

RHB KIDSAVE TRUST

ANNUAL REPORT 2024

For the financial year ended 31 March 2024

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB KidSave Trust
Fund Category	-	Balanced fund
Fund Type	-	Growth and Income

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to maximise total returns through a combination of long term* growth of capital and current income^ consistent with the preservation of capital#.

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

^ The income is in the form of units.

Although the Fund aims to preserve its value, the Fund is not a capital guaranteed fund or a capital protected fund.

Strategy

This Fund seeks to achieve its investment objective through a policy of diversified investment in equities and fixed income securities (comprising amongst others of convertible debt securities, redeemable debt securities, bonds/securities that are issued and/or guaranteed by the government or quasi-government agencies, corporate bonds carrying at least BBB ratings by any Domestic Rating Agencies or its equivalent rating by a reputable rating establishment and fixed income collective investment schemes), money market instruments, cash and deposits with financial institutions.

This Fund will generally adopt a 50% equities and 50% fixed income securities asset allocation strategy. Given this balanced asset mix, the fixed income portion of the Fund’s portfolio could provide a buffer to mitigate the adverse effect on the Fund’s portfolio arising from volatile price movements in the stock market whilst the equity portion of the Fund would enable the Fund to enjoy part of the appreciation from growth in the stock market. However, the actual percentage of assets invested in equities and fixed income securities will vary from time to time, depending on the judgement of the Manager as to the general market and economic conditions, trends and yields, interest rates and changes in fiscal and monetary policies. In reviewing this asset allocation strategy, the Fund’s asset mix would normally range from 40% to 60% in equities and from 40% to 60% in fixed income securities to reflect the market conditions but subject always to a minimum allocation of 40% in equities and 40% in fixed income securities. 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. equity, fixed income securities, money market instruments). Financial derivatives may also be used for hedging purposes where appropriate. Generally, the assets of the Fund will be invested over a medium to long term period with disposal of the investments when necessary to control risk as well as to optimise capital gains. This is especially so when the full growth potential of an investment is deemed to have been reduced over a prolonged rise in market value and other available investments may present cheaper valuations and potential higher returns. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. Adherence to the permitted investments and restrictions also helps the Manager to risk-manage the Fund's portfolio in terms of diversification. Moreover, the Manager in making its investment decisions shall at all times comply with the investment restrictions of the Fund and requirements as set out in the Deed.

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

Performance Benchmark

The performance of the Fund cannot be compared directly with any specific publicly available benchmark such as the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI"), the FTSE Bursa Malaysia EMAS Index nor the Kuala Lumpur Interbank Offered Rate ("KLIBOR") as the Fund is a balanced fund where investment in equities and fixed income securities are each restricted to a maximum of 60%.

As such, a benchmark comprising 50% of the performance of the FBM KLCI and 50% of the RHB Bank Berhad's 12-month fixed deposit rate[^] is used for comparative purpose which is reflective of the Fund's underlying investments.

Note: [^] The performance benchmark of the Fund has been replaced from 50% of the performance of the FBM KLCI and 50% of the 12-month KLIBOR to 50% of the performance of the FBM KLCI and 50% of the RHB Bank Berhad's 12-month fixed deposit rate with effect from 28 April 2023 due to the discontinued publication of the 12-month KLIBOR with effect from 1 January 2023.

Permitted Investments

This Fund may invest in securities traded on Bursa Malaysia or any other market considered as an Eligible Market, unlisted securities, 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 of long term* growth of capital and current income[^], 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.

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

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

MANAGER'S REPORT

EQUITY MARKET REVIEW

The year 2023 started with the 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% (United States Dollar (“USD”)). Malaysia was the second worst in ASEAN in terms of net foreign outflows at USD 147 million during the month as foreign investors exited out of banks after Bank Negara Malaysia (“BNM”) unexpectedly held rates. February 2023 saw Budget year 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 Middle 40% (“M40”) group, while the Top 20% (“T20”) group will see higher taxes. Luxury goods taxes will also be introduced this year. The telco sector saw selling pressure as a Bottom 40% (“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 KLCI would have posted 5 consecutively monthly declines. During the year 2007 to 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 KLCI would now have declined for six consecutive months with a first half of year 2023 (“1H23”) 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”) 1000 per contract. The government also announced in the second half of year 2023 (“2H23”) electricity tariff review that heavy electricity users in the residential segment will be subject to a 10sen per kilowatt hour (“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 September month 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 (“S&P”) Global Malaysia Manufacturing Purchasing Managers’ Index (“PMI”) fell to

46.8 in September 2023 from 47.8 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 in August 2023, coming in worse than market forecasts of negative 16.30%. This marked the sixth 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 year 2023 with RM2.2 billion inflows. During October 2023, Budget year 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 Light Rail Transit Line 3 ("LRT3") and extension of Penang LRT to mainland. Unfortunately, the Ringgit also hit Asia Financial Crisis lows (year 1998) 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 ("SEZ") Memorandum of Understanding ("MOU") was expected to be signed in year 2024. In terms of flows, all ASEAN members so inflows with Malaysia seeing an inflow of RM256 million versus RM1,551 million 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 signaled 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 FBMKLCI 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 SEZ, A nationwide water tariff hike, Talks of more electricity tariff reviews ahead of Tenaga's Regulatory Period 4 ("RP4") and the installation of the Johor Sultan as Malaysia's new Agong. Malaysia saw the second highest net foreign inflow (USD 145 million) after Indonesia (USD 534 million) during the January 2024 month. 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 100.00% acquisition of UMW Holdings and Malaysia Airports inking the new passenger services charges ("PSC") for Malaysia, alongside a new Operating Agreement ("OA") and a potential Turkey sale.

