

RHB INCOME FUND 2

ANNUAL REPORT 2024

For the financial year ended 31 March 2024

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name - RHB Income Fund 2

Fund Category - Bond Fund

Fund Type - Income

Investment Objective, Policy and Strategy

Objective of the Fund

This Fund aims to provide investors with higher than average income[^] returns compared to fixed deposits over a medium to long term* period through investments in a portfolio of predominantly quality fixed income securities with minimum risk to capital invested.

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

[^] The income is in the form of units.

Strategy

This Fund seeks to achieve its investment objective by investing substantially all of its assets in 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 investments schemes), money market instruments, cash and deposits with any financial institutions. At least 60% of Net Asset Value will be invested in bonds. Although the Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities.

For investments in foreign markets, the Manager in managing the principal risks such as country risk and currency risk will always take into consideration its evaluation of the historical developments and its prior experience in such markets. Such practice will be managed through active management and constant review of the economic and political developments of the countries invested. Investments will ultimately be made based on risk-reward.

The risk management strategies and techniques employed by the Manager include diversification of the Fund’s investments in terms of its exposure to various industries, sectors and asset classes and/or type of investments (i.e. fixed income securities and 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. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. Adherence to these 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.

Performance Benchmark

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

Prior to 28 April 2023, the performance of the Fund is benchmarked against the 12-month Fixed Deposit Rate as published by Malayan Banking Berhad ("Maybank").

Permitted Investments

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

Distribution Policy

Consistent with the Fund's objective to provide investors with higher than average income[^] returns compared to fixed deposits, the Fund will distribute a substantial portion of its returns to unit holders. Distributions, if any, after deduction of taxation and expenses, are generally declared annually and will be reinvested.

MANAGER'S REPORT

MARKET REVIEW

During the financial year under review, the Standard and Poor (“S&P”) 500 rose +27.86% higher to 5,254.35, Brent crude rose 9.50% to United States Dollar (“USD”) 87.48 per barrel, spot Gold rose 13.23% to USD2,229.87/ troy ounce, while The Benchmark 10y US Treasury Bond (“UST”) yields rose 73 basis points (“bps”) from 3.47% at the start of the financial year to close higher at 4.20% at the end of the financial year under review. UST yields sold off higher and bear steeper mainly after the September 2023 Federal Open Market Committee (“FOMC”), following the hawkish dot plots, receding recession risk and investors settling into the higher for longer theme as inflation remains persistent.

On US economics, US Consumer Price Index (“CPI”) ticked higher to 3.20% Year-on-Year (“YoY”) (+0.40% Month-on-Month (“MoM”)) for February 2024 from 3.10% YoY (+0.30% MoM) in January 2024 primarily from services, while February 2024 Core CPI, which excludes food and energy, also edged lower to 3.80% YoY (+0.40% MoM) vs 3.90% YoY (+0.40% MoM) from a month earlier. The personal consumption expenditure (“PCE”) deflator, the Federal Reserve (“Fed”)’s preferred measure for inflation cooled to 2.50% YoY (+0.30% MoM) for February 2024, and Core PCE held steady at 2.80% YoY (0.30% MoM) for February 2024. Despite the slight dip in inflation, Powell and the rest of the committee have reiterated a “patient” approach to cutting rates. The Institute of Supply Management (“ISM”) Purchasers Manufacturing Index (“PMI”) for March 2024 rose more than expectations by 2.50 points (“pts”) to 50.30 (vs expectations of 48.30), as demand side factors such as new orders and production indices rebounded strongly. This was the first expansionary reading (>50 reading reflects expansion) after 16 consecutive months of contraction.

The second FOMC for year 2024 held on 20 March 2024, saw the Fed unanimously holding rates steady at 5.25% to 5.50% for the 5th consecutive meeting, with Fed officials still cautious on cutting rates too quickly. The statement was little changed from the January FOMC meeting; the only change was to drop the January statement’s reference to job gains having moderated since early last year. The revised dot plots still indicate that the median expectation of 3 rate cuts this year is still firmly in play while the projections for year 2025 and year 2026 were raised higher by 25bps to 3.875% and 3.125% respectively. Despite this, based on the overall statement and press conference, Fed Chair Powell’s overall message was dovish, dismissing the recent bump higher in February inflation as not derailing the Fed’s outlook that the inflation trend is lower. Powell also said it would be appropriate to slow the pace of quantitative tightening (“QT”) “fairly soon,” which suggests the Fed is prepared to announce and implement a slower pace of QT in second quarter of year 2024 (“2Q24”).

At the end of March 2024 close, the benchmark 2-, 5-, 10-, 20- and 30-year UST were last traded at 4.62% (March-2023: 4.03% +59bps), 4.21% (3.57%; +64bps), 4.20% (3.47%; +73bps), 4.45% (3.79%; +66bps) and 4.34% (3.65%; +69bps) respectively.

