

RHB MONEY MARKET FUND

ANNUAL REPORT 2024

For the financial year ended 31 December 2024

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name - RHB Money Market Fund

Fund Category - Money Market Fund

Fund Type - Income

Investment Objective, Policy and Strategy

Objective of the Fund

This Fund aims to provide investors with a high level of liquidity[^] whilst providing reasonable returns by investing in low risk investments.

Note: [^]Redemption monies of this Fund will generally be paid the day following the next business day (a working day when the Manager is open for business) after receipt by the Manager of request to repurchase.

Strategy

This Fund seeks to achieve its objective through investments in a portfolio of money market instruments and other short term debt securities and placements of deposits with financial institutions. Investment in debt securities issued by financial institutions or private entities must at the point of purchase, carry a credit rating of at least A/P3 by any Domestic Rating Agencies or its equivalent rating by a reputable rating establishment. Should the ratings thereafter be downgraded below the said minimum credit rating, such papers shall be disposed of within a reasonable time frame taking into consideration prevailing market conditions and factors.

Thus, this Fund's portfolio will be structured as follows:-

90% - 100% of the Net Asset Value

- Investments in debt securities, money market instruments and placements of deposits ("Permitted Investments") with financial institutions which have a remaining maturity period of not more than 397 days.

0% - 10% of the Net Asset Value

- Investments in debt securities, money market instruments and placements of deposits with financial institutions which have a remaining maturity period of more than 397 days but less than 732 days.

Although the Fund is actively managed, its fund management strategy will depend on the interest rate environment and the anticipated redemption requests by Unit Holders.

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, countries and asset classes and/or type of investments (i.e. bonds and money market instruments). Financial derivatives may also be used for hedging purposes where appropriate. 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.

Performance Benchmark

The performance of this Fund is benchmarked against the Interbank Overnight Deposit Rates as published by Bank Negara Malaysia.

Permitted Investments

This Fund may invest in debt securities traded on Bursa Malaysia or any other market considered as an eligible market; Malaysian Government Securities, Treasury Bills, Bank Negara Malaysia Certificates/Bills, Government Investments Certificates; other obligations issued or guaranteed by the Malaysian Government, Bank Negara Malaysia, State Governments and Government-related agencies; Malaysian currency balances in hand, Malaysian currency deposits with financial institutions; Negotiable Instruments of Deposits, Bankers Acceptances; Cagamas Bonds, unlisted loan stocks and corporate bonds traded in the money market and either bank-guaranteed or carrying at least an A/P3 rating by any Domestic Rating Agencies or its equivalent rating by a reputable rating establishment; other collective investment schemes; financial derivatives; and any other investments permitted by the Securities Commission Malaysia from time to time ("permitted investments").

Distribution Policy

Consistent with the Fund's objective to provide reasonable returns, the Fund will distribute a substantial portion of its returns to unit holders. Distributions, if any, after deduction of taxation, if any, and expenses, are generally declared annually and will be reinvested.

MANAGER'S REPORT

MARKET REVIEW

Malaysian Government Securities (“MGS”) and Malaysia Government Investment Issue (“MGII”) market generally sold off in December 2024 due to poor market sentiment following the sharp sell-off in the United States Treasury (“UST”) market following the revision of dot-plot by the US Federal Reserve (“Fed”). Notably, the sell-off came despite the Government reducing the final 10-year MGS auction to just Ringgit Malaysia (“RM”) 2billion (“bn”), from the usual RM5bn size – hinting at better fiscal performance as the year 2024 full-year MGS + MGII auction net issuance total was only RM77 bn, significantly lower than the RM103 bn recorded in year 2023. The sell-off momentum slowed towards the year-end and the eventually saw some consolidation where the benchmark MGII yields closed lower driven by local investor demand.

With the December 2024 performance, the Malaysian fixed income market capped off a year 2024 performance with a decently positive returns where the benchmark Financial Times Stock Exchange Group (“FTSE”) Bond Pricing Agency Malaysia (“BPAM”) Ringgit All Bond Index gained +4.33% on a full-year basis. The gains were mainly contributed by the coupon income accrued from the bonds as yields were largely driven by Bank Negara Malaysia (“BNM”)’s steady policy of maintaining the Overnight Policy Rate (“OPR”) unchanged at 3.00% - providing a conducive and stable interest rate environment for fixed income assets to perform well. Notably, the re-emergence of Malaysia as one of the preferred spot for foreign direct investments (“FDI”) have also supported sentiments which had led to the RM emerging as the best performing currency in Asia, gaining about 3% vs. the US Dollar (“USD”) when many other currencies depreciated.