FIXED INCOME MARKET REVIEW

Malaysian Government Securities (“MGS”) market traded slightly weaker in the last week of March 2024 (yields rise by about 1 basis point higher) led by month-end and quarter-end rebalancing flows, which were well-absorbed by investors buying on dips. There was a 5-year MGS Auction which drew a relatively weak bid-to-cover ratio of 1.797 times for an auction size of RM5 billion, with successful yield ranging from 3.665% to 3.690% and an average yield of 3.681%. This continues the trend of weaker demand for shorter-end MGS as key investors are on yield seeking mode preferring the longer-end (15 to 30years), while interbank funding tightness kept banks demand for short-end MGS limited. Meanwhile on the economic front, Malaysia’s inflation readings unexpectedly accelerated in February 2024, rising by 1.8% YoY versus 1.50% in the previous month due to upward adjustments in water bill, public transport (flight, railway) and maintenance and repair of personal transport equipment. Notably, core inflation which removes food and price-administered goods remain steady at 1.80% YoY.

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 quarter fourth 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, the Fund Manager 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 second 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 year 2023 ("4Q23"), signaling 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 & Electronic ("E&E") 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 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% - 5.00% compared with year 2023 of 3.70% and tweaked inflation rate outlook to 2.00% - 3.50% from 2.10% - 3.60% compared with 2.50% in year 2023. BNM reiterate its view that Ringgit is undervalued against fundamentals and growth prospects and see gradual firming of Ringgit this year. Malaysia's February 2024 inflation recorded +1.80% growth from 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 49.5 from 49.0 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 expect 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 year 2030, and the National Energy Transition Roadmap (“NETR”) 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 1Q24. China in the Fund Manager 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: 1) government execution of the policies it announced in year 2023, such as higher development expenditure and energy transition plans 2) the Johor-Singapore theme, with the setting up of a SEZ in Johor 3) the ringgit's current weakness, which the Fund Manager expect 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 remain overweight healthcare sector, construction/infrastructure sector, water related sector, tourism sector, renewable energy/utilities sector and technology sector.

FUND PERFORMANCE REVIEW

For the financial year under review, the RHB Kidsave Trust registered a return of 7.27%* against its benchmark return of 5.34%* the Fund outperformed its benchmark by 1.93% during the financial year under review. The Net Asset Value per unit of the Fund was RM0.3835 (2023: RM0.3574) as at 31 March 2024.

The investment strategy and policy employed during the 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*

FIXED INCOME MARKET OUTLOOK AND STRATEGY

The outlook for fixed income market in year 2024 remains highly positive in the Fund Manager view as global inflationary pressures retreated and the balance of probabilities have also now shifted towards major central banks reversing some of their aggressive tightening in the past two years. The International Monetary Fund (“IMF”) in its year 2023 World Economic Outlook Update had also projected for global GDP growth to be lower at 2.90% in year 2024, from 3.00% projected previously and typically slower GDP growth translates into a better outlook for fixed income market due to the lower interest rate expectation.

For Malaysia, the Fund Manager expect BNM to keep the OPR unchanged in 2024 as inflation had moderated lower (inflation at +1.50% YoY November 2023) 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, the Fund Manager believe that the subsidy rationalisation by the government will be gradual and hence inflation is likely to be contained. 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 the Fund Manager opinion.

Meanwhile, the Malaysian corporate bond and sukuk market are also likely to benefit from the positive momentum in the overall bond market as the Fund Manager expect credit conditions in Malaysia to be broadly stable in year 2024 - supported by resilient domestic growth and a more benign inflationary outlook. The Fund Manager remain positive on the corporate sub-sector and believe that it can continue to provide yield enhancement for the bond portfolios.