In the financial year under review, Malaysian Ringgit (“MYR”) sold off weaker, from 4.4152 to 4.7250 against the USD. This was primarily due to the USD strength on the back of the Fed’s aggressive monetary tightening. Overall, MYR gave a -6.56% total spot return for the year under review, and was one of the worst performing currencies in Asia Emerging Market (“EM”) behind just Japanese Yen (“JPY”), with spot returns of -12.22% against the USD. All other Asia EM currencies gave negative spot returns against the USD with Singapore Dollar (“SGD”) being the best performer at -1.46% during the financial year under review.

On local rates, the Malaysia Government Securities (“MGS”) market yields decoupled significantly from the movement in UST yields, ending bull flatter in the year under review as investors completely priced out any further hikes by Bank Negara Malaysia (“BNM”) post the May 2023 25bps Overnight Policy Rate (“OPR”) hike to 3.00%.

All in all, overall curve of the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS bull-flattened during the financial year under review, as strong demand by domestic investors continue to underpin the resilience of the local market.

Benchmark	MGS		
	31-Mar-23	31-Mar-24	Change (bps)
3-Year	3.38%	3.49%	+11bps
5-Year	3.51%	3.63%	+12bps
7-Year	3.74%	3.77%	+3bps
10-Year	3.91%	3.86%	-5bps
15-Year	4.14%	3.98%	-16bps
20-Year	4.21%	4.07%	-14bps
30-Year	4.38%	4.19%	-19bps

ECONOMIC REVIEW AND OUTLOOK

In terms of monetary policy, BNM hiked rates on its 03 May 2023 Monetary Policy Committee (“MPC”) meeting, after hiking 4 times by 25bps each to 2.75% in the months of May, July, September and November 2022 on higher domestic inflation and external factors, and capping off a cumulative 100bps of hikes for financial year 2022.

The 25bps to 3.00% at its third MPC on 03 May 2023, was seen as a surprise move by market consensus as only 3 out of 19 economists surveyed by Bloomberg anticipated this increase in the OPR. The rest had expected the central bank to stay pat for a third

straight meeting. As a quick recap, BNM has collectively raised 5 times of 25bps each on the OPR since May 2022 from 1.75% to 3.00%. The decision to raise the OPR was to preemptively manage headline inflation and normalize interest rate to pre-pandemic levels to curb excessive future financial imbalances in the system. While the move in OPR was largely unexpected, the hike of 25bps by the US Fed to a range of 5.00% to 5.25% was largely expected which both has occurred on the same day i.e. 3 May 2023. At 5.25%, the US Fed Funds Rate is at its highest since August 2007, just before the US subprime mortgage crisis after years of loose monetary policies. In its statement, BNM highlighted that the global economy continues to be driven by resilient domestic demand supported by strong labour market conditions, and a stronger-than-expected rebound of China's economy. Nevertheless, the global economy continues to be weighed down by elevated cost pressures and higher interest rates. BNM has raised a concern on headline inflation continued to moderate, but core inflation has persisted above historical averages.

BNM kept rates steady at 3.00% in subsequent meetings since May 2023's 25bps hike, citing continued expansion in the global economy supported by strong labour market conditions. However, the global growth was weighed down by elevated core inflation and higher interest rates in advanced economies in addition to the slower-than expected growth in China. The OPR will remain accommodative as the Malaysian economy was affected by slower external demand and a decline in commodity production coupled with softened inflationary pressure at home. That said, BNM stated that risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, global commodity prices and financial market developments, as well as the degree of persistence in core inflation.

Malaysia's CPI inflation rate remained stable at 1.80% in February 2024 (24 January 2024 1.50%) due to upward adjustments in water bill, public transport (flight, railway) and maintenance & repair of personal transport equipment. Notably, core inflation which removes food and price-administered goods remain steady at 1.80% YoY.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a negative return of 18.52%* against its benchmark return of 2.64%*. The Net Asset Value per unit of the Fund was RM1.1606 (2023: RM1.4353) as at 31 March 2024.

The underperformance was mainly due to the write-down of certain holdings in August 2023, and for the Year to date and 6 month returns ended 31 March 2024, the fund has been in Quartile 1. With a healthy portfolio yield of 5.29% as at 31 March 2024, we expect the performance to recover in the short to medium term.

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

MARKET OUTLOOK AND STRATEGY GOING FORWARD

The January 2024 International Monetary Fund (“IMF”) World Economic Outlook Update has updated their year 2024 global growth forecast, revising the outlook higher to 3.10% in year 2024, 0.20% higher from the October 2023 update. The upgrade was mainly on the resilience of the US economy and other large EM and DM economies and expected fiscal support in China. The projections, while revised higher still remain below the historical average of 3.80%. With the current data trend showing disinflation coupled with steady growth, IMF has reduced the likelihood of a hard landing and risks to global growth are now broadly balanced.

