

**RHB BOND FUND**

**ANNUAL REPORT 2024**

For the financial year ended 30 September 2024

## GENERAL INFORMATION ABOUT THE FUND

### **Name, Category and Type**

Fund Name - RHB Bond Fund

Fund Category - Bond Fund

Fund Type - Income

### **Investment Objective, Policy and Strategy**

#### Objective of the Fund

To provide investors with higher than average income returns compared to fixed deposits over the medium to long term through investments in bonds and other fixed income securities with minimum risk to capital invested.

#### Strategy

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

- Up to 95% of the Fund's Net Asset Value will be invested in bonds and other fixed income securities, of which at least 60% of the Fund's Net Asset Value will be invested in bonds.
- Minimum of 5% of the Fund's Net Asset Value will be invested in liquid assets

Although the Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities.

The Fund will invest in quality fixed income securities which carry a minimum long term credit rating of investment grade and above assigned by any Domestic Rating Agencies. To contain credit risk, the Manager will ensure that the diversification of credit rating (and duration standing) in the bond portfolio mitigate the overall risk position of the portfolio.

The Manager may also take temporary defensive measures that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse market conditions, economics, political or any other conditions which the Manager deem detrimental to the Fund. The defensive measures that the Manager may undertake are in no way to be deviated from the mandates or breaching any laws and regulations. The Fund's strategies in yield enhancement for the portfolio will also be balanced with other investment needs of the Fund, such as liquidity and risk management. On liquidity management, the Fund will maintain sufficient amount of portfolio in liquid

bond to accommodate redemption. As for risk management, the portfolio duration is kept at optimal level where yield enhancement can be optimised on risk adjusted basis, and at the same time, balanced with the need for containing portfolio's volatility.

Hence, during the temporary defensive period, the Manager may choose to increase the asset allocation by allocating more investment into risk free investments which are money market instruments and Deposit in adverse market condition.

### **Performance Benchmark**

Effective from 30 September 2023, the performance of the Fund is benchmarked against RHB Bank Berhad's 12-month fixed deposit rate.

Prior to 30 September 2023, the performance of the Fund was benchmarked against Malayan Banking Berhad's ("Maybank's") 12 Months Fixed Deposit Rate.

### **Permitted Investments**

This Fund may invest in fixed income securities traded in or under the rules of an Eligible Market; warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market; unlisted securities including securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by issuer; Deposits and money market instruments; financial derivatives; collective investment schemes, structured products; and any other investments permitted by the Securities Commission Malaysia from time to time.

### **Distribution Policy**

Income, if any, will be distributed during the financial year.

## **MANAGER’S REPORT**

### **MARKET REVIEW**

Developed economies particularly the United States (“US”) and Europe, continue to face high global inflation rates in year 2023 following the post-pandemic economic reopening activities since year 2022. This has prompted international central banks to aggressively raise monetary policy in an effort to curb inflation. However, the inflation rates in some developed countries, particularly in Europe, have since moderated, while the labour market had soften – resulting in central banks to shift their focus towards managing downside risk in the labour market. As a result, most major central banks have started to adopt more accommodative monetary policies by cutting interest rate.

Notably, the US Federal Reserve Board of the United States (“Fed”) slashed its Federal Funds Rate by 50 basis points (“bps”) to a range between 4.75% to 5.00% from 5.25% to 5.50% amid signs that inflation was moderating and the labor market was weakening. Meanwhile, the Bank of England (“BOE”) has cut their interest rate by 25 bps to 5.00% and the European Central Bank (“ECB”) by 85 bps to 3.65% following reduced inflationary pressures. The Fed’s 50 bps cut was bigger than expected where they have never cut by more than 25 bps outside of the emergency situations (such as during COVID-19 or Global Financial Crisis). Fed Chair Jerome Powell also commented that the Fed has gained greater confidence that inflation is moving sustainably toward their target of 2.00% and the cut decision is to neutralize monetary policy, instead of a recessionary policy response.