ECONOMIC REVIEW AND OUTLOOK

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

REVIEW OF FUND PERFORMANCE DURING THE YEAR

For the financial year under review, the Fund has registered a return of 3.45%* in net asset value terms while its benchmark recorded a return of 3.06%*. The Fund is working to meet its objective by providing high level of liquidity whilst providing reasonable returns. The Net Asset Value per unit of the Fund was RM1.0301 (31.12.2023: RM1.0201) as at 31 December 2024.

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

MARKET OUTLOOK AND STRATEGY GOING FORWARD

The October 2024 International Monetary Fund (“IMF”) World Economic Outlook Update is broadly unchanged where IMF is expecting global growth at 3.20% for both year 2024 and year 2025. IMF expects global growth to remain stable yet underwhelming, given the overall trend of data, disinflation should likely lead to a smooth or even no-landing scenario. However, the balance of risks is tilted to the downside, geopolitical tensions could flare up sudden eruptions in financial market volatility could tighten financial conditions problems in China’s property sector could generate global spill overs via their effect on global trade. Recent upside surprises in inflation data could possibly prevent central banks from easing monetary policy in line with guidance, adding challenges to fiscal policy and financial stability.

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

Our base case is unchanged for Malaysia where we expect BNM to hold the OPR unchanged at 3.00% for a prolonged period of time as Malaysia’s inflation rate remain stable and whilst GDP growth momentum is strong. The risks to OPR change is roughly balanced with inflation potentially reaccelerating next year following the civil service salary hike and RON-95 subsidy rationalisation while risks to growth have now turned decisively negative arising from Trump’s potential trade policies. Notably, the Bank of Korea had lowered its interest rate last week, the first cut since year 2020, citing slowdown in growth and the increased uncertainty following Trump’s election victory.

In our opinion, this could pivot BNM towards a rate cut bias which would bode well for Malaysia fixed income market.

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

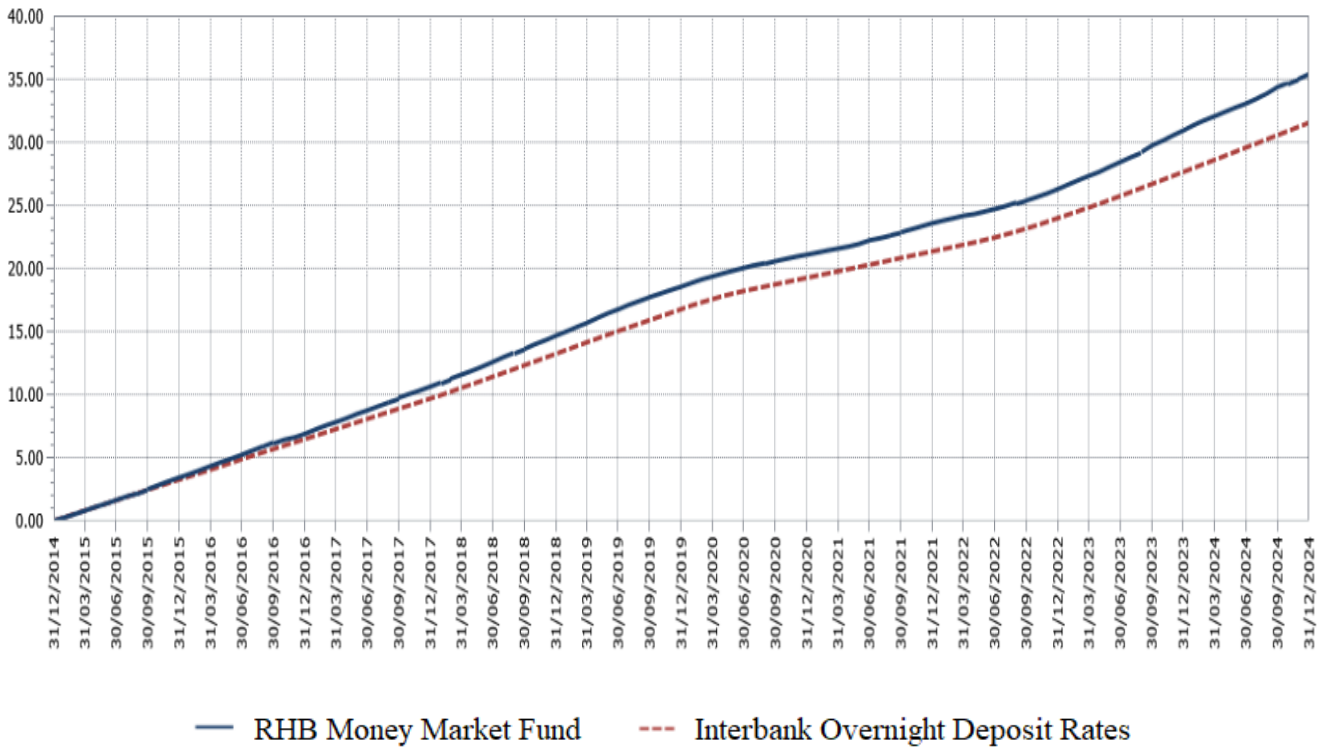
In summary, we are positive on the fixed income market in year 2025 buoyed by the 3 main factors supporting the local market i.e. stable OPR, growing investors' demand and lower government budget deficit. We advocate portfolios to stay invested in the fixed income space and increase allocation whenever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

