

RHB KLCI TRACKER FUND

ANNUAL REPORT 2024

For the financial year ended 31 March 2024

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

- Fund Name - RHB KLCI Tracker Fund
- Fund Category - Equity/Index Tracking Fund
- Fund Type - Growth

Investment Objective, Policy and Strategy

Objective of the Fund

This Fund aims to provide investment results that closely correspond to the performance of the Kuala Lumpur Composite Index (“KLCI”) or such other index as may be replaced by Bursa Malaysia Securities Berhad.

Effective 6 July 2009, Bursa Malaysia Securities Berhad replaced the KLCI with the Financial Times Stock Exchange (“FTSE”) Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”).

Strategy

This Fund seeks to achieve its investment objective by investing all or substantially all of the Fund’s assets in the FBM KLCI component stocks in substantially the same weightings as they appear in the FBM KLCI.

The FBM KLCI is an index that provides a performance benchmark for the Malaysian equity market by reflecting the performance of listed companies that are representative of the major sectors in the Malaysian economy. The FBM KLCI is an index of the thirty (30) largest companies listed on the Main Market by full market capitalisation that meet the eligibility requirements of the FTSE Bursa Malaysia Ground Rules. The FBM KLCI index is calculated by FTSE based on its own specific calculation methodology and rules. Therefore, any error or non-adherence to these calculation methodology and rules may affect the accuracy and/or completeness of the FBM KLCI Index computation.

Generally, the Fund will invest in all of the thirty (30) component stocks of the FBM KLCI. To the extent consistent with achieving its investment objective, the Fund may also participate in FBM KLCI futures. Although this Fund is passively managed, the investments in the Fund will be rebalanced from time to time to reflect any changes to the composition of or the weightings of shares in the FBM KLCI. Accordingly, a daily analysis of the portfolio is conducted to ensure that:

- Tracking errors are within expectations;
- Stocks continue to be within the perimeters of the FBM KLCI component stocks;
- Investment weightings are within the tolerance limit, otherwise rebalancing of the portfolio is required; and
- Cash is properly hedged.

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

90% - 99.5% of Net Asset Value

- Investments in the FBM KLCI component stocks

0% - 10% of Net Asset Value

- Participation in financial derivatives

0.5% - 10% of Net Asset Value

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

Tracking errors against the benchmark FBM KLCI may occur due to the necessity of the Fund to set aside some liquid funds which would otherwise be invested to achieve 100% weightage. Another contributing factor to the tracking errors are the fees and expenses payable by the Fund and transaction costs incurred in rebalancing the portfolio. As such, the risk management strategies and techniques employed by the Manager include the use of financial derivatives to replicate the benchmark FBM KLCI and the constant rebalancing of the portfolio. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. 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

The performance of the Fund is benchmarked against the FBM KLCI which the Fund seeks to track.

Permitted Investments

The Fund may invest in securities traded on Bursa Malaysia, money market instruments, cash and deposits with any financial institutions, collective investment schemes, financial derivatives and any other investments permitted by the Securities Commission Malaysia from time to time.

Distribution Policy

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

MANAGER’S REPORT

EQUITY MARKET REVIEW

The year 2023 started with the Financial Times Stock Exchange (“FTSE”) Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) declining by 0.67% in January 2023 making it the worst performer in the Association of Southeast Asian Nations (“ASEAN”) region. The Morgan Stanley Capital International (“MSCI”) ASEAN index closed higher by 4.85% in United States Dollar (“USD”). Malaysia was the second worst in ASEAN in terms of net foreign outflows at USD147 million (“mil”) during the month as foreign investors exited out of banks after Bank Negara Malaysia (“BNM”) unexpectedly held rates. February month saw Budget 2023 tabled. It was broadly within expectations with no major immediate taxes announced. With the focus on the economy and cost of living issue a priority, the government announced lower taxes for the M40 group, while the T20 group will see higher taxes. Luxury goods taxes will also be introduced this year. The telecommunication sector saw selling pressure as a B40 package for high speed broadband and the Mandatory Standard on Access Pricing review was announced. Markets saw a very volatile month of March 2023 stemming from Federal Open Market Committee (“FOMC”) meeting to the Silicon Valley Bank (“SVB”) (under SVB Financial Group) and Signature Bank (“Signature”) saga, as well as development in Europe on Credit Suisse. On a positive note, the market recovered towards the latter half of the month as banking stress eased after interventions to stem deposit outflows appear to be working, and the thematic play on artificial intelligence driving upside movement. Meanwhile, the FOMC raised the Federal Reserve (“Fed”) funds rate by 25 basis points (“bps”) to the range of 4.75% to 5.00% at its March 2023 meeting, in line with market expectations. As at the month of May 2023, the FBM KLCI would have posted 5 consecutively monthly declines. During the year 2007 to year 2008 credit crisis and year 1998 Asian Financial crisis has witnessed 6 consecutive months of declines. Major development during the month as a change in Malaysia’s energy policy with the lifting of the export ban of renewable energy to develop the clean power industry. The subdued investor sentiment could also be attributed to the upcoming state elections. In June 2023, the FBM KLCI would now have declined for 6 consecutive months with a six month of year 2023 decline of almost 8.00%. This is the worst consecutive record of declines since year 2008. The government announced a few initiatives to promote local capital market and one of the measures was to reduce the stamp duty rate for shares traded on Bursa Malaysia from 0.15% to 0.10%, subject to a maximum cap of Ringgit Malaysia (“RM”) 1,000 per contract. The government also announced in the second half of year 2023 electricity tariff review that heavy electricity users in the residential segment will be subject to a 10sen/Kwh surcharge. However, the surcharged imposed on commercial and industrial users will be lowered to 17sen/Kwh. In its June 2023 meeting, the Fed left rates at 5.00% to 5.25%, which was in line with market expectations amid the forward guidance of “Skip” in this meeting. In the month of September 2023, Malaysia economy slowed down after registering strong growth in year 2022 which is in line with the global slowdown in the economy. The Standard and Poor Global Malaysia