For local scene, Bank Negara Malaysia (“BNM”) has maintained the Overnight Policy Rate (“OPR”) at 3.00% since May 2023, grounded in a monetary policy that remains accommodative to economic growth. The decision also reflects confidence in the country’s steady economic performance and a positive outlook for growth and inflation. However, key risks remain on geopolitical tensions, financial market volatility and slower growth in major economies.

Malaysia’s second quarter of year 2024 (“2Q2024”) Gross Domestic Product (“GDP”) grew by 5.90%, exceeding the 5.80% advance estimate and up from 4.20% in first quarter of year 2024 (“1Q2024”). Private consumption, which represents nearly two-thirds of GDP, increased by 6.00%, a notable rise from previous quarters’ 4.00% to 5.00% growth. Wholesale and retail trade also improved, rising by 4.80% in 2Q2024. For first half of year 2024 (“1H2024”), the grow is averaging at 5.10% which is higher than the official GDP target of 4.00% to 5.00% for year 2024. The unemployment rate stayed low at 3.30% and real wage growth was positive at 0.80% (down from 0.90% in 1Q2024), supported by policy measures and economic growth.

Despite the recent diesel subsidy removal and service tax reform, the latest inflation reading gives no signs of imminent mounting inflation pressure and averaging at 1.85% for the first 8 months in year 2024. As of August 2024, Malaysia's Inflation and core inflation remained steady at 1.90% (July 2024: 2.00% and 1.90%) respectively. Food and beverage inflation decreased to 1.60%, while non-food inflation rose to 2.10%, driven by a 3.20% increase in housing, utilities, and gas costs.

The Malaysian Ringgit ("MYR") continue to appreciate, gaining 11.80% against US Dollar ("USD") Year-to-date ("YTD") 2024 until September 2024, making it one of the best performing currency in Asia. Foreign investors continue to invest into the Malaysian bond market in year 2024, recording a YTD net purchase of RM18.7 billion (2023: RM23.7 billion), primarily driven by strong domestic economic indicators, strong ringgit performance and the start of interest rate cut cycle in most major economies. Foreign holdings of government bonds (Malaysian Government Securities ("MGS") & Government Investment Issue ("GII")) as at September 2024 stood at 22.60% (December 2024: 22.70%) of the total outstanding.

As a result, the fixed income market in Malaysia registered positive return for the past 12 months with the Refinitiv-Bondstream Pricing Agency Malaysia ("BPAM") Bond Index recorded a total return of 6.04%. The 10-years MGS benchmark yield decreased by 26 bps from 3.97% to 3.71%. Additionally, for the financial year ending 30 September 2024, the issuance of fixed income securities is in line with the previous year, amounting to RM107 billion compared to RM114 billion issued in the twelve months prior.

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

For the financial year under review, the Fund registered a return of 7.07%\* against its benchmark return of 2.70%\*. The Fund thus outperformed its benchmark by 4.37% during the financial year under review. The Fund is working to meet its objective to provide investors with higher than average income returns compared to fixed deposits over the medium to long term. The Net Asset Value per unit of the Fund was RM0.9396 (2023: RM0.9133) as at 30 September 2024.

*\* Source: Lipper Investment Management ("Lipper IM"), 14 October 2024*

## **MARKET OUTLOOK AND STRATEGY GOING FORWARD**

Developed economies experienced stable yet stagnant growth in the 1H2024, supported by easing inflation, steady employment and consumption, despite high interest rates. In the US, growth momentum remained positive during this period. However, challenges such as a cooling labor market, ongoing inflation in service prices, elevated consumer debt levels and rising political uncertainty ahead of the November 2024 elections are expected to impact US economic growth in the latter half of year 2024 and into year 2025.