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 December				
	2024	2023	2022	2021	2020
	%	%	%	%	%
RHB Money Market Fund					
- Capital Return	1.00	0.18	0.85	0.61	(0.11)
- Income Return	2.43	3.43	1.38	1.38	2.29
- Total Returns	3.45	3.62	2.24	2.00	2.18
Interbank Overnight Deposit Rates	3.06	2.95	2.17	1.75	2.13

	Average Annual Returns			
	1 Year	3 Years	5 Years	10 Years
	31.12.2023-	31.12.2021-	31.12.2019-	31.12.2014-
	31.12.2024	31.12.2024	31.12.2024	31.12.2024
	%	%	%	%
RHB Money Market Fund	3.45	3.10	2.69	3.07
Interbank Overnight Deposit Rates	3.06	2.72	2.41	2.77

**Performance of RHB Money Market Fund
for the period from 31 December 2014 to 31 December 2024
Cumulative Return Over The Period (%)**



Source: Lipper IM, 06 January 2025

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

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

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

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

Fund Size	As at 31 December		
	2024	2023	2022
Net Asset Value (RM million)*	132.58	108.20	135.59
Units In Circulation (million)	128.71	106.07	133.17
Net Asset Value Per Unit (RM)*	1.0301	1.0201	1.0182

Historical Data	Financial Year Ended 31 December		
	2024	2023	2022
Unit Prices			
NAV - Highest (RM)*	1.0544	1.0542	1.0316
- Lowest (RM)*	1.0203	1.0185	1.0097
Distribution and Unit Split			
Gross Distribution Per Unit (sen)	2.5000	3.5000	1.4000
Net Distribution Per Unit (sen)	2.5000	3.5000	1.4000
Distribution Date	26.12.2024	26.12.2023	28.12.2022
NAV before distribution (cum)	1.0544	1.0542	1.0316
NAV after distribution (ex)	1.0296	1.0196	1.0177
Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	0.56	0.56	0.56
Portfolio Turnover Ratio (PTR) (times) ##	26.76	28.36	30.50

* *The figures quoted are ex-distribution*

The TER for the financial year was consistent with previous financial year.

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, the Fund has declared a total net distribution of 2.5000 sen per unit, which is equivalent to a net yield of 2.41% based on the average net asset value for the financial year.

PORTFOLIO STRUCTURE

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

	As at 31 December		
	2024	2023	2022
	%	%	%
Sectors			
Commercial papers	18.75	27.92	33.25
Unquoted fixed income securities	75.31	63.04	53.01
Deposits with licensed financial institutions	5.98	9.05	13.88
Liquid assets and other net current assets	(0.04)*	(0.01)*	(0.14)*
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocation is reflective of the Fund's objective of providing investors with a high level of liquidity at reasonable returns.

* *This was due to the excess of liabilities over its cash at bank as at the reporting date. This negative cash does not affect the Fund's ability of meeting its liabilities.*

SECURITIES FINANCING TRANSACTIONS

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

CROSS TRADE

Cross trade transactions carried out during the reported period have been reviewed by the Investment Committee of the Fund in the month of March 2023 and July 2023 to ensure that such transactions are in the best interest of the Fund, transacted on an arm's length (*) and fair value basis.

