TRUSTEE</b>	HSBC (Malaysia) Trustee Berhad
<b>BANKER</b>	RHB Bank Berhad
<b>AUDITORS</b>	PricewaterhouseCoopers PLT
<b>TAX ADVISER</b>	PricewaterhouseCoopers Taxation Services Sdn Bhd
<b>DISTRIBUTORS</b>	RHB Asset Management Sdn Bhd RHB Bank Berhad RHB Investment Bank Berhad Affin Bank Berhad AmBank (M) Berhad Areca Capital Sdn Bhd Astute Fund Management Berhad CIMB Private Banking Citibank Berhad CUTA – Genexus Advisory Sdn Bhd Hong Leong Bank Berhad iFast Capital Sdn Bhd Kenanga Investors Berhad Manulife Asset Management (Malaysia) Sdn Bhd OCBC Bank (M) Berhad Phillip Mutual Berhad Principal Asset Management Berhad Standard Chartered Bank (M) Berhad United Overseas Bank (M) Berhad UOB KayHian Securities (M) Sdn Bhd

**RHB** ♦ Asset Management

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