The new Fed dot plot released in September 2024 shows 2.50 points of total interest rate cuts by year end 2026, including the 50 bps rate cut in September 2024. This would reduce the fed funds rate target range from 5.25% to 5.50% before the cut to 2.75% to 3.00% in year 2026. Market also now assessing the US fiscal outlook post-November election. Concerns are focused on a widening fiscal deficit under Trump presidency and potentially inflationary for the economy due to his tariff proposal. For Malaysia, BNM will likely maintain the OPR at 3.00% for the remainder of year 2024, citing manageable inflation pressures, stable domestic demand, and resilient growth prospects. Growth is expected to continue its momentum for the remaining two quarter of the year driven by expectations of a recovery in external demand and strong domestic spending and continue improvement on domestic labour market. However, Malaysia economy still poised to some key downside risks, including lower-than-expected external recovery demand following the ongoing escalation of the Middle East conflict. With regards to lifting the RON95 price cap, government remain silent on the timeline, although market widely expect this to be done on a very gradual basis.

Going forward, local bond is expected to be well supported buoyed by confidence that Fed will continue to deliver rate cuts in year 2025. Investors who are seeking for higher yield assets will continue to reallocate their portfolios, potentially benefitting Malaysian debt market as funds shift from the developed market to emerging market. For Malaysia's case, expectation of stable inflation rates, unchanged monetary policy and the potential for the ringgit to continue outperform against peers make local bonds appealing to the foreign investors. Sovereign credit ratings with a 'stable' outlook from Standard and Poor ("S&P") and Fitch further boost attractiveness. Furthermore, Malaysia government's emphasis on fiscal consolidation also limits supply risk of government securities with lower estimation on bond supply in year 2025 to align with the year 2024 to year 2026 Medium Term Fiscal Framework.

To navigate these conditions, we prefer shifting towards higher-quality and more liquid assets while closely monitoring credit metrics in the face of prolonged restrictive monetary conditions. Duration wise, we advocate the strategy to adopt slightly overweight position and selectively take profits on credits.