Manufacturing Purchasing Managers' Index ("PMI") fell to 46.80 in September 2023 from 47.80 a month earlier. Malaysia's manufacturing activities continue to fall further in September 2023 which was the lowest since January 2023. This was the 13th straight month of drop in the Manufacturing sector as global economy falters. Nevertheless, the recent recovery in the United States ("US") and China manufacturing activities might indicate that the manufacturing activities could have found the bottom. Exports from Malaysia plunged 18.60% Year-on-Year ("YoY") to RM115.16 billion ("bil") in August 2023, coming in worse than market forecasts of negative 16.30%. This marked the 6th straight month of decline in exports and the steepest pace since May 2020 due to weakening global demand and moderating commodity prices. Among key trading partners, exports dropped from Singapore (19.30%), China (20.30%), the US (9.70%) and the European Union (4.60%). However, labour market conditions, particularly employment and wages, remains favourable which is an important factor that supports households' ability to spend. Only four sectors registered positive returns in September 2023 which are Energy (due to rising oil price), Construction (policy driven), Property (policy driven) and Healthcare (value). Foreign institutions turned net buy in the third quarter of year 2023 with RM2.20bil inflows. During October 2023, Budget 2024 was announced, which was viewed as market neutral with lower subsidies at 10.00% of operating expenditures (14.00% for year 2023). Additionally, there were a number of infrastructure related announcements like the restoration of LRT3 and extension of Penang LRT to mainland. Unfortunately, the Malaysian Ringgit ("MYR") also hit year 1998 Asia Financial Crisis lows against the USD during the month. In December 2023, the revival of the High-Speed Rail project was principally agreed to by both the Malaysian and Singaporean governments. Furthermore, the Johor-Singapore Special Economic zone Memorandum of Understanding was expected to be signed in year 2024. In terms of flows, all ASEAN members so inflows with Malaysia seeing an inflow of RM256mil vs RM1,551mil the previous month. Stocks rallied over the last week of year 2023, as US inflation and government bond yields fell, USD turning soft, a dovish Fed and eased recession fears. The market believes that US policymakers would be able to achieve a soft landing. At its last meeting for year 2023, the Fed opted to hold rates steady and signalled an end to its rate hiking cycle. For the full year 2023, China, Hong Kong and ASEAN markets underperformed relative to Developed Market equities. Malaysia closed -2.70%, the second worst in ASEAN, while the Hong Kong market was the worst performing market in year 2023. The FBM KLCI improved by 5.60% during the first quarter of year 2024 ("1Q24"). Strong investor interest in selective themes related to the Property and Construction sector. Some of the themes that gained traction were the Johor-Singapore Special Economic Zone, a nationwide water tariff hike, talks of more electricity tariff reviews ahead of Tenaga's Regulatory Period 4 and the installation of the Johor Sultan as Malaysia's new Agong. Malaysia saw the second highest net foreign inflow (USD145mil) after Indonesia (USD534mil) during the the month of January 2024. Foreign net flow turned negative during the month of March 2024. Notable events during the month were BNM holding the Overnight Policy Rate ("OPR") at 3.00%, Sime Darby completing the 100% acquisition of UMW Holdings and Malaysia Airports inking the new passenger

services charges for Malaysia, alongside a new Operating Agreement and a potential Turkey sale.