* *Transactions at arm's length refer to transactions entered in the normal course of business at prevailing market price as at the date of cross trade.*

SOFT COMMISSION

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

**RHB MONEY MARKET FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Bank balances	5	50,707	50,162
Deposits with licensed financial institutions		7,925,162	9,789,093
Investments	6	124,706,277	98,424,081
TOTAL ASSETS		<u>132,682,146</u>	<u>108,263,336</u>
LIABILITIES			
Accrued management fee		56,043	45,612
Amount due to Trustee		5,604	4,561
Other payables and accruals		38,582	12,806
TOTAL LIABILITIES		<u>100,229</u>	<u>62,979</u>
NET ASSET VALUE		<u>132,581,917</u>	<u>108,200,357</u>
EQUITY			
Unit holders' capital		118,102,441	94,457,746
Retained earnings		14,479,476	13,742,611
		<u>132,581,917</u>	<u>108,200,357</u>
UNITS IN CIRCULATION (UNITS)	7	<u>128,712,745</u>	<u>106,067,298</u>
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)		<u>1.0301</u>	<u>1.0201</u>

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

**RHB MONEY MARKET FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
INCOME			
Interest income from unquoted fixed income securities		3,993,228	4,453,444
Interest income from deposits with licensed financial institutions		394,482	396,005
Net realised gain on disposal		25,403	6,122
Net unrealised (loss)/gain on changes in fair value		(38,399)	157,649
Other income		1,035	-
		<u>4,375,749</u>	<u>5,013,220</u>
EXPENSES			
Management fee	8	(557,348)	(609,622)
Trustee's fee	9	(55,735)	(60,963)
Audit fee		(8,400)	(8,400)
Tax agent's fee		(2,500)	(2,500)
Other expenses		(2,744)	(1,732)
		<u>(626,727)</u>	<u>(683,217)</u>
Net income before taxation		3,749,022	4,330,003
Taxation	10	-	-
Net income after taxation		<u>3,749,022</u>	<u>4,330,003</u>
Net income after taxation is made up as follow:			
Realised amount		3,488,880	3,765,576
Unrealised amount		260,142	564,427
		<u>3,749,022</u>	<u>4,330,003</u>

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

RHB MONEY MARKET FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Unit holders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 January 2023	122,493,374	13,100,905	135,594,279
Movement in net asset value:			
Net income after taxation	-	4,330,003	4,330,003
Creation of units arising from distribution	3,688,297	-	3,688,297
Creation of units arising from applications	160,251,250	-	160,251,250
Cancellation of units	(191,975,175)	-	(191,975,175)
Distribution (Note 11)	-	(3,688,297)	(3,688,297)
Balance as at 31 December 2023	94,457,746	13,742,611	108,200,357
Balance as at 1 January 2024	94,457,746	13,742,611	108,200,357
Movement in net asset value:			
Net income after taxation	-	3,749,022	3,749,022
Creation of units arising from distribution	2,987,330	-	2,987,330
Creation of units arising from applications	220,451,160	-	220,451,160
Cancellation of units	(199,793,795)	-	(199,793,795)
Distribution (Note 11)	-	(3,012,157)	(3,012,157)
Balance as at 31 December 2024	118,102,441	14,479,476	132,581,917

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

**RHB MONEY MARKET FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from redemption of investments		194,100,000	257,600,000
Proceeds from sale of investments		40,113,249	22,086,750
Purchase of investments		(259,515,408)	(259,673,416)
Placements of deposits with licensed financial institutions		(2,832,531,899)	(3,311,995,360)
Proceeds from maturity of deposits with licensed financial institutions		2,834,394,079	3,321,028,778
Interest received from unquoted fixed income securities		3,000,196	3,144,079
Interest received from deposits with licensed financial institutions		396,233	396,686
Other income		1,035	-
Management fee paid		(546,917)	(625,406)
Trustee's fee paid		(54,692)	(62,542)
Payment for other fees and expenses		(12,696)	(177,702)
Net cash (used in)/generated from operating activities		<u>(20,656,820)</u>	<u>31,721,867</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		220,451,160	160,251,250
Cash paid for units cancelled		(199,793,795)	(191,975,175)
Net cash generated from/(used in) financing activities		<u>20,657,365</u>	<u>(31,723,925)</u>
Net increase/(decrease) in cash and cash equivalents		545	(2,058)
Cash and cash equivalents at the beginning of the financial year		<u>50,162</u>	<u>52,220</u>
Cash and cash equivalents at the end of the financial year	5	<u>50,707</u>	<u>50,162</u>

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

**RHB MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

The Fund commenced operations on 20 January 2006 and will continue its operations until terminated according to the conditions provided under the Deeds. The principal activity of the Fund is to invest in Permitted Investments as set out in the Deeds.