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

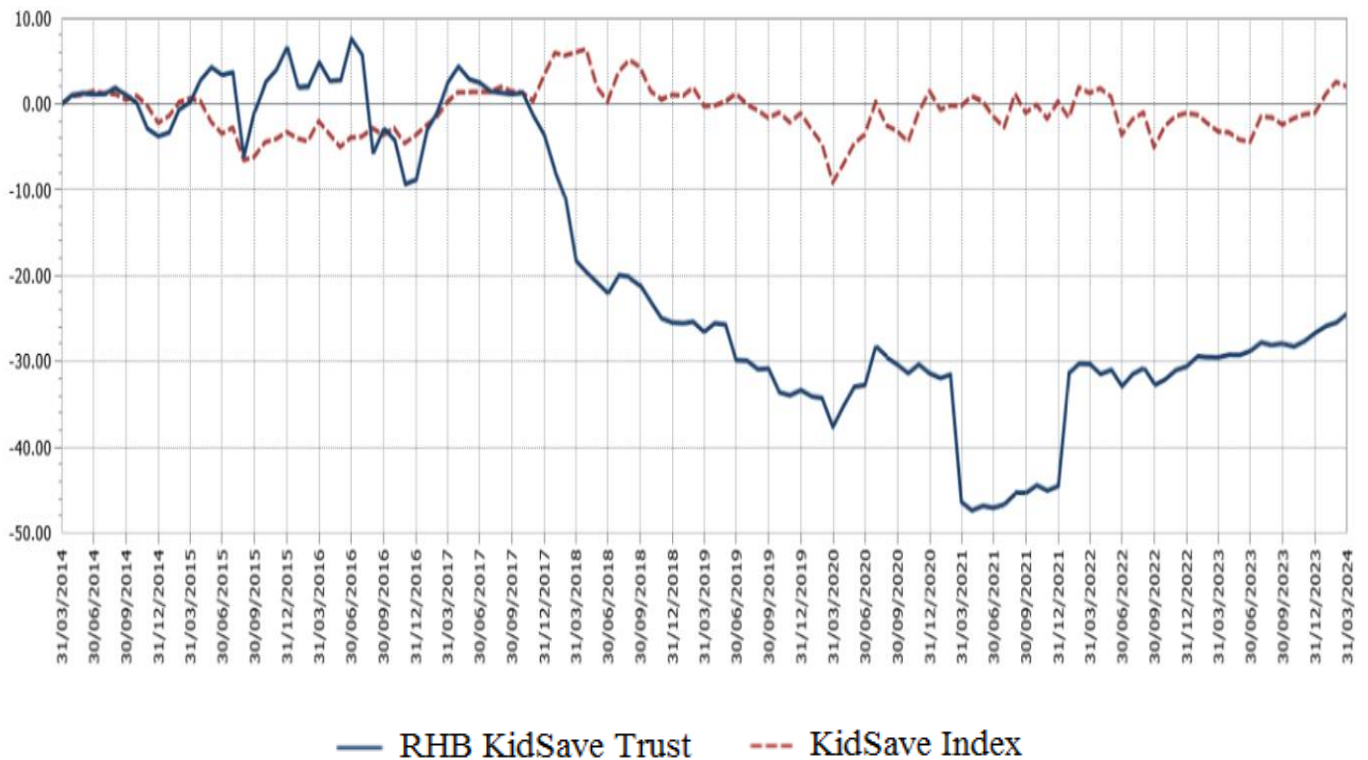
PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 March				
	2024	2023	2022	2021	2020
	%	%	%	%	%
RHB KidSave Trust					
- Capital Return	7.27	1.28	29.65	(13.81)	(15.06)
- Income Return	-	-	-	-	-
- Total Return	7.27	1.28	29.65	(13.81)	(15.06)
KidSave Index**	5.34	(4.34)	1.44	9.79	(8.89)

	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 KidSave Trust	7.27	12.08	0.62	(2.75)
KidSave Index**	5.34	0.73	0.44	0.20

** Effective 28 April 2023, the Fund's composite benchmark (KidSave Index) was changed from 50% of the performance of the FBM KLCI and 50% of the 12-month KLIBOR to 50% of the performance of the FBM KLCI and 50% of the 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 KidSave Trust
for the period from 31 March 2014 to 31 March 2024
Cumulative Return Over The Period (%)**



Source: Lipper IM, 15 April 2024

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

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

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.

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

From 30 September 2013 to 27 April 2023	50% of the performance of the FBM KLCI and 50% of the 12-month KLIBOR
28 April 2023 onwards	50% of the performance of the FBM KLCI and 50% of the RHB Bank Berhad's 12-month fixed deposit rate

Fund Size	As at 31 March		
	2024	2023	2022
Net Asset Value (RM million)	33.85	33.49	46.89
Units In Circulation (million)	88.26	93.71	132.86
Net Asset Value Per Unit (RM)	0.3835	0.3574	0.3529

Historical Data	Financial Year Ended 31 March		
	2024	2023	2022
Unit Prices			
NAV - Highest (RM)	0.3834	0.3583	0.3546
- Lowest (RM)	0.3577	0.3380	0.2268
Distribution and Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.63	1.65	1.63
Portfolio Turnover Ratio (PTR) (times) ##	0.10	0.33	0.35

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

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

DISTRIBUTION

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

PORTFOLIO STRUCTURE

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

Sectors	As at 31 March		
	2024	2023	2022
	%	%	%
Equities			
Construction	0.82	-	-
Consumer Products	1.25	1.79	3.86
Energy	0.50	1.60	1.54
Financial Services	7.92	8.36	10.41
Health Care	1.69	-	-
Industrial Products	0.48	0.47	2.47
Materials	-	-	1.43
Plantation	0.56	1.86	2.36
Property	0.53	-	-
Technology	0.78	0.51	2.80
Telecommunications & Media	0.96	-	3.99
Transportation & Logistics	1.57	-	1.67
TSR & Warrant	0.06	0.09	-
Utilities	0.70	-	-
	<u>17.82</u>	<u>14.68</u>	<u>30.53</u>
Unquoted fixed income securities	81.29	80.71	57.73
Liquid assets and other net current assets	0.89	4.61	11.74
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