ECONOMIC REVIEW AND OUTLOOK

In terms of inflation, Malaysia's rate of inflation in February 2023 remained at 3.70%, led by growing costs in food and hospitality. In the month of February 2023, the Consumer Price Index ("CPI") saw a slower increase in the food away from home component of 8.90% as compared with 9.30% in January 2023. Among the initiatives that were introduced by the government to reduce the cost of living and ease the inflation of food away from home was Menu Rahmah that was announced on 31 January 2023. Also, a continuous heavy rain since the end of December 2022 to February 2023 in several states has led to increases in food prices, especially vegetables. As a result of the transition of the monsoon, the inflation for the vegetables subgroup has recorded a significant increase of 5.80% as compared to 1.00% in January 2023. For year 2023, BNM is expecting headline inflation to remain elevated despite moderating in the fourth quarter of year 2022. This is due to strength in domestic demand and improvement in the labour market will similarly keep the core inflation elevated in the near term. The elevated core inflation will trend above headline inflation for a few months in year 2023, but both headline and core inflation are projected to average between 2.80% and 3.80% this year. Overall, our expectation on domestic inflation is to grind lower due to base effects of year 2022. In the month of March 2023, BNM has decided to maintain its OPR at 2.75%, as inflation is expected to moderate in year 2023 with upward pressures remaining partly contained by price controls and fuel subsidies. The decision is the 2nd consecutive time the central bank maintained its benchmark interest rate after four straight hikes last year by a cumulative 100bps to tame inflation and respond to tightening fiscal policy by the US Fed. BNM has highlighted that although Malaysia's economy has grown strongly by 8.70% last year, the downside risks continue to stem mainly from global developments, including from weaker than expected growth outturns or much tighter and more volatile global financial conditions. Malaysia's inflation rose to 2.80% in June 2023, compared to 3.30% YoY in April 2023 and May 2023. There was a slower increase seen in some groups as compared with the previous months such as food and non-alcoholic beverages, transport and furnishings. Malaysia's inflation has moderated after having peaked at 4.70% last August 2023, with the government having introduced measures such as price controls on certain items. Meanwhile, it said core inflation eased to 3.50% in May 2023 compared to 3.60% in April 2023. As BNM expects the economy to moderate in year 2023 amid a slower global economy, and the growth will remain driven by domestic demand, as household spending will be underpinned by sustained improvement in employment and income prospects.

BNM maintained the OPR unchanged at 3.00% throughout the fourth quarter of year 2023 ("4Q23"), signalling that the central bank had probably completed its interest rate hiking cycle having previously increased the OPR by 25bps to 3.00% in May 2023. This was a sharp contrast from the 4 straight increases in OPR in year 2022 from

1.75% to 2.75%. At the current level of 3.00%, BNM assessed that the monetary policy stance remains supportive of the economy but highlighted the risk to inflation from potential rationalisation in subsidy and price controls in year 2024. In terms of domestic economic releases, Malaysia's CPI numbers have reached a 33-month low of 1.50% YoY in November 2023 (previous: 1.80%, consensus: 1.70%) as food and non-alcoholic inflation continue to moderate. Core inflation have now eased to 2.00% from 2.40% in previous month. Separately, Malaysia's trade data worsened in, where exports contracted by -5.90% YoY (previous: -4.40%, consensus: -5.20%) in November 2023 due to tepid electrical and electronic shipments and lower chemical products and palm oil export. Meanwhile, imports rose 1.70% YoY (previous: -0.30%, consensus: -0.60%) led by increase in intermediate capital goods and further rise of consumption goods.

Meanwhile, Malaysia's exports declined slightly in February 2024 by -0.80% from a year ago (YoY) compared with January 2024 of 8.70% YoY while imports growth eased to 8.40% YoY from January 2024 of 18.70% YoY. BNM maintains official year 2024 forecasts for Gross Domestic Product ("GDP") at 4.00% to 5.00% compared with year 2023 of 3.70% and tweaked inflation rate outlook to 2.00% to 3.50% from 2.10% to 3.60% compared with 2.50% in year 2023. BNM reiterate its view that MYR is undervalued against fundamentals and growth prospects and see gradual firming of MYR this year. Malaysia's February 2024 inflation recorded 1.80% growth from a year ago (YoY) compared with January 2024 of 1.50% YoY. This was above the consensus estimate of 1.50% YoY. The headline and core inflation increased by 0.50% and 0.20%, respectively, compared to the previous month. Malaysia's February 2024 manufacturing PMI improved further to 49.50 from 49.00 in January 2024. There were indications of demand picking up in Malaysia with only slight moderation in new orders, export orders and production. Employment was broadly unchanged but appears to have stabilized.

BNM on 7 March 2024 kept the OPR unchanged at 3.00%. BNM noted that growth in the regional economies is expected to improve, while China's growth would likely remain modest given continued weakness in the Property market. BNM's view that global trade is expected to strengthen as the global technology upcycle gains momentum. BNM also expects that Malaysia economy will improve in year 2024 on the back of the recovery in exports and resilient domestic expenditure.