Global risk sentiment in the markets has finally turned since November 2023 with a more fundamental bullishness taking hold, especially after a generally bearish year 2023. We believe that the strategy for the year 2024 is to continue positioning into the current high yield environment, but with a bias toward higher quality credit to mitigate possible recessionary risk and moving further up in duration selectively, especially since the Fed is likely at the end of the tightening cycle. The Base case view is for year 2024 to be a positive year for bonds with most DM central banks likely to cut rates from the current levels. For 2024, Fed’s expectation is for rates to be 4.625%, or about 75bps lower than current levels, while the market in general is expecting close to 100bps of rate cuts by the end of year 2024 at the time of writing.

The outlook for fixed income market in year 2024 still remains positive in our view despite the recent setbacks as global inflationary pressures are retreating and the balance of probabilities have also now shifted towards major central banks reversing some of their aggressive tightening in the past two years.

For Malaysia, we continue to expect BNM to keep the OPR unchanged in year 2024 as inflation remain contained supported by the decline in core inflation to +1.80% YoY seen since January 2024 (it came off from its high of +4.20% in year 2022), while growth remains uneven in the country. While BNM indicated that it is monitoring closely for any inflationary impact from the government’s subsidy rationalisation, we believe that these adjustments by the government will be gradual and likely to be a one-off dynamic which should not warrant for a rate hike. This stable OPR environment, coupled by improving supply (e.g. lower government deficit) and demand dynamics by local institutions (e.g. pension funds, insurance companies) augur well for the local fixed income market in our opinion.

Meanwhile, the Malaysian corporate bond and sukuk market are also likely to benefit from the positive momentum in the overall bond market as we expect credit conditions in Malaysia to be broadly stable in year 2024 - supported by resilient domestic growth and a more benign inflationary outlook. We are less positive on the corporate sub-sector as we are cautious of the current market pricing and remain highly selective in any bond selection as investors are no longer adequately compensated for the credit risk undertaken.

In summary, we are constructive of the bond market as we still see opportunities within the government and corporate credit securities market. We advocate on positioning the bond portfolio to increase investments whenever exacerbated selling occurs, as yield levels are expected to come off in the later part of year 2024. The stance to monetary policy locally by BNM will continue to be determined by new data but we expect this to be still supportive in light of a broadly stable macroeconomic outlook.

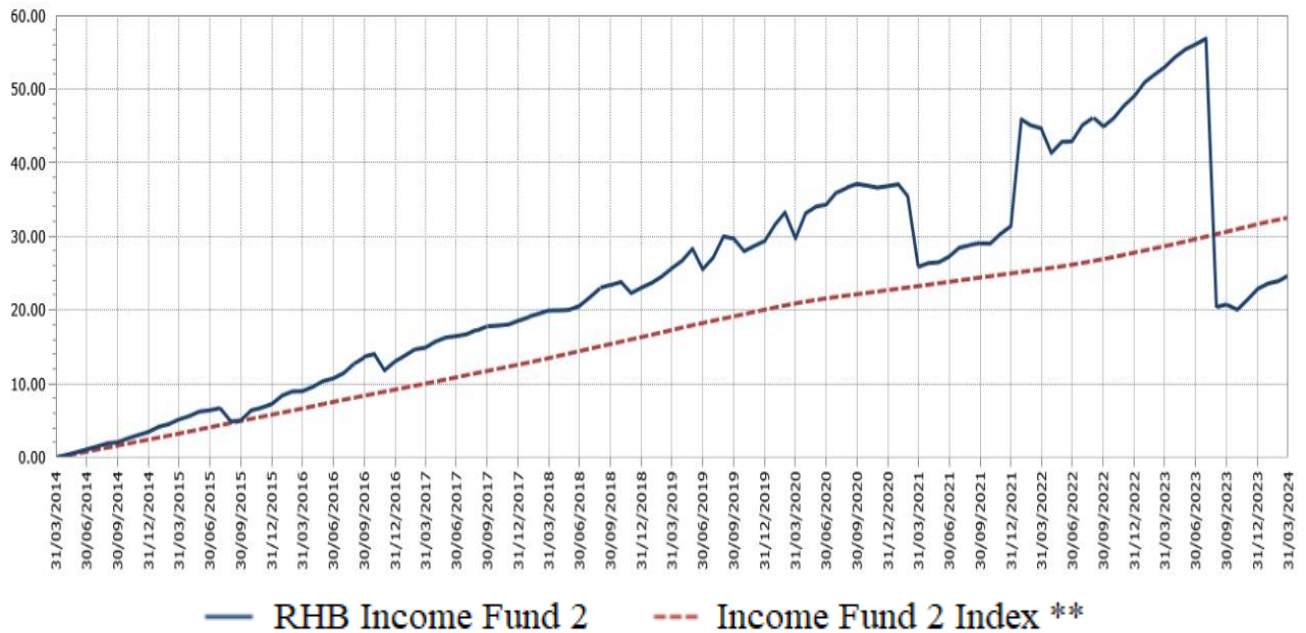
PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 March				
	2024	2023	2022	2021	2020
	%	%	%	%	%
RHB Income Fund 2					
- Capital Return	(19.15)	5.76	9.15	(8.14)	(2.06)
- Income Return	0.78	-	5.29	5.65	5.37
- Total Return	(18.52)	5.76	14.92	(2.95)	3.20
Income Fund 2 Index**	2.64	2.49	1.85	1.97	3.07