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 KIDSAVE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Bank balances	5	235,875	303,383
Deposits with licensed financial institutions	5	213,243	1,292,666
Investments	6	33,545,697	31,945,125
Dividend receivables		50,868	14,095
Tax recoverable		375	-
TOTAL ASSETS		<u>34,046,058</u>	<u>33,555,269</u>
LIABILITIES			
Amount due to Manager		132,066	-
Accrued management fee		42,826	43,273
Amount due to Trustee		1,713	1,731
Tax payable		-	72
Other payables and accruals		22,820	19,430
TOTAL LIABILITIES		<u>199,425</u>	<u>64,506</u>
NET ASSET VALUE		<u>33,846,633</u>	<u>33,490,763</u>
EQUITY			
Unit holders' capital		114,609,998	116,637,319
Accumulated losses		<u>(80,763,365)</u>	<u>(83,146,556)</u>
		<u>33,846,633</u>	<u>33,490,763</u>
UNITS IN CIRCULATION (UNITS)	7	<u>88,264,000</u>	<u>93,714,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3835</u>	<u>0.3574</u>

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

RHB KIDSAVE TRUST
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
INCOME			
Dividend income		246,775	320,374
Interest income from deposits with licensed financial institutions		34,802	26,532
Interest income from unquoted fixed income securities		1,511,975	1,027,248
Net realised loss on disposal		(64,890)	(402,316)
Net unrealised gain/(loss) on changes in fair value		1,153,690	(391,715)
Net foreign currency exchange gain		18,760	220,586
		<u>2,901,112</u>	<u>800,709</u>
EXPENSES			
Management fee	8	(509,845)	(587,748)
Trustee's fee	9	(20,394)	(23,511)
Audit fee		(8,750)	(8,750)
Tax agent's fee		(8,475)	(6,600)
Transaction cost		(27,650)	(110,062)
Other expenses		(6,629)	(20,978)
		<u>(581,743)</u>	<u>(757,649)</u>
Net income before taxation		2,319,369	43,060
Taxation	10	63,822	(282)
Net income after taxation		<u>2,383,191</u>	<u>42,778</u>
Net income after taxation is made up as follow:			
Realised amount		1,029,241	217,428
Unrealised amount		1,353,950	(174,650)
		<u>2,383,191</u>	<u>42,778</u>

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

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

	Unit holders’ capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 April 2022	130,080,582	(83,189,334)	46,891,248
Movement in net asset value:			
Net income after taxation	-	42,778	42,778
Creation of units arising from applications	15,334	-	15,334
Cancellation of units	(13,458,597)	-	(13,458,597)
Balance as at 31 March 2023	<u>116,637,319</u>	<u>(83,146,556)</u>	<u>33,490,763</u>
Balance as at 1 April 2023	116,637,319	(83,146,556)	33,490,763
Movement in net asset value:			
Net income after taxation	-	2,383,191	2,383,191
Cancellation of units	(2,027,321)	-	(2,027,321)
Balance as at 31 March 2024	<u>114,609,998</u>	<u>(80,763,365)</u>	<u>33,846,633</u>

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

RHB KIDSAVE TRUST
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 redemption of investments		-	536,823
Proceeds from sale of investments		3,159,824	16,760,799
Purchase of investments		(3,481,382)	(8,489,084)
Dividends received		210,036	311,677
Interest received from deposits in licensed financial institutions		34,802	26,532
Interest received from unquoted fixed income securities		1,294,118	776,520
Management fee paid		(510,292)	(605,599)
Trustee's fee paid		(20,412)	(24,225)
Payment for other fees and expenses		(20,464)	(28,648)
Tax received/(Tax paid)		63,375	(210)
Net cash generated from operating activities		<u>729,605</u>	<u>9,264,585</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		-	15,334
Cash paid for units cancelled		(1,895,255)	(13,483,208)
Net cash used in financing activities		<u>(1,895,255)</u>	<u>(13,467,874)</u>
Net decrease in cash and cash equivalents		(1,165,650)	(4,203,289)
Foreign currency translation differences		18,719	217,065
Cash and cash equivalents at the beginning of the financial year		<u>1,596,049</u>	<u>5,582,273</u>
Cash and cash equivalents at the end of the financial year	5	<u>449,118</u>	<u>1,596,049</u>

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

RHB KIDSAVE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB KidSave Trust (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 1 April 1999 as modified via its First Supplemental 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 (hereinafter referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund commenced operations on 10 May 1999 and will continue its operations until terminated according to the conditions provided in the Deed.

The principal activity of the Fund is to invest in Permitted Investments as set out in the Deeds which includes securities of companies quoted on Bursa Malaysia, foreign securities, unlisted securities, units or shares in other collective investment schemes, futures contracts, liquid assets and any other form of investments which the relevant authorities may approve from time to time.

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

The main objective of the Fund is to maximise total returns through a combination of long term growth of capital and current income consistent with the preservation of capital.

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 this 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 payments 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 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 gain 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.

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

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

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

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

Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Financial liabilities

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

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

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

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

2.4 Unit holders' capital

The unit holders' contributions to the Fund meet the criteria of the definition of puttable instruments to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 and unquoted fixed income securities are recognised on an accrual basis using the effective interest method.