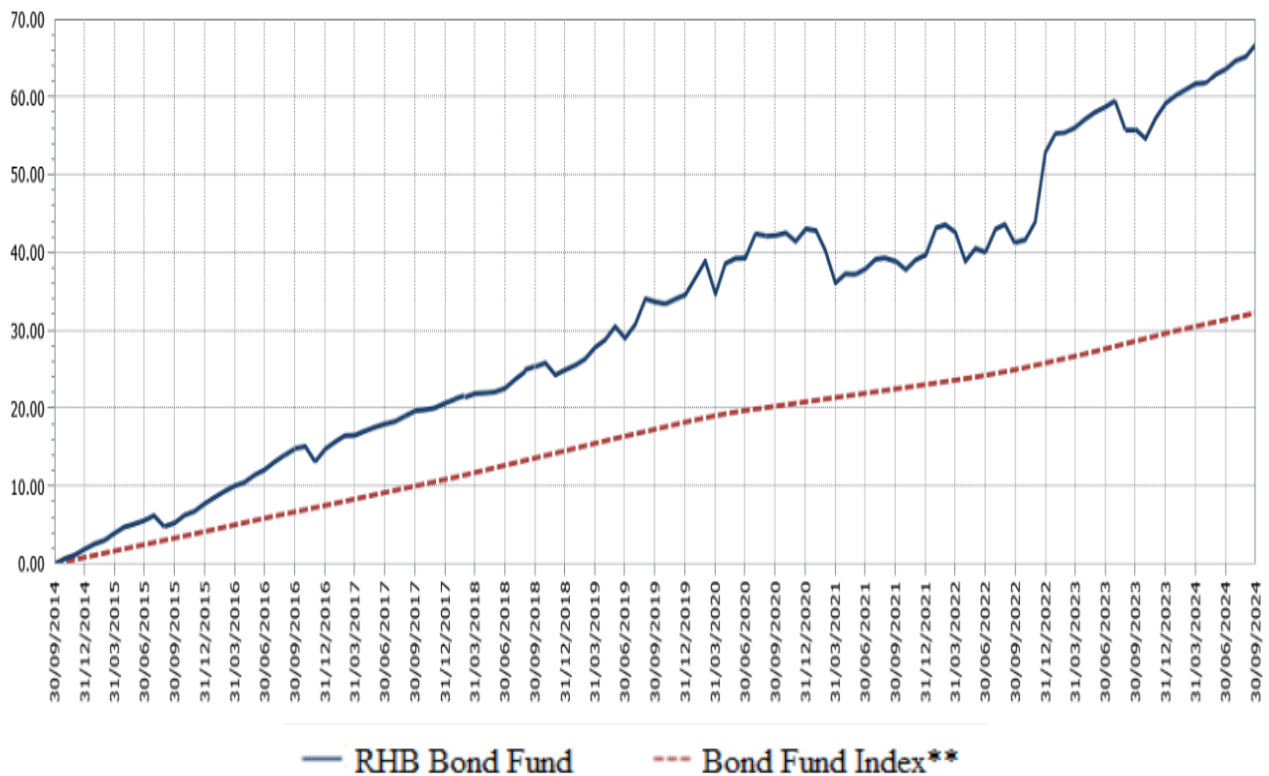
## PERFORMANCE DATA

	<b>Annual Total Returns</b>				
	<b>Financial Year Ended 30 September</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
RHB Bond Fund					
- Capital Return	2.89	5.37	(1.42)	(6.30)	2.29
- Income Return	4.06	4.66	3.13	4.27	4.06
- Total Return	7.07	10.27	1.67	(2.30)	6.44
Bond Fund Index**	2.70	2.92	2.02	1.85	2.53

	<b>Average Annual Returns</b>			
	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
	<b>30.09.2023-</b>	<b>30.09.2021-</b>	<b>30.09.2019-</b>	<b>30.09.2014-</b>
	<b>30.09.2024</b>	<b>30.09.2024</b>	<b>30.09.2024</b>	<b>30.09.2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
RHB Bond Fund	7.07	6.27	4.53	5.24
Bond Fund Index**	2.70	2.55	2.40	2.82

\*\* Effective 30 September 2023, the Fund's composite benchmark (Bond Fund Index) was changed from Malayan Banking Berhad's ("Maybank's") 12 Months Fixed Deposit Rate to RHB Bank Berhad's 12-month fixed deposit rate. The Fund's composite benchmark performance has been adjusted to reflect the new benchmark.

**Performance of RHB Bond Fund  
for the period from 30 September 2014 to 30 September 2024  
Cumulative Return Over The Period (%)**



Source: Lipper IM, 14 October 2024

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since 30 September 2014.

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

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

From 30 September 2013 to 29 September 2023	Malayan Banking Berhad’s (“Maybank’s”) 12 months fixed deposit rate
30 September 2023 onwards	RHB Bank Berhad’s 12-month Deposit rate

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

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



<b>Fund Size</b>	<b>As at 30 September</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Net Asset Value (RM million)*	160.82	131.01	186.36
Units In Circulation (million)	171.16	143.45	215.03
Net Asset Value Per Unit (RM)*	0.9396	0.9133	0.8667

<b>Historical Data</b>	<b>Financial Year Ended 30 September</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Unit Prices</b>			
NAV - Highest (RM)*	0.9669	0.9680	0.9099
- Lowest (RM)*	0.9035	0.8650	0.8622
<b>Unit Split</b>	-	-	-
<b>Others</b>			
Total Expense Ratio (TER) (%) #	1.09	1.09	1.09
Portfolio Turnover Ratio (PTR) (times) ##	1.03	0.65	0.18

\* *The figures quoted are ex-distribution*

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

## The PTR for the financial year was higher compared with previous financial year due to more investment activities for the financial year under review.