	Average Annual Returns			
	1 Year	3 Years	5 Years	10 Years
	31.03.2023–	31.03.2021–	31.03.2019–	31.03.2014–
	31.03.2024	31.03.2024	31.03.2024	31.03.2024
	%	%	%	%
RHB Income Fund 2	(18.52)	(0.32)	(0.16)	2.23
Income Fund 2 Index**	2.64	2.32	2.40	2.82

** Effective 28 April 2023, the Fund’s composite benchmark (Income Fund 2 Index) was changed from 12-month Fixed Deposit Rate as published by Malayan Banking Berhad (“Maybank”) to RHB Bank Berhad’s 12-month fixed deposit rate. The Fund’s composite benchmark performance has been adjusted to reflect the new benchmark.

**Performance of RHB Income Fund 2
for the period from 31 March 2014 to 31 March 2024
Cumulative Return Over The Period (%)**



Source: Lipper Investment Management (“Lipper IM”), 15 April 2024

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

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

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

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

Fund Size	As at 31 March		
	2024	2023	2022
Net Asset Value (RM million)	12.79	18.45	23.61*
Units In Circulation (million)	11.02	12.86	17.40
Net Asset Value Per Unit (RM)	1.1606	1.4353	1.3571*

Historical Data	Financial Year Ended 31 March		
	2024	2023	2022
Unit Prices			
NAV - Highest (RM)	1.4726	1.4353	1.4414*
- Lowest (RM)	1.1247	1.3204	1.2062*
Distribution and Unit Split			
Gross Distribution Per Unit (sen)	0.9000	-	7.2000
Net Distribution Per Unit (sen)	0.9000	-	7.2000
Distribution date	25.03.2024	-	23.03.2022
NAV before distribution (cum)	1.1676	-	1.4349
NAV after distribution (ex)	1.1590	-	1.3617
Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.13	1.12	1.08
Portfolio Turnover Ratio (PTR) (times) ##	0.01	0.15	0.55

* *The figures quoted are ex-distribution*

The TER for the financial year was higher compared with the previous financial year due to lower average net asset value for the financial year under review.

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

DISTRIBUTION

For the financial year under review, the Fund has declared a total net distributions of 0.9000 sen per unit, which is equivalent to a net distribution yield of 0.72% based on the average net asset value for the financial year.

PORTFOLIO STRUCTURE

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

	As at 31 March		
	2024	2023	2022
	%	%	%
Sectors			
Unquoted fixed income securities	99.13	94.79	97.44
Liquid assets and other net current assets	0.87	5.21	2.56
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocation of the Fund reflects the Manager stance to risk managed the portfolio in 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

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

RHB INCOME FUND 2
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Bank balances	5	28,777	49,114
Deposits with licensed financial institutions	5	105,212	938,035
Investments	6	12,675,715	17,492,267
TOTAL ASSETS		<u>12,809,704</u>	<u>18,479,416</u>
LIABILITIES			
Accrued management fee		10,825	15,734
Amount due to Trustee		650	944
Other payables and accruals		11,000	8,500
TOTAL LIABILITIES		<u>22,475</u>	<u>25,178</u>
NET ASSET VALUE		<u>12,787,229</u>	<u>18,454,238</u>
EQUITY			
Unit holders' capital		18,088,659	19,548,837
Accumulated losses		(5,301,430)	(1,094,599)
		<u>12,787,229</u>	<u>18,454,238</u>
UNITS IN CIRCULATION (UNITS)	7	<u>11,017,512</u>	<u>12,857,609</u>
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION*) (RM)		<u>1.1606</u>	<u>1.4353</u>