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

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

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.

2.6 Taxation

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

2.7 Cash and cash equivalents

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Presentation and functional currency

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

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

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

2.9 Foreign currency translation

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Market risk

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

Price risk

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

The Fund is exposed to equity securities (other than those arising from interest rate risk) price risk for its investments of RM6,031,148 (2023: RM4,916,174) in equity securities.

The Fund is exposed to price risk arising from interest rate risk in relation to its investments of RM27,514,549 (2023: RM27,028,951) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate risk and the related sensitivity analysis are disclosed in "Interest rate risk" below.

The sensitivity analysis is based on the assumption that the price of the quoted securities investment fluctuate by +/- 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/- RM301,557 (2023: RM245,809).

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

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

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

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

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

<u>% Change in interest rate</u>	Impact on profit or loss after taxation and net asset value	
	<u>2024</u> RM	<u>2023</u> RM
+1%	(125,289)	(126,892)
- 1%	126,042	127,598

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

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

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

The analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5%, with all other variables remain constants, the impact on statement of income and expenses and net asset value is +/- RM21,135 (2023: RM27,989).

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

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets/ (liabilities)*</u> RM	<u>Total</u> RM
<u>2024</u>				
Hong Kong Dollar	249,047	-	-	249,047
Indonesian Rupiah	-	6	-	6
United States Dollar	-	176,340	(2,690)	173,650
	<u>249,047</u>	<u>176,346</u>	<u>(2,690)</u>	<u>422,703</u>
<u>2023</u>				
Hong Kong Dollar	308,535	-	-	308,535
Indonesian Rupiah	-	6	-	6
United States Dollar	-	251,231	-	251,231
	<u>308,535</u>	<u>251,237</u>	<u>-</u>	<u>559,772</u>

* Comprise of other payable and accruals.

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. 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 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:

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets*</u> RM	<u>Total</u> RM
<u>2024</u>				
AAA	-	272,773	-	272,773
AA3	-	176,345	-	176,345
A2	26,316,959	-	-	26,316,959
A IS	1,197,590	-	-	1,197,590
Other	-	-	50,868	50,868
	<u>27,514,549</u>	<u>449,118</u>	<u>50,868</u>	<u>28,014,535</u>
<u>2023</u>				
AAA	-	1,344,812	-	1,344,812
AA3	-	251,237	-	251,237
A2	25,453,629	-	-	25,453,629
A IS	1,198,814	-	-	1,198,814
C IS	376,508	-	-	376,508
Other	-	-	14,095	14,095
	<u>27,028,951</u>	<u>1,596,049</u>	<u>14,095</u>	<u>28,639,095</u>

* Comprise of dividend receivables.

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

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

	Less than 1 <u>month</u> RM	Between 1 <u>month to 1 year</u> RM
<u>2024</u>		
Amount due to Manager	132,066	-
Accrued management fee	42,826	-
Amount due to Trustee	1,713	-
Other payables and accruals	-	22,820
	176,605	22,820
<u>2023</u>		
Accrued management fee	43,273	-
Amount due to Trustee	1,731	-
Other payables and accruals	-	19,430
	45,004	19,430

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM114,609,998 (2023: RM116,637,319) and accumulated losses of RM80,763,365 (2023: RM83,146,556). 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:				
- Quoted investments	6,031,148	-	-	6,031,148
- Unquoted fixed income securities	-	27,514,549	-	27,514,549
	<u>6,031,148</u>	<u>27,514,549</u>	<u>-</u>	<u>33,545,697</u>
<u>2023</u>				
Financial assets at FVTPL:				
- Quoted investments	4,916,174	-	-	4,916,174
- Unquoted fixed income securities	-	27,028,951	-	27,028,951
	<u>4,916,174</u>	<u>27,028,951</u>	<u>-</u>	<u>31,945,125</u>

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.

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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 securities. 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	235,875	303,383
Deposits with licensed financial institutions	213,243	1,292,666
	<u>449,118</u>	<u>1,596,049</u>

6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
Quoted investments - local	5,782,101	4,607,639
Quoted investments - foreign	249,047	308,535
Unquoted fixed income securities - local	27,514,549	27,028,951
	<u>33,545,697</u>	<u>31,945,125</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2024 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS - LOCAL				
<u>MALAYSIA</u>				
Construction				
IJM Co Bhd	114,900	249,080	279,207	0.82
Consumer Products				
DRB Hicom Bhd	115,300	172,915	170,644	0.51
Energy				
Yinson Holdings Berhad	71,500	162,213	168,740	0.50
Financial Services				
CIMB Group Holdings Berhad	129,418	652,105	859,335	2.54
Malayan Banking Berhad	104,200	931,121	1,009,698	2.98
Public Bank Berhad	192,400	840,902	811,928	2.40
		2,424,128	2,680,961	7.92
Health Care				
KPJ Healthcare Bhd	297,100	479,844	570,432	1.69
Industrial Products				
Malayan Cement Bhd	32,800	167,388	163,672	0.48
Plantation				
TA Ann Holdings Bhd	47,700	171,815	190,800	0.56
Property				
Sime Darby Property Bhd	194,000	152,368	177,510	0.53
Technology				
CTOS Digital Bhd	67,300	96,912	88,836	0.26
Frontken Co Bhd	45,200	169,044	175,376	0.52
		265,956	264,212	0.78