<b>Distributions Date</b>	<b>Financial Year Ended 30 September</b>			
	<b>Gross Distributions Per Unit (cent)</b>	<b>Net Distributions Per Unit (cent)</b>	<b>NAV before distributions (cum)</b>	<b>NAV after distributions (ex)</b>
<b><u>2024</u></b>				
26.12.2023	0.5700	0.5700	0.9319	0.9264
25.09.2024	3.2000	3.2000	0.9669	0.9351
	3.7700	3.7700		
<b><u>2023</u></b>				
23.12.2022	1.0500	1.0500	0.9363	0.9261
25.09.2023	3.1800	3.1800	0.9441	0.9125
	4.2300	4.2300		
<b><u>2022</u></b>				
28.09.2022	2.7000	2.7000	0.8921	0.8622

## **DISTRIBUTION**

For the financial year under review, the Fund has declared a total net distribution of 3.7700 sen per unit, which is equivalent to a net distribution yield of 4.01% 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:

	<b>As at 30 September</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
<b>Sectors</b>			
Unquoted fixed income securities	92.75	87.39	99.91
Liquid assets and other net current assets	7.25	12.61	0.09
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocations have been structured to meet the Fund's intended objective.

## **SECURITIES FINANCING TRANSACTIONS**

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

## **CROSS TRADE**

The Fund has not carried out any cross trade transactions for the financial year under review.

## **SOFT COMMISSION**

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

**RHB BOND FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>ASSETS</b>			
Bank balances	5	52,398	52,259
Deposits with licensed financial institutions	5	17,254,959	21,291,635
Investments	6	149,155,040	114,483,279
Amount due from Manager		133,769	-
<b>TOTAL ASSETS</b>		<u>166,596,166</u>	<u>135,827,173</u>
<b>LIABILITIES</b>			
Amount due to Manager		135,948	121,411
Accrued management fee		133,588	111,134
Amount due to Trustee		10,687	8,891
Distribution payable		5,477,336	4,566,618
Other payables and accruals		16,875	13,075
<b>TOTAL LIABILITIES</b>		<u>5,774,434</u>	<u>4,821,129</u>
<b>NET ASSET VALUE</b>		<u>160,821,732</u>	<u>131,006,044</u>
<b>EQUITY</b>			
Unit holders' capital		163,569,109	137,559,332
Accumulated losses		(2,747,377)	(6,553,288)
		<u>160,821,732</u>	<u>131,006,044</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	7	<u>171,164,739</u>	<u>143,445,346</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)</b>		<u>0.9396</u>	<u>0.9133</u>

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

**RHB BOND FUND**  
**STATEMENT OF INCOME AND EXPENSES**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>INCOME</b>			
Interest income from deposits with licensed financial institutions		377,386	426,425
Interest income from unquoted fixed income securities		6,513,541	6,600,145
Net realised gain on disposal		1,130,629	1,184,787
Net unrealised gain on changes in fair value		3,754,866	11,628,856
Other income		-	49,043
		<u>11,776,422</u>	<u>19,889,256</u>
<b>EXPENSES</b>			
Management fee	8	(1,500,437)	(1,570,617)
Trustee's fee	9	(120,035)	(125,649)
Audit fee		(9,275)	(9,275)
Tax agent's fee		(3,800)	(3,800)
Other expenses		(5,681)	(6,449)
		<u>(1,639,228)</u>	<u>(1,715,790)</u>
Net income before taxation		10,137,194	18,173,466
Taxation	10	-	-
Net income after taxation		<u>10,137,194</u>	<u>18,173,466</u>
Net income after taxation is made up of the following:			
Realised amount		6,229,478	6,450,533
Unrealised amount		3,907,716	11,722,933
		<u>10,137,194</u>	<u>18,173,466</u>