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

RHB INCOME FUND 2
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
(LOSS)/INCOME			
Interest income from deposits with licensed financial institutions		30,816	34,303
Interest income from unquoted fixed income securities		300,752	760,381
Net realised gain/(loss) on disposal		15	(548,107)
Net unrealised (loss)/gain on changes in fair value		(4,264,990)	974,084
Net foreign currency exchange gain		105	74
		<u>(3,933,302)</u>	<u>1,220,735</u>
EXPENSES			
Management fee	8	(155,085)	(202,139)
Trustee's fee	9	(9,306)	(12,129)
Audit fee		(6,000)	(6,000)
Tax agent's fee		(2,500)	(2,500)
Other expenses		(2,245)	(3,574)
		<u>(175,136)</u>	<u>(226,342)</u>
Net (loss)/income before taxation		(4,108,438)	994,393
Taxation	10	-	-
Net (loss)/income after taxation		<u>(4,108,438)</u>	<u>994,393</u>
Net (loss)/income after taxation is made up of the following:			
Realised amount		30,716	(16,092)
Unrealised amount		(4,139,154)	1,010,485
		<u>(4,108,438)</u>	<u>994,393</u>

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

RHB INCOME FUND 2
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Unit holders’ capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 April 2022	25,703,274	(2,088,992)	23,614,282
Movement in net asset value:			
Net income after taxation	-	994,393	994,393
Creation of units arising from applications	9,179,284	-	9,179,284
Cancellation of units	(15,333,721)	-	(15,333,721)
Balance as at 31 March 2023	<u>19,548,837</u>	<u>(1,094,599)</u>	<u>18,454,238</u>
Balance as at 1 April 2023	19,548,837	(1,094,599)	18,454,238
Movement in net asset value:			
Net loss after taxation	-	(4,108,438)	(4,108,438)
Creation of units arising from applications	3,393,848	-	3,393,848
Creation of units arising from distribution	98,393	-	98,393
Cancellation of units	(4,952,419)	-	(4,952,419)
Distribution (Note 11)	-	(98,393)	(98,393)
Balance as at 31 March 2024	<u>18,088,659</u>	<u>(5,301,430)</u>	<u>12,787,229</u>

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

RHB INCOME FUND 2
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		245,699	6,132,702
Interest received from deposits with licensed financial institutions		30,816	34,303
Interest received from unquoted fixed income securities		606,630	570,403
Management fee paid		(159,994)	(207,375)
Trustee's fees paid		(9,600)	(12,443)
Payment for other fees and expenses		(8,245)	(11,674)
Net cash generated from operating activities		<u>705,306</u>	<u>6,505,916</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		3,393,848	9,179,284
Cash paid for units cancelled		<u>(4,952,419)</u>	<u>(15,529,956)</u>
Net cash used in financing activities		<u>(1,558,571)</u>	<u>(6,350,672)</u>
Net (decrease)/increase in cash and cash equivalents		(853,265)	155,244
Foreign currency translation differences		105	74
Cash and cash equivalents at the beginning of the financial year		<u>987,149</u>	<u>831,831</u>
Cash and cash equivalents at the end of the financial year	5	<u>133,989</u>	<u>987,149</u>

The accompanying notes are an integral part of the financial statements

RHB INCOME FUND 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Income Fund 2 (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 13 February 2003 as amended via its First Supplemental Master Deed dated 24 December 2007, Supplemental Master Deed dated 1 June 2009, Second Supplemental Master Deed dated 4 September 2013, Third Supplemental Master Deed dated 2 March 2015, Fourth Supplemental Master Deed dated 25 May 2015, Fifth Supplemental Master Deed dated 11 December 2018 and Sixth Supplemental Master Deed dated 2 February 2023 (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 26 February 2003 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 set out in the Deeds.

The main objective of the Fund is to provide investors with higher than average income returns compared to fixed deposits over a medium to long term period through investments in a portfolio of predominantly quality fixed income securities with minimum risk to capital invested.

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

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

These financial statements were authorised for issue by the Manager on 23 May 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, except those as disclosed in the summary of material accounting policies, and in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ. There were no areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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

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

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

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

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

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

The amendment shall be applied retrospectively.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets

Classification

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

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as financial asset measure 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 as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value.

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

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in statement of income and expenses within net gains or losses on investments in the year in which they arise.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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

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’s 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 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.

Impairment of financial assets

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2.3 Financial liabilities

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Unit holders' capital

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

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

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

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

2.5 Income recognition

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 gain or loss on sale 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Taxation

Current tax expense is determined according to Malaysian tax laws at 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 Distributions

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

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 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.

Price risk

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

The Fund is exposed to price risk arising from interest rate risk in relation to its investments of RM12,675,715 (2023: RM17,492,267) 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.

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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

The table below summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value as at reporting date to movements in price of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate fluctuates by +/- 1% with all variable held constant.

<u>% Change in interest rate</u>	<u>Impact on (loss)/profit after taxation and net asset value</u>	
	<u>2024</u> RM	<u>2023</u> RM
+1%	(42,624)	(46,915)
-1%	42,833	46,098

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.

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. Investors should note any gains or losses arising from the movement of foreign currencies against its home currency may therefore increase/decrease the capital gains of the financial instruments. Nevertheless, investors should realise that currency risk is considered as one of the major risks to financial instruments in foreign assets due to the volatile nature of the foreign exchange market.