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

The main objective of the Fund is to provide investors with a high level of liquidity whilst providing reasonable returns by investing in low risk investments.

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 24 February 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation of the financial statements

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

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

- Amendments to MFRS 9 and MFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’ (effective 1 January 2025)
 - The new MFRS introduces a new structure of profit or loss statement. The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition.).
 - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;
 - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion;
 - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
 - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income (“FVOCI”).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

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

- MFRS 18 ‘Presentation and Disclosure in Financial Statements’ (effective 1 January 2027) replaces MFRS 101 ‘Presentation of Financial Statements’.

- The new MFRS introduces a new structure of profit or loss statement.

- a) Income and expenses are classified into three new main categories:

- Operating category which typically includes results from the main business activities;
- Investing category that presents the results of investment in associates and joint venture and other assets that generate a return largely independently of other resources; and
- Financing category that presents income and expenses from financing liabilities.

- b) Entities are required to present two new specified subtotals: ‘Operating profit or loss’ and ‘Profit or loss before financing and income taxes’.

- Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
- Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 payment of principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments and deposits with licensed financial institutions are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents as financial assets measured at amortised cost 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 at fair value through profit or loss are initially recognised at fair value.

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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 the SC as per the SC’s Guidelines on Unit Trust Funds.

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

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

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

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

Impairment of financial assets

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-offs

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

2.3 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 contractual provision of the financial instrument.

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Unit holders' capital

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

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

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

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

2.5 Income recognition

Interest income from short-term deposits with licensed financial institutions and unquoted fixed income securities are recognised on an accrual basis using the effective interest rate method.

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

Realised gains or losses on disposal of 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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Taxation

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

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances which is subject to an insignificant risk of changes in value.

2.8 Distribution

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

2.9 Presentation and functional currency

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value.

Price risk

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

The Fund is exposed to price risk arising from the interest rate risk in relation to its investments of RM124,706,277 (2023: RM98,424,081) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate risk and related sensitivity analysis are disclosed in "Interest rate risk" below.

Interest rate risk

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

The table below summarises the sensitivity of the Fund's 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%	(20,038)	(8,772)
- 1%	23,068	13,379

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.

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 profit due on that investment. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits with reputable licensed financial institutions. Credit risk arising from unquoted fixed-income securities is managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

	<u>Investments</u> RM	<u>Deposits with licensed financial institutions</u> RM	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2024</u>				
AAA	5,064,293	7,925,162	50,707	13,040,162
AAA (S)	2,005,141	-	-	2,005,141
AAA IS	5,188,384	-	-	5,188,384
AA1	22,278,753	-	-	22,278,753
AA3	20,705,335	-	-	20,705,335
AA3 (S)	5,064,455	-	-	5,064,455
AA-	5,022,603	-	-	5,022,603
AA- IS	20,375,110	-	-	20,375,110
A+ IS	14,157,620	-	-	14,157,620
P1	14,867,782	-	-	14,867,782
MARC-1	9,976,801	-	-	9,976,801
	<u>124,706,277</u>	<u>7,925,162</u>	<u>50,707</u>	<u>132,682,146</u>
<u>2023</u>				
AAA	10,198,605	9,789,093	50,162	20,037,860
AA1	18,365,716	-	-	18,365,716
AA3	19,340,936	-	-	19,340,936
AA-IS	20,304,638	-	-	20,304,638
P1	4,981,662	-	-	4,981,662
MARC-1	25,232,524	-	-	25,232,524
	<u>98,424,081</u>	<u>9,789,093</u>	<u>50,162</u>	<u>108,263,336</u>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

Liquidity risk exists when particular investments are difficult to sell, possibly preventing the Fund from selling such illiquid securities 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 year from the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM
<u>2024</u>		
Accrued management fee	56,043	-
Amount due to Trustee	5,604	-
Other payables and accruals	-	38,582
	61,647	38,582
<u>2023</u>		
Accrued management fee	45,612	-
Amount due to Trustee	4,561	-
Other payables and accruals	-	12,806
	50,173	12,806

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM118,102,441 (2023: RM94,457,746) and retained earnings of RM14,479,476 (2023: RM13,742,611). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

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

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

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

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

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

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

Fair value hierarchy

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

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

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at FVTPL:				
- Unquoted fixed income securities	-	124,706,277	-	124,706,277
- Deposits with licensed financial institutions	-	7,925,162	-	7,925,162
	-	132,631,439	-	132,631,439
<u>2023</u>				
Financial assets at FVTPL:				
- Unquoted fixed income securities	-	98,424,081	-	98,424,081
- Deposits with licensed financial institutions	-	9,789,093	-	9,789,093
	-	108,213,174	-	108,213,174