EQUITY MARKET OUTLOOK & STRATEGY

Recent economic data suggests that Malaysia economy is improving. If this sustains it will help corporate earnings to recover after falling into negative growth in year 2023. The recently concluded 4Q23 results season saw higher proportion of hits than misses. Earnings were slightly upgraded for year 2024 post earnings announcement. There is an expectation of a soft landing in US, where inflation stabilizes without economic growth taking a significant downturn for the US, which means that a recession would likely be avoided. The Fund Manager expects the positive catalysts in the local market

to continue due to the structural reforms announced by the government to achieve long term sustainable economic growth. The Madani Economic Framework, the New Industrial Masterplan 2030, and the National Energy Transition Roadmap are positive for the economy and the improvement in the bigger picture bodes well for corporate Malaysia's earnings outlook. The positive local sentiments are also supported by the announcement that China would be injecting fresh stimulus in a bid to boost the country's struggling economy. Furthermore, the better than expected US economic growth 4Q23 would also alleviate the fear that US economy is going into recession in year 2024. However, the unresolved developments in the Middle East and the concern over the health of the Chinese economy couple with strong US economic data for now that would encourage the US Fed to hold higher for longer rates would create volatility in the market in the short term. The Fund Manager is positive on the equity outlook for year 2024 with much of the bad news already in the price although the US rate cut might be pushed towards second half of year 2024 from 1Q2024. China in our view should recover in year 2024. Besides better economy, corporate earnings are also expected to recover having recorded negative growth last year. The Fund Manager identify three key themes for Malaysia in year 2024, government execution of the policies it announced in year 2023, such as higher development expenditure and energy transition plans, the Johor-Singapore theme, with the setting up of a Special Economic Zone in Johor, the MYR current weakness, which the Fund Manager expects to strengthen in the latter part of year 2024 amid potential US Fed pivot and uplift in the technology cycle. Sector specific, the Fund Manager remains overweight healthcare sector, construction and infrastructure sector, water related sector, tourism sector, renewable energy and utilities sector and technology sector.

CHARACTERISTICS AND GENERAL COMPOSITION OF THE INDEX

	As at 31 March 2024
Sectors	%
Equities	
Financials	41.86
Utilities	14.66
Consumer Staples	12.03
Communication Services	10.36
Materials	6.70
Industrials	4.43
Consumer Discretionary	4.12
Health Care	3.38
Energy	1.08
Cash	1.38
	<hr/> <hr/> 100.00

In terms of performance contribution during the financial year under review, the main contributors to the Fund's performance were CIMB Group Holdings Berhad and Malayan Banking Berhad, while Maxis Berhad and Dialog Group Berhad were the main drag. Sector wise, the main contributors were Financials and Utilities and the main detractors were Energy and Materials.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a return of 9.64%* against its benchmark return of 7.98%*. The Fund outperformed its benchmark by 1.66% during the financial year under review. The Net Asset Value per unit of the Fund was RM1.0109 (2023: RM0.9221) as at 31 March 2024.

The investment strategy and policy employed during the financial year under review were in line with the investment strategy and policy as stated in the prospectus. The Fund has achieved its objective of providing long term wealth accumulation through capital appreciation.

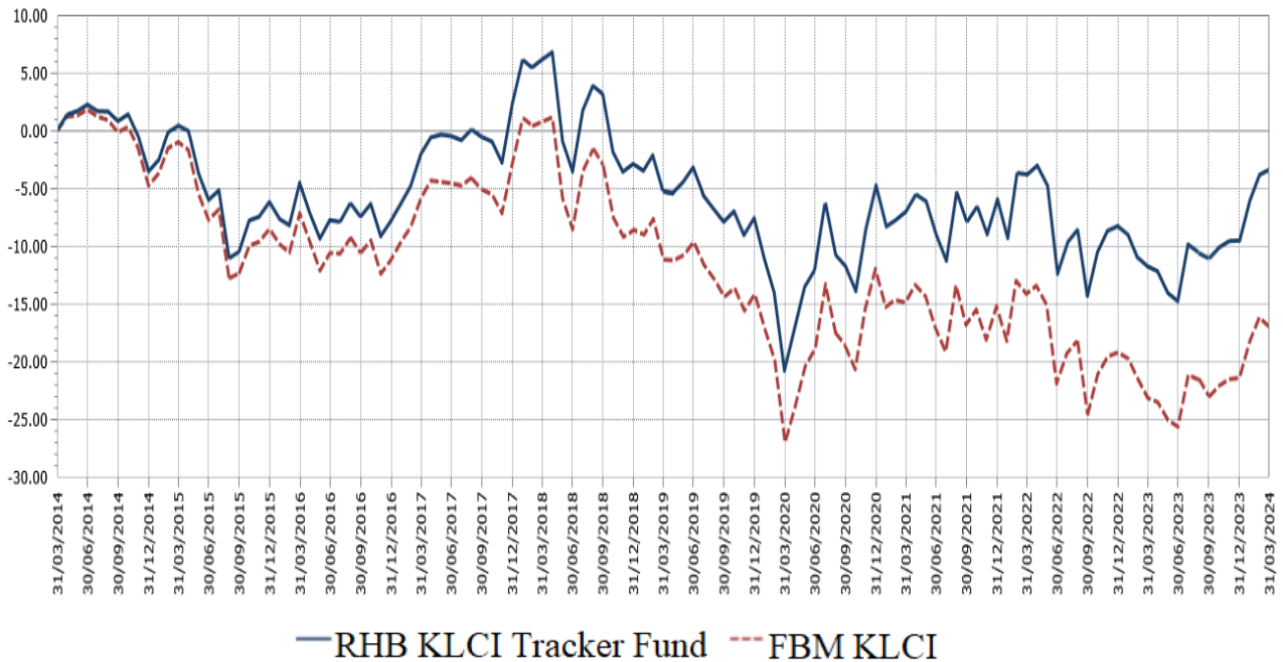
** Source: Lipper Investment Management ("Lipper IM"), 15 April 2024*