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

**RHB BOND FUND**  
**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024**

	<b><u>Unit holders’ capital</u></b> RM	<b><u>Accumulated losses</u></b> RM	<b><u>Total net asset value</u></b> RM
Balance as at 1 October 2022	204,487,735	(18,123,621)	186,364,114
Movement in net asset value:			
Net income after taxation	-	18,173,466	18,173,466
Creation of units arising from distributions	7,617,342	-	7,617,342
Creation of units arising from applications	59,990,848	-	59,990,848
Cancellation of units	(134,536,593)	-	(134,536,593)
Distributions (Note 11)	-	(6,603,133)	(6,603,133)
Balance as at 30 September 2023	<u>137,559,332</u>	<u>(6,553,288)</u>	<u>131,006,044</u>
Balance as at 1 October 2023	137,559,332	(6,553,288)	131,006,044
Movement in net asset value:			
Net income after taxation	-	10,137,194	10,137,194
Creation of units arising from distributions	5,373,376	-	5,373,376
Creation of units arising from applications	56,788,475	-	56,788,475
Cancellation of units	(36,152,074)	-	(36,152,074)
Distributions (Note 11)	-	(6,331,283)	(6,331,283)
Balance as at 30 September 2024	<u>163,569,109</u>	<u>(2,747,377)</u>	<u>160,821,732</u>

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

**RHB BOND FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from redemption of investments		12,000,000	9,079,772
Proceeds from sale of investments		129,100,987	138,936,748
Purchase of investments		(170,475,791)	(64,874,800)
Interest received from deposits with licensed financial institutions		377,386	426,425
Interest received from unquoted fixed income securities		6,102,079	7,987,774
Other income received		-	49,043
Management fee paid		(1,477,983)	(1,624,765)
Trustee's fee paid		(118,239)	(129,980)
Payment for other fees and expenses		(14,956)	(23,324)
Net cash (used in)/generated from operating activities		<u>(24,506,517)</u>	<u>89,826,893</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		56,654,706	60,015,051
Cash paid for units cancelled		(36,137,537)	(134,565,277)
Cash paid for income distributions		(47,189)	(228,923)
Net cash generated from/(used in) financing activities		<u>20,469,980</u>	<u>(74,779,149)</u>
Net (decrease)/increase in cash and cash equivalents		(4,036,537)	15,047,744
Cash and cash equivalents at the beginning of the financial year		<u>21,343,894</u>	<u>6,296,150</u>
Cash and cash equivalents at the end of the financial year	5	<u>17,307,357</u>	<u>21,343,894</u>

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

**RHB BOND FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024**

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

The RHB Bond Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master deed (conventional funds) dated 12 June 2008 as amended via its supplemental master deed (conventional funds) dated 25 August 2008, second supplemental master deed (conventional funds) dated 12 December 2008, third supplemental master deed (conventional funds) dated 19 June 2009, fifth supplemental master deed (conventional funds) dated 26 April 2010, sixth supplemental master deed (conventional funds) dated 28 June 2010, ninth supplemental master deed (conventional funds) dated 7 March 2012, tenth supplemental master deed (conventional funds) dated 13 April 2012, fifteenth supplemental master deed (conventional funds) dated 30 April 2013, sixteenth supplemental master deed (conventional funds) dated 24 September 2013, seventeenth supplemental master deed (conventional funds) dated 2 March 2015, eighteenth supplemental master deed (conventional funds) dated 20 May 2015, nineteenth supplemental master deed (conventional funds) dated 3 August 2015 and twentieth supplemental master deed (conventional funds) dated 14 July 2022 (collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund was launched on 10 October 1997 and will continue its operations until terminated according to the conditions provided in the Deeds. The principal activity of the Fund is to invest in Permitted Investments as defined in the Deeds, which comprises fixed income securities, derivatives, all types of collective investment schemes and any other form of investments as may be approved by the relevant authorities from time to time.

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 higher than average income returns compared to fixed deposits over the medium to long term through investments in bonds and other fixed income securities with minimum risk to capital invested.

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

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 25 November 2024.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION**

### **2.1 Basis of preparation of the financial statements**

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

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

#### **(a) Standards and amendments to existing standards effective 1 October 2023**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 October 2023 that have a material effect on the financial statements of 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 October 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 October 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 October 2024.