Financial instruments that trade in markets that are considered to be active but are valued based on published market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 instruments include unquoted fixed income securities and deposits with licensed financial institutions. 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	50,707	50,162

6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Unquoted fixed income securities	<u>124,706,277</u>	<u>98,424,081</u>

Investments as at 31 December 2024 are as follows:

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal</u> <u>Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
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UNQUOTED FIXED INCOME SECURITIES

COMMERCIAL PAPERS

AEON Credit Service (M) Berhad					
16/01/2025 - ICP	P1	5,000,000	4,992,047	4,992,047	3.77
Bermaz Auto Berhad					
25/03/2025 - ICP	P1	5,000,000	4,956,204	4,956,455	3.74
Sabah Development Bank Berhad					
26/05/2025 - CP	P1	5,000,000	4,919,280	4,919,280	3.71
Sunway Treasury Sukuk Sdn Bhd					
24/01/2025 - ICP	MARC-1	10,000,000	9,976,801	9,976,801	7.53
TOTAL COMMERCIAL PAPERS			<u>24,844,332</u>	<u>24,844,583</u>	<u>18.75</u>

UNQUOTED BONDS

4.81% 7-Eleven Malaysia Holdings Bhd MTN					
24/06/2025	AA-	5,000,000	5,021,314	5,022,603	3.79
3.65% Cagamas Berhad MTN 03/03/2025					
	AAA	5,000,000	5,062,503	5,064,293	3.82
4.02% Danum Capital Berhad IMTN					
30/06/2025	AAA (S)	2,000,000	2,003,778	2,005,141	1.51

6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)					
<u>UNQUOTED BONDS (CONTINUED)</u>					
5.79% Edra Energy Berhad IMTN 03/01/2025	AA3	8,000,000	8,311,057	8,311,211	6.27
5.82% Edra Energy Berhad IMTN 04/07/2025	AA3	7,000,000	7,200,572	7,199,664	5.43
3.550 % Gamuda Land (T12) Sdn Bhd IMTN 12/08/2025	AA3 (S)	5,000,000	5,064,154	5,064,455	3.82
3.45% Hong Leong Assurance Berhad 26/12/2025	AA1	3,000,000	2,984,045	2,986,047	2.25
5.25% Malayan Cement Berhad IMTN 13/01/2026	AA3	5,000,000	5,195,124	5,194,460	3.92
5.80% MMC Corporation Berhad IMTN 12/11/2025	AA- IS	5,000,000	5,126,038	5,125,776	3.87
5.00% Sabah Development Bank Berhad MTN 21/02/2025	AA1	5,000,000	5,095,636	5,095,576	3.84
4.50% Sabah Development Bank Berhad MTN 04/03/2025	AA1	2,000,000	2,030,635	2,030,602	1.53
5.05% Sabah Development Bank Berhad MTN 13/06/2025	AA1	5,000,000	5,031,320	5,030,569	3.79

6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)					
<u>UNQUOTED BONDS (CONTINUED)</u>					
4.55% Sabah Development Bank Berhad MTN 15/08/2025	AA1	7,000,000	7,141,045	7,135,959	5.38
4.04% SME Development Bank Malaysia Berhad IMTN 04/08/2025	AAA IS	5,000,000	5,119,258	5,188,384	3.91
4.79% UEM Sunrise Berhad IMTN 11/04/2025	AA- IS	10,000,000	10,133,601	10,133,274	7.64
5.03% UEM Sunrise Berhad IMTN 19/09/2025	AA- IS	5,000,000	5,115,165	5,116,060	3.86
5.35% WCT Holdings Berhad IMTN 03/01/2025	A+ IS	5,000,000	5,137,724	5,137,560	3.88
5.55 % WCT Holdings Berhad IMTN 22/12/2025	A+ IS	9,000,000	9,019,995	9,020,060	6.80
TOTAL UNQUOTED BONDS			99,792,964	99,861,694	75.31
TOTAL INVESTMENTS			124,637,296	124,706,277	94.06

6. INVESTMENTS (CONTINUED)

Investments as at 31 December 2023 are as follows:

<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					
<u>COMMERCIAL PAPERS</u>					
CGS-CIMB Securities					
Sdn Bhd 22/03/2024 - CP	MARC-1	2,000,000	1,980,904	1,980,904	1.83
Sabah Development Bank Berhad					
30/01/2024 - CP	P1	5,000,000	4,981,662	4,981,662	4.60
Sunway Treasury Sukuk Sdn Bhd					
24/01/2024 - ICP	MARC-1	13,400,000	13,367,674	13,367,674	12.35
Sunway Treasury Sukuk Sdn Bhd					
26/03/2024 - ICP	MARC-1	5,000,000	4,955,157	4,955,157	4.58
UEM Sunrise Berhad					
18/04/2024 - ICP	MARC-1	5,000,000	4,928,789	4,928,789	4.56
TOTAL COMMERCIAL PAPERS			30,214,186	30,214,186	27.92
<u>UNQUOTED BONDS</u>					
5.73% Edra Energy Sdn Bhd IMTN					
05/01/2024	AA3	5,000,000	5,142,185	5,141,688	4.75
4.85% Northern Gateway Infrastructure Sdn Bhd MTN					
29/08/2024	AA1	5,000,000	5,113,056	5,115,998	4.73

6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)					
<u>UNQUOTED BONDS (CONTINUED)</u>					
4.30% Pengurusan Air SPV Berhad IMTN 07/02/2024	AAA	5,000,000	5,089,592	5,089,289	4.70
3.80% Perbadanan Kemajuan Negeri Selangor IMTN 28/03/2024	AA3	4,000,000	4,034,087	4,035,558	3.73
4.54% Perbadanan Kemajuan Negeri Selangor IMTN 09/08/2024	AA3	5,000,000	5,076,922	5,100,793	4.71
4.64% Perbadanan Kemajuan Negeri Selangor IMTN 05/05/2025	AA3	5,000,000	5,040,205	5,062,897	4.68
4.56% Projek Lebuhraya Usahasama Berhad IMTN 12/01/2024	AAA	5,000,000	5,109,217	5,109,316	4.72
5.30% Sabah Development Bank Berhad MTN 01/03/2024	AA1	10,000,000	10,187,115	10,191,850	9.42
4.00% UEM Sunrise Berhad IMTN 16/02/2024	AA-	5,000,000	5,069,516	5,073,070	4.69
5.00% WCT Holdings Berhad IMTN 28/02/2024	AA-	10,000,000	10,171,942	10,167,503	9.40

6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)					
UNQUOTED BONDS (CONTINUED)					
5.15% WCT Holdings Berhad IMTN					
01/04/2024	AA-	5,000,000	5,013,204	5,064,065	4.68
4.95% YTL Power International Berhad					
MTN 11/10/2024	AA1	3,000,000	3,055,475	3,057,868	2.83
TOTAL UNQUOTED BONDS			68,102,516	68,209,895	63.04
TOTAL INVESTMENTS			98,316,702	98,424,081	90.96

7. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
As at beginning of the financial year	106,067,298	133,167,902
Creation of units during the financial year		
Arising from distribution	2,901,447	3,617,396
Arising from application	212,617,000	154,861,000
Cancellation of units during the financial year	(192,873,000)	(185,579,000)
As at end of the financial year	<u>128,712,745</u>	<u>106,067,298</u>

8. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 0.50% (2023: 0.50%) 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 0.05% (2023: 0.05%) 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	-	-

(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	3,749,022	4,330,003
Tax calculated at a statutory income tax rate of 24%	899,765	1,039,201
Tax effects of:		
- Investment income not subject to tax	(1,050,180)	(1,203,173)
- Expenses not deductible for tax purposes	14,229	15,557
- Restriction on tax deductible expenses	136,186	148,415
Tax expense	-	-

11. DISTRIBUTION

Distribution to unit holders is from the following sources:

	<u>2024</u> RM	<u>2023</u> RM
Interest income from deposits with licensed financial institutions	392,424	-
Interest income from unquoted fixed income securities	2,601,178	4,340,578
Net realised gain on disposal	25,302	6,122
	<u>3,018,904</u>	<u>4,346,700</u>
Less: Expenses	(6,747)	(658,403)
Net distribution amount	<u>3,012,157</u>	<u>3,688,297</u>
	<u>Gross/net</u> <u>sen per unit</u>	<u>Gross/net</u> <u>sen per unit</u>
<u>Distributions date</u>		
26 December 2024/26 December 2023	<u>2.5000</u>	<u>3.5000</u>

12. TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	<u>0.56</u>	<u>0.56</u>

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

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>26.76</u>	<u>28.36</u>

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

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

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

	2024		2023	
	Units	RM	Units	RM
The Manager	5,077	5,229	5,700	5,815
RHB Capital Nominees (Tempatan) Sdn Bhd	527,129	542,996	284,144	289,855

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 the nominees structure.