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 March				
	2024	2023	2022	2021	2020
	%	%	%	%	%
RHB KLCI Tracker Fund					
- Capital Return	9.64	(8.30)	3.50	17.19	(16.31)
- Income Return	-	-	-	-	-
- Total Return	9.64	(8.30)	3.50	17.19	(16.31)
FBM KLCI	7.98	(10.38)	0.88	16.48	(17.81)

	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 KLCI Tracker Fund	9.64	1.33	0.41	(0.33)
FBM KLCI	7.98	(0.80)	(1.34)	(1.84)

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



Source: Lipper IM, 15 April 2024

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

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

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

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

Fund Size	As at 31 March		
	2024	2023	2022
Net Asset Value (RM million)	5.85	6.17	7.32
Units In Circulation (million)	5.79	6.70	7.28
Net Asset Value Per Unit (RM)	1.0109	0.9221	1.0056

Historical Data	Financial Year Ended 31 March		
	2024	2023	2022
Unit Prices			
NAV - Highest (RM)	1.0198	1.0175	1.0153
- Lowest (RM)	0.8904	0.8810	0.9239
Distribution and Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.96	1.74	1.72
Portfolio Turnover Ratio (PTR) (times) ##	0.18	0.11	0.20

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

DISTRIBUTION

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

PORTFOLIO STRUCTURE

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

Sectors	As at 31 March		
	2024	2023	2022
	%	%	%
Equities			
Consumer Products & Services	11.57	13.30	10.61
Energy	-	2.11	2.33
Financial Services	41.40	41.06	38.58
Health Care	3.34	3.71	6.83
Industrial Products & Services	6.62	8.06	9.56
Plantation	7.36	7.32	8.23
Technology	-	1.49	1.62
Telecommunications & Media	10.25	10.67	9.23
Transportation & Logistics	2.49	2.74	2.50
Utilities	14.50	8.54	7.66
	<hr/>	<hr/>	<hr/>
	97.53	99.00	97.15
Margin deposit for futures contracts	-	-	-
Liquid assets and other net current assets	2.47	1.00	2.85
	<hr/>	<hr/>	<hr/>
	100.00	100.00	100.00

The asset allocation was reflective of the Fund's objective to track the movements of the FBM KLCI.

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 KLCI TRACKER FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Bank balances	5	80,337	88,694
Margin deposits for futures contracts	7	14	14
Investments	6	5,704,557	6,113,024
Amount due from brokers		-	68,374
Amount due from Manager		40,400	-
Dividend receivables		43,070	32,224
TOTAL ASSETS		<u>5,868,378</u>	<u>6,302,330</u>
LIABILITIES			
Amount due to brokers		-	110,954
Accrued management fee		7,433	7,828
Amount due to Trustee		298	313
Other payables and accruals		11,700	8,700
TOTAL LIABILITIES		<u>19,431</u>	<u>127,795</u>
NET ASSET VALUE		<u>5,848,947</u>	<u>6,174,535</u>
EQUITY			
Unit holders' capital		3,391,724	4,238,027
Retained earnings		2,457,223	1,936,508
		<u>5,848,947</u>	<u>6,174,535</u>
UNITS IN CIRCULATION (UNITS)	8	<u>5,786,000</u>	<u>6,696,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0109</u>	<u>0.9221</u>

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

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

	<u>Note</u>	<u>2024</u> <u>RM</u>	<u>2023</u> <u>RM</u>
INCOME/(LOSS)			
Dividend income		247,911	270,947
Interest income from deposits with licensed financial institutions		76	348
Net realised loss on disposal		(10,767)	(144,349)
Net unrealised gain/(loss) on changes in fair value		421,095	(584,779)
		<u>658,315</u>	<u>(457,833)</u>
EXPENSES			
Management fee	9	(87,219)	(99,926)
Trustee's fee	10	(3,489)	(3,996)
Audit fee		(5,700)	(5,700)
Tax agent's fee		(3,000)	(3,000)
Transaction cost		(23,544)	(13,476)
Other expenses		(14,648)	(3,578)
		<u>(137,600)</u>	<u>(129,676)</u>
Net income/(loss) before taxation		520,715	(587,509)
Taxation	11	-	-
Net income/(loss) after taxation		<u>520,715</u>	<u>(587,509)</u>
Net income/(loss) after taxation is made up as follow:			
Realised amount		99,620	(2,730)
Unrealised amount		421,095	(584,779)
		<u>520,715</u>	<u>(587,509)</u>