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS – LOCAL (CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Telecommunications & Media				
Telekom Malaysia Bhd	54,000	269,681	326,160	0.96
Transportation & Logistics				
Malaysia Airports Holdings Bhd	53,400	393,748	531,864	1.57
TSR & Warrant				
Yinson Holdings Berhad	51,428	-	20,057	0.06
Utilities				
Tenaga Nasional Bhd	20,900	199,102	237,842	0.70
TOTAL QUOTED INVESTMENTS - LOCAL		5,108,238	5,782,101	17.08
QUOTED INVESTMENTS - FOREIGN				
<u>HONG KONG</u>				
Consumer Products				
Alibaba Group Holding Ltd	1,600	85,832	67,957	0.20
Anta Sports Products Ltd	3,600	190,552	181,090	0.54
		276,384	249,047	0.74
TOTAL HONG KONG		276,384	249,047	0.74
TOTAL QUOTED INVESTMENTS - FOREIGN		276,384	249,047	0.74

6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES					
- LOCAL					
5.60% Alpha Circle Sdn Bhd - (18/11/2022)^	C IS*	268,800	268,800	-	-
5.00% MEX I Capital Berhad - (21/01/2037)	A2**	5,318,537	4,435,878	5,671,730	16.76
5.00% MEX I Capital Berhad - (21/01/2038)	A2**	13,984,615	11,640,715	15,009,100	44.34
5.00% MEX I Capital Berhad - (21/01/2039)	A2**	3,088,844	2,520,011	3,346,848	9.89
5.00% MEX I Capital Berhad - (23/01/2040)	A2**	2,104,703	1,695,342	2,289,281	6.76
5.70% MEX II Sdn Bhd- (29/04/2027)	D***	5,000,000	5,200,803	-	-
6.20% MEX II Sdn Bhd- (29/04/2032)	D***	6,000,000	6,352,649	-	-
6.40% MEX II Sdn Bhd- (28/04/2034)	D***	5,400,000	5,808,551	-	-
6.00% WCT Holdings Berhad - (28/09/2026)	A IS	1,200,000	1,200,793	1,197,590	3.54
TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL			39,123,542	27,514,549	81.29
TOTAL INVESTMENTS			44,508,164	33,545,697	99.11

6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
QUOTED INVESTMENTS - LOCAL				
<u>MALAYSIA</u>				
Consumer Products				
Guan Chong Berhad	61,800	166,106	149,556	0.45
Padini Holdings Berhad	35,100	133,956	140,049	0.42
		<u>300,062</u>	<u>289,605</u>	<u>0.87</u>
Energy				
Dayang Enterprise Holdings Berhad	110,500	153,573	148,070	0.44
Yinson Holdings Berhad	150,900	342,349	387,813	1.16
		<u>495,922</u>	<u>535,883</u>	<u>1.60</u>
Financial Services				
CIMB Group Holdings Berhad	140,318	707,972	745,089	2.22
Malayan Banking Berhad	104,200	931,121	892,994	2.67
Public Bank Berhad	290,300	1,268,783	1,161,200	3.47
		<u>2,907,876</u>	<u>2,799,283</u>	<u>8.36</u>
Industrial Products				
Pantech Group Holdings Berhad	201,700	167,068	158,335	0.47
Plantation				
Kuala Lumpur Kepong Berhad	30,000	673,744	623,400	1.86
Technology				
Inari Amertron Berhad	68,800	165,443	169,248	0.51
TSR & Warrant				
Yinson Holdings Berhad	51,428	-	31,885	0.09
TOTAL QUOTED INVESTMENTS				
- LOCAL				
		<u>4,710,115</u>	<u>4,607,639</u>	<u>13.76</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
QUOTED INVESTMENTS - FOREIGN				
<u>HONG KONG</u>				
Consumer Products				
Alibaba Group Holding Ltd	3,000	160,934	169,334	0.50
Li Ning Co Ltd	4,000	169,356	139,201	0.42
		330,290	308,535	0.92
TOTAL HONG KONG		330,290	308,535	0.92
TOTAL QUOTED INVESTMENTS - FOREIGN		330,290	308,535	0.92

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES - LOCAL					
5.60% Alpha Circle Sdn Bhd - (18/11/2022)^	C IS*	384,000	384,528	376,508	1.13
5.00% MEX I Capital Berhad - (21/01/2037)	A2**	5,318,537	4,384,768	5,507,989	16.45
5.00% MEX I Capital Berhad - (21/01/2038)	A2**	13,984,615	11,517,165	14,528,073	43.38
5.00% MEX I Capital Berhad - (21/01/2039)	A2**	3,088,844	2,493,446	3,219,413	9.61
5.00% MEX I Capital Berhad - (23/01/2040)	A2**	2,104,703	1,678,115	2,198,154	6.56
5.70% MEX II Sdn Bhd - (29/04/2027)	D***	5,000,000	5,200,803	-	-
6.20% MEX II Sdn Bhd - (29/04/2032)	D***	6,000,000	6,352,649	-	-