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

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

15. TRANSACTIONS BY THE FUND

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

<u>Financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Hong Leong Investment Bank Berhad	85,305,137	28.47	-	-
RHB Investment Bank Berhad*	79,251,581	26.45	-	-
Kenanga Investment Bank Berhad	59,631,439	19.90	-	-
CIMB Bank Berhad	34,165,750	11.40	-	-
Malayan Banking Berhad	21,330,360	7.12	-	-
AmBank (M) Berhad	9,924,392	3.31	-	-
Bank Islam Malaysia Berhad	5,012,000	1.68	-	-
Hong Leong Bank Berhad	5,008,000	1.67	-	-
	<u>299,628,659</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

15. TRANSACTIONS BY THE FUND (CONTINUED)

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

<u>Financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Kenanga Investment Bank Berhad	109,075,862	38.71	-	-
RHB Investment Bank Berhad*	69,992,298	24.84	-	-
CIMB Bank Berhad	30,640,990	10.88	-	-
Malayan Banking Berhad	20,112,250	7.14	-	-
AmBank (M) Berhad	19,938,740	7.08	-	-
Affin Hwang Investment Bank Berhad	15,902,226	5.64	-	-
Hong Leong Investment Bank Berhad	11,077,800	3.93	-	-
Hong Leong Bank Berhad	5,020,000	1.78	-	-
	<u>281,760,166</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2024</u> RM	<u>2023</u> RM
Financial assets		
Financial assets at FVTPL		
• Unquoted fixed income securities	124,706,277	98,424,081
• Deposits with licensed financial institutions	7,925,162	9,789,093
	<u>132,631,439</u>	<u>108,213,174</u>
Financial assets at amortised cost		
• Bank balances	<u>50,707</u>	<u>50,162</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Accrued management fee	56,043	45,612
• Amount due to Trustee	5,604	4,561
• Other payables and accruals	38,582	12,806
	<u>100,229</u>	<u>62,979</u>

**STATEMENT BY MANAGER
RHB MONEY MARKET FUND**

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

On behalf of the Manager,

Chin Yoong Kheong
Director

Ng Chze How
Director

24 February 2025

TRUSTEE'S REPORT

To the unit holders of RHB Money Market Fund (“Fund”)

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

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

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

For HSBC (Malaysia) Trustee Berhad

Lee Cincee
Senior Manager, Trustee and Fiduciary Services

Kuala Lumpur
24 February 2025

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB MONEY MARKET FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2024, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 10 to 40.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB MONEY MARKET FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB MONEY MARKET FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB MONEY MARKET FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
24 February 2025

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

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

PRINCIPAL AND BUSINESS OFFICE

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

Email address: rhbam@rhbgroup.com

Tel: 03-9205 8000

Fax: 03-9205 8100

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

BOARD OF DIRECTORS

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

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

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

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

(*Resigned with effect from 29 February 2024*)

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

(*Resigned with effect from 14 June 2024*)

Mr Ng Chze How (*Chief Executive Officer / Managing Director*)

(*Appointed with effect from 11 September 2024*)

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

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

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

BRANCH OFFICE

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B-3-1, 1st Floor
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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 3615
Fax: 09-517 3612

Kuching Office

Lot 133, Section 20, Sublot 2 & 3
1st Floor, Jalan Tun Ahmad Zaidi Adruce
93200 Kuching, Sarawak
Tel: 082-550 838 Fax: 082-550 508

Yung Kong Abell, Units 1-10
2nd Floor Lot 365
Section 50 Jalan Abell
93100 Kuching, Sarawak
Tel: 082-245 611 Fax: 082-230 326

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

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 Investment Bank Berhad Alliance Bank Malaysia Berhad AmBank Berhad AmInvestment Bank Berhad Astute Fund Management Berhad (APEX) Areca Capital Sdn Bhd CIMB Private Banking Citibank Berhad Genexus Advisory Sdn Bhd Hong Leong Bank Berhad iFAST Capital Sdn Bhd Kenanga Investor Berhad Manulife Asset Management Service Berhad Maybank Berhad OCBC Bank (Malaysia) Berhad Phillip Mutual Berhad Principal Asset Management Berhad Standard Chartered Bank (M) Berhad United Overseas Bank (Malaysia) Berhad UOB Kay Hian Securities (M) Sdn Bhd

RHB ♦ Asset Management

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