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

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

	Unit holders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 April 2022	4,792,976	2,524,017	7,316,993
Movement in net asset value:			
Net loss after taxation	-	(587,509)	(587,509)
Creation of units arising from applications	86,425	-	86,425
Cancellation of units	(641,374)	-	(641,374)
Balance as at 31 March 2023	<u>4,238,027</u>	<u>1,936,508</u>	<u>6,174,535</u>
Balance as at 1 April 2023	4,238,027	1,936,508	6,174,535
Movement in net asset value:			
Net income after taxation	-	520,715	520,715
Creation of units arising from applications	104,294	-	104,294
Cancellation of units	(950,597)	-	(950,597)
Balance as at 31 March 2024	<u>3,391,724</u>	<u>2,457,223</u>	<u>5,848,947</u>

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

**RHB KLCI TRACKER FUND
STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		1,506,813	972,703
Purchase of investments		(750,595)	(700,632)
Dividend income received		233,518	281,211
Interest received from deposits with licensed financial institutions		76	348
Management fee paid		(87,614)	(101,395)
Trustee's fee paid		(3,504)	(4,055)
Payment for other fees and expenses		(20,348)	(12,460)
Net cash generated from operating activities		<u>878,346</u>	<u>435,720</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		63,894	86,425
Cash paid for units cancelled		(950,597)	(641,374)
Net cash used in financing activities		<u>(886,703)</u>	<u>(554,949)</u>
Net decrease in cash and cash equivalents		(8,357)	(119,229)
Cash and cash equivalents at the beginning of the financial year		<u>88,694</u>	<u>207,923</u>
Cash and cash equivalents at the end of the financial year	5	<u>80,337</u>	<u>88,694</u>

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

**RHB KLCI TRACKER FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB KLCI Tracker Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 24 March 2000 as modified via its 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 3 April 2000 and will continue in operations until terminated according to the conditions provided in the Deed.

The principal activity of the Fund is to invest in Permitted Investments as set out in 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 provide investment results that closely correspond to the performance of the Kuala Lumpur Composite Index (“KLCI”) or such other index as may be replaced by Bursa Malaysia Securities Berhad. Effective 6 July 2009, Bursa Malaysia replaced the KLCI with the FTSE Bursa Malaysia KLCI (“FBM KLCI”). As such, the Fund invests all or substantially all of the Fund’s assets in the FBM KLCI component stocks in approximately the same weightings as they appear in the FBM KLCI with the balance invested in FBM KLCI futures contracts and short term money market instruments.

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

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

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

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

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

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

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

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

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

The amendment shall be applied retrospectively.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets

Classification

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

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

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

The Fund classifies cash and cash equivalents, margin deposits for futures contracts, amount due from brokers, amount due from Manager and dividend receivables as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

Recognition and measurement

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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

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

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

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

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

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

Impairment of financial assets

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2.3 Financial liabilities

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Unit holders' capital

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

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

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

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

2.5 Income recognition

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

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

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

Realised gains or losses on sale of quoted investments are arrived at after accounting for cost of investments, determined on the weighted average cost method.

Realised gain or loss on futures contracts are measured by the net settlement amount as per the future contract.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Taxation

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

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances which is 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 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.

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, 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 debt securities. The market price of securities owned by a unit trust fund might go down or up, sometimes rapidly or unpredictably.

Price risk

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

The Fund is exposed to equity securities (other than those arising from interest rate risk) price risk for its investments of RM5,704,557 (2023: RM6,113,024) in equity securities.

The sensitivity analysis is based on the assumption that the price of the quoted securities investments and futures contracts fluctuate by +/-(-) 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/-(-) RM285,228 (2023: RM305,651).

Interest rate risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits with reputable licensed financial institutions. 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.

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

	Cash and cash equivalents	Other financial assets*	Total
	RM	RM	RM
<u>2024</u>			
AAA	80,337	-	80,337
Other	-	83,484	83,484
	<u>80,337</u>	<u>83,484</u>	<u>163,821</u>
<u>2023</u>			
AAA	88,694	-	88,694
Other	-	100,612	100,612
	<u>88,694</u>	<u>100,612</u>	<u>189,306</u>

* Comprise of margin deposit for futures contracts, 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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

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

	Less than 1 <u>month</u> RM	Between 1 month <u>to 1 year</u> RM
<u>2024</u>		
Accrued management fee	7,433	-
Amount due to Trustee	298	-
Other payables and accruals	-	11,700
	<u>7,731</u>	<u>11,700</u>
<u>2023</u>		
Amount due to brokers	110,954	-
Accrued management fee	7,828	-
Amount due to Trustee	313	-
Other payables and accruals	-	8,700
	<u>119,095</u>	<u>8,700</u>

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM3,391,724 (2023: RM4,238,027) and retained earnings of RM2,457,223 (2023: RM1,936,508). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

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

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

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

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

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

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

Fair value hierarchy

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

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

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at FVTPL:				
- Quoted investments	5,704,557	-	-	5,704,557
<u>2023</u>				
Financial assets at FVTPL:				
- Quoted investments	6,113,024	-	-	6,113,024

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2024</u> RM	<u>2023</u> RM
Bank balances	80,337	88,694