6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME					
SECURITIES - LOCAL (CONTINUED)					
6.40% MEX II Sdn Bhd - (28/04/2034)	D***	5,400,000	5,808,551	-	-
6.00% WCT Holdings Berhad - (28/09/2026)	A IS	1,200,000	1,200,852	1,198,814	3.58
TOTAL UNQUOTED FIXED INCOME					
SECURITIES - LOCAL			39,020,877	27,028,951	80.71
TOTAL INVESTMENTS			44,061,282	31,945,125	95.39

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

6. INVESTMENTS (CONTINUED)

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

Alpha Circle Sdn Bhd ("ACSB") has, since 2016, undertaken various re-termining exercises for its Senior Sukuk due to its lumpy debt maturities, and volatile foreign worker permit or Pas Lawatan Kerja Sementara ("PLKS") volumes owing to changes in government policy relating to the recruitment of foreign workers. In recent years, ACSB's parent company and concessionaire, NERS Sdn Bhd ("NERS"), has been adversely affected by lower PLKS volumes due to closure of international borders and the restriction on intake of foreign workers amid the pandemic. ACSB has continued to rely on Sukukholders' indulgence to defer shortfalls on the Senior Sukuk obligations with repayments on a piecemeal basis. On 18 January 2023, MARC downgraded ACSB's rating to C from B after noting that ACSB has continued to face payment delays that have led to a severe liquidity crunch. Repayments over the years have, nonetheless, reduced the Senior Sukuk outstanding amount by 92% or RM498 million, from RM540 million to RM42 million currently. The latest repayment of the Senior Sukuk made by ACSB amounted to RM10 million on 28 July 2023.

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

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

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

6. INVESTMENTS (CONTINUED)

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

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

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

The JM had provided a Statement of Proposal ("SOP") to all creditors of NERS on 10 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.

6. INVESTMENTS (CONTINUED)

** 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.

*** 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.

6. INVESTMENTS (CONTINUED)

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

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 RM1,378,113,337.59 became immediately due and payable to Sukukholders. Resolutions for the Trustee to declare an Event of Default and to subsequently appoint a receiver were passed by Sukukholders earlier. Sukukholders had also earlier formally rejected MEX II’s request to extend the deferment period beyond 31 December 2021 as well as rejected the company’s restructuring proposal.

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

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

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

6. INVESTMENTS (CONTINUED)

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

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 Jun 2023, MEX II filed Motions to Appeal to Federal Court. A hearing took place on 26 Sep 2023, where the Appeal by MEX II was dismissed, exhausting all legal options for MEX II.

The R&M continues to work on a restructuring proposal for MEX II and has submitted a proposal to Kementerian Kerja Raya on 21 Nov 2023. The proposal is currently pending feedback from the ministry.

7. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At beginning of the financial year	93,714,000	132,859,000
Creation of units arising from applications during the financial year	-	45,000
Cancellation of units during the financial year	<u>(5,450,000)</u>	<u>(39,190,000)</u>
At end of the financial year	<u>88,264,000</u>	<u>93,714,000</u>

8. MANAGEMENT FEE

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

9. TRUSTEE'S FEE

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

10. TAXATION

(a) Tax charge for the financial year

	<u>2024</u> RM	<u>2023</u> RM
Current taxation	-	282
Over provision of tax in prior years:		-
- year 2023	(282)	-
- year 2012	(63,540)	-
	<u>(63,822)</u>	<u>282</u>

(b) Numerical reconciliation of income tax expense

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

	<u>2024</u> RM	<u>2023</u> RM
Net income before taxation	<u>2,319,369</u>	<u>43,060</u>
Tax calculated at a statutory income tax rate of 24%	556,649	10,334
Tax effects of:		
- Income not subject to tax	(696,267)	(190,299)
- Expenses not deductible for tax purposes	14,055	35,296
- Restriction on tax deductible expenses	125,563	144,669
- Income subject to different tax rate	-	282
- Over provision of tax in prior years	(63,822)	-
Tax expense	<u>(63,822)</u>	<u>282</u>

11. TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	<u>1.63</u>	<u>1.65</u>

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

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.10</u>	<u>0.33</u>

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

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

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

	<u>2024</u>		<u>2023</u>	
	Units	RM	Units	RM
The Manager	12,348,664	4,735,713	4,480,847	1,601,455
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>723,935</u>	<u>277,629</u>	<u>1,411,320</u>	<u>504,406</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.