The Fund did not have any significant financial liabilities denominated in foreign currencies as at the reporting date. The following table indicates the currencies to which the Fund had significant exposure at the reporting date on its financial assets. The analysis calculates the effect of a reasonably possible movement of each foreign currency rate against Ringgit Malaysia on equity and on income with all other variables held constant.

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 +/- RM74 (2023: +/- RM73).

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

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

	Cash and cash equivalents	Total
	RM	RM
<u>2024</u>		
United States Dollar	1,471	1,471
	<hr/>	<hr/>
<u>2023</u>		
United States Dollar	1,458	1,458
	<hr/>	<hr/>

Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment. For investments in fixed income securities, risk is minimised by spreading its maturity profile. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

	Investments	Cash and cash equivalents	Total
	RM	RM	RM
<u>2024</u>			
AAA	-	132,518	132,518
AA3	-	1,471	1,471
A2	12,675,715	-	12,675,715
	<hr/>	<hr/>	<hr/>
	12,675,715	133,989	12,809,704
<u>2023</u>			
AAA	-	987,149	987,149
A2	12,324,567	-	12,324,567
C IS	5,167,700	-	5,167,700
	<hr/>	<hr/>	<hr/>
	17,492,267	987,149	18,479,416
	<hr/>	<hr/>	<hr/>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

Liquidity risk exists when particular investments are difficult to sell, possibly preventing a unit trust fund from selling such illiquid securities at an advantageous time or price. Unit trust funds with principal investment strategies that involve securities or securities with substantial market and/or credit risk tend to have the greater exposure to liquidity risk. As part of its risk management, the Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

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

	Less than 1 month RM	Between 1 month to 1 year RM
<u>2024</u>		
Accrued management fee	10,825	-
Amount due to Trustee	650	-
Other payables and accruals	-	11,000
	<u>11,475</u>	<u>11,000</u>
<u>2023</u>		
Accrued management fee	15,734	-
Amount due to Trustee	944	-
Other payables and accruals	-	8,500
	<u>16,678</u>	<u>8,500</u>

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM18,088,659 (2023: RM19,548,837) and accumulated losses of RM5,301,430 (2023: RM1,094,599). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

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

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

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

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

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

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

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at FVTPL:				
- Unquoted fixed income securities	-	12,675,715	-	12,675,715
<u>2023</u>				
Financial assets at FVTPL:				
- Unquoted fixed income securities	-	17,492,267	-	17,492,267

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	28,777	49,114
Deposits with licensed financial institutions	105,212	938,035
	<u>133,989</u>	<u>987,149</u>

6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
Unquoted fixed income securities - local	<u>12,675,715</u>	<u>17,492,267</u>

Investments as at 31 March 2024 are as follows:

<u>Name of Counter</u>	<u>Rating</u>	<u>Nominal</u> <u>Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net</u> <u>Asset</u> <u>Value</u> %
UNQUOTED FIXED INCOME SECURITIES –LOCAL					
MALAYSIA					
5.60% Alpha Circle Sdn Bhd 18/11/2022^^	C IS*	223,300	223,300	-	-
5.60% Alpha Circle Sdn Bhd 18/11/2022^^	C IS*	350,000	350,000	-	-
6.00% Alpha Circle Sdn Bhd 31/05/2023^	C IS*	4,000,000	4,088,000	-	-
5.50% MEX I Capital Berhad 21/01/2037	A2**	1,184,822	1,009,233	1,263,504	9.88
5.50% MEX I Capital Berhad 21/01/2038	A2**	3,115,385	2,649,025	3,343,611	26.15
5.50% MEX I Capital Berhad 21/01/2039	A2**	741,049	616,532	802,947	6.28
5.50% MEX I Capital Berhad 23/01/2040	A2**	526,176	432,355	572,320	4.48
5.50% MEX I Capital Berhad 22/01/2029	A2**	1,871,224	1,887,008	1,965,512	15.37

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES – LOCAL (CONTINUED)					
MALAYSIA (CONTINUED)					
5.50% MEX I Capital Berhad 21/01/2030	A2**	4,486,884	4,524,460	4,727,821	36.97
6.00% MEX II Sdn Bhd 29/04/2030	D***	1,200,000	1,175,853	-	-
6.20% MEX II Sdn Bhd 29/04/2032	D***	1,500,000	1,524,614	-	-
6.40% MEX II Sdn Bhd 28/04/2034	D***	3,000,000	3,060,592	-	-
TOTAL INVESTMENTS			21,540,972	12,675,715	99.13

Investments as at 31 March 2023 are as follows:

<u>Name of Counter</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES –LOCAL					
MALAYSIA					
5.60% Alpha Circle Sdn Bhd 18/11/2022^^	C IS*	319,000	319,439	312,777	1.69
5.60% Alpha Circle Sdn Bhd 18/11/2022^^	C IS*	500,000	500,687	490,245	2.66
6.00% Alpha Circle Sdn Bhd 31/05/2023^	C IS*	4,000,000	4,450,294	4,364,678	23.65
5.00% MEX I Capital Berhad 21/01/2037	A2**	1,184,822	998,660	1,227,027	6.65
5.00% MEX I Capital Berhad 21/01/2038	A2**	3,115,385	2,623,418	3,236,452	17.54

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES – LOCAL (CONTINUED)					
MALAYSIA (CONTINUED)					
5.00% MEX I Capital Berhad 21/01/2039	A2**	741,049	610,508	772,374	4.19
5.00% MEX I Capital Berhad 23/01/2040	A2**	526,176	428,266	549,538	2.98
5.00% MEX I Capital Berhad 22/01/2029	A2**	1,871,224	1,883,613	1,928,898	10.45
5.00% MEX I Capital Berhad 21/01/2030	A2**	4,486,884	4,516,591	4,610,278	24.98
6.00% MEX II Sdn Bhd 29/04/2030	D***	1,200,000	1,175,853	-	-
6.20% MEX II Sdn Bhd 29/04/2032	D***	1,500,000	1,524,614	-	-
6.40% MEX II Sdn Bhd 28/04/2034	D***	3,000,000	3,060,592	-	-
TOTAL INVESTMENTS			22,092,535	17,492,267	94.79

[^] Maturity date extended to 31/12/2030

^{^^} Maturity date extended to 31/05/2023

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

Alpha Circle Sdn Bhd (“ACSB”) has, since 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.

6. INVESTMENTS (CONTINUED)

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

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% 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.

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.

6. INVESTMENTS (CONTINUED)

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

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 Nov 2023 for voting during a Creditors’ Meeting on 1 Dec 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 Dissolution Event (“DE”) and appoint a receiver and manager (“R&M”) on 28 Feb 2024. A DE Notice was sent to the issuer on 5 Mar 2024 and the R&M will be formally appointed on 8 Apr 2024 to take over the recovery process from the JM.

** MEX I Capital Berhad (“MEX I Capital”) RM1.126 billion Sukuk Musharakah

The restructuring of the Sukuk Musharakah (“Existing Sukuk”) involving its redemption via an exchange with a new Sukuk Musharakah of RM1.126 billion in nominal value (“New Sukuk”), was completed on 21 January 2022.

RAM Ratings has assigned a rating of A2 to the New Sukuk on 19 January 2022, with a stable outlook premised on the cash flow generation of the Expressway vis-à-vis Sukuk payment obligations and the more restrictive covenants in place to govern the transaction.

In approving the restructuring on 13 October 2021, Sukukholders had agreed that any prevailing claims against the Issuer, Maju Expressway Sdn Bhd (“MESB”) and/or Maju Holdings Sdn Bhd (“Maju Holdings”) shall be nullified once the Existing Sukuk is exchanged with the New Sukuk. Upon the completion of the restructuring, the Sukukholders via the Trustee have withdrawn the notice of appeal for the claims on 18 February 2022.

6. INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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 RM1.38 billion 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

6. INVESTMENTS (CONTINUED)

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

earlier. Sukukholders had also earlier formally rejected MEX II’s request to extend the deferment period beyond 31 December 2021 as well as rejected the company’s restructuring proposal.

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

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

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

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

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

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.

6. INVESTMENTS (CONTINUED)

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

The R&M continues to work on a restructuring proposal for MEX II and has submitted a proposal to Kementerian Kerja Raya (“KKR”) on 21 November 2023. The proposal is currently under negotiations with the government agencies.

7. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At the beginning of the financial year	12,857,609	17,400,328
Creation of units during the financial year:		
Arising from applications	2,340,000	6,692,281
Arising from distribution	84,903	
Cancellation of units during the financial year	<u>(4,265,000)</u>	<u>(11,235,000)</u>
At the end of the financial year	<u>11,017,512</u>	<u>12,857,609</u>

8. MANAGEMENT FEE

In accordance with the Master Prospectus, the management fee provided in the financial statements is 1.00% (2023: 1.00%) 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. The minimum Trustee fee is waived as agreed by the Trustee and Manager.