6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Quoted investments - local	5,704,557	6,113,024

6. INVESTMENTS (CONTINUED)

Investments excluding futures contracts as at 31 March 2024 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS - LOCAL				
Consumer Products & Services				
Genting Berhad	23,700	147,731	111,390	1.90
Genting Malaysia Berhad	30,700	100,146	83,504	1.43
MR DIY Group (M) Berhad	29,050	63,993	43,284	0.74
Nestle Malaysia Berhad	700	79,942	82,740	1.41
Petronas Dagangan Berhad	2,900	30,353	62,582	1.07
PPB Group Berhad	7,360	119,908	113,197	1.94
QL Resources Berhad	11,800	67,260	69,620	1.19
Sime Darby Berhad	42,431	75,959	110,321	1.89
		<u>685,292</u>	<u>676,638</u>	<u>11.57</u>
Financial Services				
AMMB Holdings Berhad	24,100	100,866	100,979	1.73
CIMB Group Holdings Berhad	86,818	467,013	576,472	9.85
Hong Leong Bank Berhad	7,345	68,332	142,346	2.43
Hong Leong Financial Group Berhad	2,567	28,960	42,561	0.73
Malayan Banking Berhad	80,809	670,842	783,039	13.39
Public Bank Berhad	155,525	459,141	656,316	11.22
RHB Bank Berhad*	21,117	107,271	119,733	2.05
		<u>1,902,425</u>	<u>2,421,446</u>	<u>41.40</u>
Health Care				
IHH Healthcare Berhad	32,300	154,363	195,415	3.34
Industrial Products & Services				
Petronas Chemicals Group Berhad	31,000	215,198	208,010	3.55
Press Metal Aluminium Holdings Berhad	38,600	110,962	179,490	3.07
		<u>326,160</u>	<u>387,500</u>	<u>6.62</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – LOCAL				
(CONTINUED)				
Plantation				
IOI Corporation Berhad	31,560	122,368	125,609	2.15
Kuala Lumpur Kepong Berhad	6,025	119,773	135,201	2.31
Sime Darby Plantation Berhad	39,331	172,877	169,517	2.90
		415,018	430,327	7.36
Telecommunications & Media				
Axiata Group Berhad	50,872	209,136	136,846	2.34
CelcomDigi Berhad	43,100	134,379	180,589	3.09
Maxis Berhad	32,100	160,079	108,177	1.85
Telekom Malaysia Berhad	28,765	127,415	173,740	2.97
		631,009	599,352	10.25
Transportation & Logistics				
MISC Berhad	19,000	112,026	145,730	2.49
Utilities				
Petronas Gas Berhad	8,400	109,464	148,008	2.53
Tenaga Nasional Berhad	40,293	413,747	458,534	7.84
YTL Corporation Berhad	51,400	98,200	135,182	2.31
YTL Power International Berhad	27,500	68,770	106,425	1.82
		690,181	848,149	14.50
TOTAL QUOTED				
INVESTMENTS - LOCAL		4,916,474	5,704,557	97.53
TOTAL INVESTMENTS		4,916,474	5,704,557	97.53

6. INVESTMENTS (CONTINUED)

Investments excluding futures contracts as at 31 March 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS - LOCAL				
Consumer Products & Services				
Genting Berhad	30,600	191,833	142,596	2.31
Genting Malaysia Berhad	37,400	122,689	99,110	1.61
MR DIY Group (M) Berhad	28,650	66,651	44,407	0.72
Nestle Malaysia Berhad	900	102,783	123,390	2.00
Petronas Dagangan Berhad	3,600	37,679	76,824	1.24
PPB Group Berhad	8,960	145,975	148,378	2.40
QL Resources Berhad	14,600	83,257	84,826	1.37
Sime Darby Berhad	47,431	82,730	101,977	1.65
		<u>833,597</u>	<u>821,508</u>	<u>13.30</u>
Energy				
Dialog Group Berhad	55,200	180,329	130,272	2.11
Financial Services				
AMMB Holdings Berhad	28,200	118,722	105,750	1.71
CIMB Group Holdings Berhad	91,418	495,694	485,430	7.86
Hong Leong Bank Berhad	8,945	83,218	180,868	2.93
Hong Leong Financial Group Berhad	3,067	34,601	55,145	0.89
Malayan Banking Berhad	95,909	793,999	821,940	13.32
Public Bank Berhad	191,225	562,051	764,899	12.39
RHB Bank Berhad*	21,689	109,121	121,025	1.96
		<u>2,197,406</u>	<u>2,535,057</u>	<u>41.06</u>
Health Care				
IHH Healthcare Berhad	39,800	189,623	228,850	3.71
Industrial Products & Services				
Petronas Chemicals Group Berhad	37,700	261,478	266,539	4.31
Press Metal Aluminium Holdings Berhad	47,500	134,572	231,325	3.75
		<u>396,050</u>	<u>497,864</u>	<u>8.06</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – LOCAL				
(CONTINUED)				
Plantation				
IOI Corporation Berhad	32,960	127,370	125,578	2.03
Kuala Lumpur Kepong Berhad	5,800	112,347	120,524	1.95
Sime Darby Plantation Berhad	48,231	212,056	205,946	3.34
		451,773	452,048	7.32
Technology				
Inari Amertron Berhad	37,400	138,446	92,004	1.49
Telecommunications & Media				
Axiata Group Berhad	62,472	258,958	188,041	3.05
CelcomDigi Berhad	52,600	162,877	228,284	3.70
Maxis Berhad	26,900	146,259	111,097	1.80
Telekom Malaysia Berhad	26,865	114,715	131,638	2.12
		682,809	659,060	10.67
Transportation & Logistics				
MISC Berhad	23,400	137,379	168,948	2.74
Utilities				
Petronas Gas Berhad	7,700	91,354	126,896	2.06
Tenaga Nasional Berhad	43,393	447,270	400,517	6.48
		538,624	527,413	8.54
TOTAL QUOTED				
INVESTMENTS - LOCAL		5,746,036	6,113,024	99.00
TOTAL INVESTMENTS		5,746,036	6,113,024	99.00