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

14. TRANSACTIONS BY THE FUND

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

<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*	3,057,149	46.85	9,044	50.11
UOB Kay Hian Securities (M) Sdn Bhd	1,148,323	17.60	2,297	12.73
Affin Hwang Investment Bank Berhad	594,096	9.11	1,782	9.87
CGS-CIMB Securities Sdn Bhd	567,968	8.70	1,642	9.10
Maybank Investment Bank Berhad	495,291	7.59	1,295	7.18
MIDF Amanah Investment Bank Berhad	333,800	5.12	1,001	5.55
CIMB Securities Sdn Bhd (Formerly known as KAF Equities Sdn Bhd)	328,147	5.03	985	5.46
	<u>6,524,774</u>	<u>100.00</u>	<u>18,046</u>	<u>100.00</u>

14. TRANSACTIONS BY THE FUND (CONTINUED)

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

<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*	10,203,847	40.66	30,082	44.16
Maybank Investment Bank Berhad	6,074,274	24.21	14,316	21.02
CGS-CIMB Securities Sdn Bhd	2,640,919	10.52	7,923	11.63
MIDF Amanah Investment Bank Berhad	1,776,739	7.08	5,330	7.82
UOB Kay Hian Securities (M) Sdn Bhd	1,459,367	5.82	2,919	4.28
CIMB Securities Sdn Bhd (Formerly known as KAF Equities Sdn Bhd)	1,391,501	5.55	3,866	5.67
Hong Leong Investment Bank Berhad	785,995	3.13	1,572	2.31
Affin Hwang Investment Bank Berhad	595,193	2.37	1,785	2.62
Nomura Securities Malaysia Sdn Bhd	165,443	0.66	331	0.49
	<u>25,093,278</u>	<u>100.00</u>	<u>68,124</u>	<u>100.00</u>

* Included in transactions by the Fund are trades with RHB Investment Bank Bhd, the holding company of the Manager. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

15. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2024</u> RM	<u>2023</u> RM
Financial assets		
Financial assets at FVTPL		
• Quoted investments	6,031,148	4,916,174
• Unquoted fixed income investments	<u>27,514,549</u>	<u>27,028,951</u>
	<u>33,545,697</u>	<u>31,945,125</u>
Financial assets at amortised cost		
• Bank balances	235,875	303,383
• Deposits with licensed financial institutions	213,243	1,292,666
• Dividend receivables	<u>50,868</u>	<u>14,095</u>
	<u>499,986</u>	<u>1,610,144</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to Manager	132,066	-
• Accrued management fee	42,826	43,273
• Amount due to Trustee	1,713	1,731
• Other payables and accruals	<u>22,820</u>	<u>19,430</u>
	<u>199,425</u>	<u>64,434</u>

**STATEMENT BY MANAGER
RHB KIDSAVE TRUST**

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

On behalf of the Manager,

Dato' Darawati Hussain
Director

Mohd Farid bin Kamarudin
Director

23 May 2024

TRUSTEE'S REPORT

To the unit holders of RHB KidSave Trust (“Fund”),

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

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

Notwithstanding the above, the value of investment in the debenture of MEX I Capital Bhd amounting to 77.75% of 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 Bhd) amounting to 77.75% have inadvertently exceeded the investment spread limits as prescribed in paragraph (5), (7) and (10) respectively under Schedule B* of SC’s Guidelines on Unit Trust Funds. The Management Company will continue to monitor the position until rectified.

For HSBC (Malaysia) Trustee Bhd

Yap Lay Guat
Manager, Investment Compliance Monitoring

23 May 2024

*Paragraph (5) The value of a fund’s investments in (a) transferable securities; and (b) money market instruments, issued by any single issuer must not exceed 15% of the fund’s NAV; 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; Paragraph (10) The value of a fund’s investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the fund’s NAV.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB KIDSAVE TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2024, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 15 to 50.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 May 2024

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

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

PRINCIPAL AND BUSINESS OFFICE

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

Email address: rhbam@rhbgroup.com

Tel: 03-9205 8000

Fax: 03-9205 8100

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

BOARD OF DIRECTORS

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

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

Tuan Syed Ahmad Taufik Albar (*Non-Independent Non-Executive Director*)

(*Resigned with effect from 29 February 2024*)

Encik Mohd Farid Bin Kamarudin (*Chief Executive Officer / Managing Director*)

(*Appointed with effect from 1 August 2023*)

Puan Hijah Arifakh Binti Othman (*Independent Non-Executive Director*)

(*Resigned with effect from 1 June 2023*)

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

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Puan Hijah Arifakh Binti Othman

(*Resigned with effect from 1 June 2023*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Encik Mohd Farid Bin Kamarudin

(*Appointed with effect from 1 August 2023*)

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

BRANCH OFFICE

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

Kota Bharu Office	Ground Floor, No 3486-G Jalan Sultan Ibrahim 15050 Kota Bharu, Kelantan Tel: 09-740 6891 Fax: 09-740 6890
Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu Sabah Tel: 088-528 686/ 088-528 692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211/ 06-281 4110 Fax: 06-292 2212
Penang Office	3rd Floor, 44 Lebuhraya Georgetown, 10300 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 Berhad AmBank (M) Berhad AmInvestment Bank Berhad Astute Fund Management Berhad (APEX) Areca Capital Sdn Bhd CIMB Bank Berhad CIMB Private Banking Citibank Berhad Genexus Advisory Sdn Bhd Hong Leong Bank Berhad HSBC Bank Malaysia Berhad iFAST Capital Sdn Bhd Kenanga Investors Berhad Malayan Banking Berhad Manulife Asset Management (Malaysia) Sdn Bhd OCBC Bank (Malaysia) Berhad Principal Asset Management Berhad Phillip Mutual Berhad Standard Chartered Bank Malaysia Berhad United Overseas Bank (Malaysia) Berhad UOB Kay Hian Securities (M) Sdn Bhd

RHB  **Asset Management**

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