10. TAXATION

(a) Tax charge for the financial year

	<u>2024</u> RM	<u>2023</u> RM
Current taxation	<u>-</u>	<u>-</u>

10. TAXATION (CONTINUED)

(b) Numerical reconciliation of income tax expense

The numerical reconciliation between the net (loss)/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 (loss)/income before taxation	<u>(4,108,438)</u>	<u>994,393</u>
Tax calculated at a statutory income tax rate of 24%	(986,025)	238,654
Tax effects of:		
- Investment loss not brought to tax/ (Investment income not subject to tax)	943,993	(292,976)
- Expenses not deductible for tax purposes	3,219	4,369
- Restriction on tax deductible expenses	<u>38,813</u>	<u>49,953</u>
Tax expense	<u>-</u>	<u>-</u>

11. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	<u>2024</u> RM
Interest income from investments	109,326
Interest income from deposits with licensed financial institutions	<u>30,611</u>
	139,937
Less: Expenses	<u>(41,544)</u>
Net distribution amount	<u>98,393</u>
<u>Distribution date</u>	<u>Gross/net</u>
25 March 2024	<u>sen per unit</u>
	<u>0.9000</u>

There are unrealised losses of RM4,139,154 (2023: RM Nil) arising from the financial year ended 31 March 2024.

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

12. TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	<u>1.13</u>	<u>1.12</u>

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

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.01</u>	<u>0.15</u>

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

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

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

	<u>2024</u>		<u>2023</u>	
	Units	RM	Units	RM
The Manager	796,681	924,628	2,255,835	3,237,800
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>56,244</u>	<u>65,277</u>	<u>198,615</u>	<u>285,072</u>

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

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

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

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

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

15. TRANSACTIONS BY THE FUND

There was no transaction by the Fund for the financial year ended 31 March 2024.

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

<u>Financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
RHB Investment Bank Berhad*	3,383,600	62.82	-	-
CIMB Bank Berhad	2,003,000	37.18	-	-
	<u>5,386,600</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

* Included in transactions by the Fund are trade conducted 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.

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2024</u> RM	<u>2023</u> RM
Financial assets		
Financial assets at FVTPL		
• Unquoted fixed income securities	12,675,715	17,492,267
	<hr/>	<hr/>
Financial assets at amortised cost		
• Bank balances	28,777	49,114
• Deposits with licensed financial institutions	105,212	938,035
	<hr/>	<hr/>
	133,989	987,149
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities at amortised cost		
• Accrued management fee	10,825	15,734
• Amount due to Trustee	650	944
• Other payables and accruals	11,000	8,500
	<hr/>	<hr/>
	22,475	25,178
	<hr/>	<hr/>

**STATEMENT BY MANAGER
RHB INCOME FUND 2**

We, Dato' Darawati Hussain and Mohd Farid Bin Kamarudin, two of the Directors of RHB Asset Management Sdn Bhd, do hereby state that in the opinion of the Directors of the Manager, the accompanying statement of financial position, statement of income and expenses, statement of changes in net asset value, statement of cash flows and the accompanying notes, are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 31 March 2024 and of its financial performance and cash flows for the financial year then ended and comply with the provisions of the Deeds.

On behalf of the Manager,

Dato' Darawati Hussain
Director

Mohd Farid Bin Kamarudin
Director

23 May 2024

TRUSTEE'S REPORT

To the unit holders of RHB Income Fund 2 (“Fund”)

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

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

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

Notwithstanding the above, the value of investment in the debenture of MEX I Capital Berhad amounting to 99.13% of the Fund's NAV (as at 31 March 2024) and total value of investment in Maju Holdings Sdn Bhd (comprises of MEX II Sdn Bhd and MEX I Capital Berhad) amounting to 99.13% have inadvertently exceeded the investment spread limits as prescribed in paragraph (7) under Schedule B* and paragraph (2) and (6) under Schedule B-Appendix II** of SC Guidelines on Unit Trust Funds. The Management Company will continue to monitor the position until rectified.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
23 May 2024

*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 (single issuer aggregate limit). In determining the single issuer aggregate 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 (2) The value of a fund's investments in (a) transferable securities; and (b) money market instruments, issued by any single issuer must not exceed 20% 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) of Schedule B by the same issuer must be included in the calculation.

***Paragraph (6) The value of a fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 30% of the fund's NAV (group limit). In determining the group limit, the value of the fund's investments in instruments in paragraph (3) of Schedule B 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 INCOME FUND 2

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Income Fund 2 (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2024 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2024, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, comprising a summary of material accounting policies, as set out on pages 12 to 40.

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 INCOME FUND 2 (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 INCOME FUND 2 (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 INCOME FUND 2 (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 May 2024

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

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

PRINCIPAL AND BUSINESS OFFICE

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

Email Address : rhbam@rhbgroup.com

Tel: 03 – 9205 8000

Fax: 03 – 9205 8100

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

BOARD OF DIRECTORS

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

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

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

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

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

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

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

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

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

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Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211/ 06-281 4110 Fax: 06-292 2212
Penang Office	3rd Floor, 44 Lebuhr Pantai 10300 Georgetown, Penang Tel: 04-264 5639 Fax: 04-264 5640
Prai Office	No 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528

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

RHB  **Asset Management**

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