* The ultimate holding company of the Manager.

7. MARGIN DEPOSIT FOR FUTURES CONTRACTS

	<u>2024</u> RM	<u>2023</u> RM
Margin deposit for futures contracts	<u>14</u>	<u>14</u>

This margin deposit is placed with the holding company of the Manager, RHB Investment Bank Berhad, arising from the ordinary course of investment in futures contracts as at the financial year end.

8. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At the beginning of the financial year	6,696,000	7,276,000
Creation of units arising from applications during the financial year	110,000	95,000
Cancellation of units during the financial year	<u>(1,020,000)</u>	<u>(675,000)</u>
At the end of the financial year	<u>5,786,000</u>	<u>6,696,000</u>

9. MANAGEMENT FEE

In accordance with 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.

10. TRUSTEE'S FEE

In accordance with 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.

11. TAXATION

(a) Tax charge for the financial year

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

11. TAXATION (CONTINUED)

(b) Numerical reconciliation of income tax expense

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

	<u>2024</u> RM	<u>2023</u> RM
Net income/(loss) before taxation	<u>520,715</u>	<u>(587,509)</u>
Tax calculated at a statutory income tax rate of 24%	124,972	(141,002)
Tax effects of:		
- (Investment income not subject to tax)/Investment loss not deductible for tax purposes	(157,996)	109,880
- Expenses not deductible for tax purposes	7,485	5,385
- Restriction on tax deductible expenses	<u>25,539</u>	<u>25,737</u>
Tax expense	<u>-</u>	<u>-</u>

12. TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	<u>1.96</u>	<u>1.74</u>

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

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.18</u>	<u>0.11</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:

	2024		2023	
	Units	RM	Units	RM
The Manager	2,120	2,143	2,358	2,174
RHB Capital Nominees (Tempatan) Sdn Bhd	34,977	35,359	34,977	32,252

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.

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

15. TRANSACTIONS BY THE FUND

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

<u>Brokers/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*	2,044,935	97.76	19,279	95.63
CGS-CIMB Securities Sdn Bhd	46,645	2.23	840	4.17
Maybank Investment Bank Berhad	243	0.01	40	0.20
	2,091,823	100.00	20,159	100.00

15. TRANSACTIONS BY THE FUND (CONTINUED)

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

<u>Brokers/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*	1,007,790	75.49	8,780	80.66
CGS-CIMB Securities Sdn Bhd	243,679	18.25	1,411	12.96
Maybank Investment Bank Berhad	83,450	6.26	694	6.38
	<u>1,334,919</u>	<u>100.00</u>	<u>10,885</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.

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2024</u> RM	<u>2023</u> RM
Financial assets		
Financial assets at FVTPL		
• Quoted investments	<u>5,704,557</u>	<u>6,113,024</u>
Financial assets at amortised cost		
• Bank balances	80,337	88,694
• Margin deposit for futures contracts	14	14
• Amount due from brokers	-	68,374
• Amount due from Manager	40,400	-
• Dividend receivables	43,070	32,224
	<u>163,821</u>	<u>189,306</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to brokers	-	110,954
• Accrued management fee	7,433	7,828
• Amount due to Trustee	298	313
• Other payables and accruals	11,700	8,700
	<u>19,431</u>	<u>127,795</u>

**STATEMENT BY MANAGER
RHB KLCI TRACKER FUND**

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 KLCI Tracker Fund (“Fund”)

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

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
23 May 2024

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB KLCI TRACKER FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2024, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 13 to 36.

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 KLCI TRACKER FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB KLCI TRACKER FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
RHB KLCI TRACKER FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 May 2024

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

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

PRINCIPAL AND BUSINESS OFFICE

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

Email address: rhbam@rhbgroup.com

Tel: 03-9205 8000

Fax: 03-9205 8100

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

BOARD OF DIRECTORS

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

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

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

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

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

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

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

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

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

BRANCH OFFICE

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

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

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

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