The amendment shall be applied retrospectively.

### **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.

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

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

#### Classification (continued)

The Fund classifies cash and cash equivalents and amount due from Manager 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 gains or losses on investments 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.

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.

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

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

#### Recognition and measurement (continued)

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

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

#### Impairment of financial assets

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

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

### **2.3 Financial liabilities**

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

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

The Fund's financial liabilities which include amount due to Manager, accrued management fee, amount due to Trustee, distribution payable, 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.

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

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

- the units entitle the holder to a proportionate share of the Fund's net 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 unit holders exercise the right to put the units back to the Fund.

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

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

### **2.5 Income recognition**

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

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

Realised gain or loss on sale of unquoted fixed income securities are measured by the difference between the net disposal proceeds and the carrying amounts 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 short term deposits with licensed financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

### **2.8 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 financial 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 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.

#### 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 (other than those arising from interest rate risk).

The Fund is exposed to price risk arising from interest rate risk in relation to its investments of RM149,155,040 (2023: RM114,483,279) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate risk and the related sensitivity analysis are disclosed in "Interest rate risk" below.

#### Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income security till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. 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 bond portfolio management depends on forecasting interest rate movements. Bonds with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that fixed income securities (such as the bonds held by the Fund) and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

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

#### Interest rate risk (continued)

The table below summarises the sensitivity of the Fund's profit after taxation and net asset value as at reporting date to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 1% with all other variables held constant.

<u>% Change in interest rate</u>	<b>Impact on profit after taxation and net asset value</b>	
	<u>2024</u> RM	<u>2023</u> RM
+ 1%	(408,059)	(420,194)
- 1%	411,228	422,575

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 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 short term deposits with reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

### 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>Cash and cash equivalents</u> RM	<u>Amount due from Manager</u> RM	<u>Total</u> RM
<b><u>2024</u></b>				
AAA	1,551,757	17,307,357	-	18,859,114
AAA (S)	6,907,584	-	-	6,907,584
AAA IS	1,014,982	-	-	1,014,982
AAA (BG)	2,387,478	-	-	2,387,478
AA1	12,805,792	-	-	12,805,792
AA1 (S)	7,753,542	-	-	7,753,542
AA3	13,445,211	-	-	13,445,211
AA- IS	14,076,753	-	-	14,076,753
A1	25,225,572	-	-	25,225,572
A+ IS	1,030,187	-	-	1,030,187
A2	5,026,243	-	-	5,026,243
A2 (S)	2,053,708	-	-	2,053,708
A IS (CG)	4,001,271	-	-	4,001,271
A3	2,615,655	-	-	2,615,655
A- IS	18,158,365	-	-	18,158,365
BBB1	9,940,268	-	-	9,940,268
BBB IS	3,554,782	-	-	3,554,782
Non-rated	17,605,889	-	-	17,605,889
Other	-	-	133,769	133,769
	<u>149,155,040</u>	<u>17,307,357</u>	<u>133,769</u>	<u>166,596,166</u>



### 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: (continued)

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<b><u>2023</u></b>			
AAA	12,251,262	21,343,894	33,595,156
AAA IS	10,477,852	-	10,477,852
AAA (S)	4,167,104	-	4,167,104
AAA (BG)	2,345,653	-	2,345,653
AA1	7,162,874	-	7,162,874
AA3	4,945,432	-	4,945,432
AA-	4,041,578	-	4,041,578
AA- IS	1,071,207	-	1,071,207
A1	6,816,556	-	6,816,556
A2	11,464,097	-	11,464,097
A+ IS	11,295,361	-	11,295,361
A IS	17,058,524	-	17,058,524
BBB IS	3,507,098	-	3,507,098
Non-rated	17,878,680	-	17,878,680
	114,483,279	21,343,894	135,827,173

#### Liquidity risk

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

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

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

#### Liquidity risk (continued)

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

	<b>Less than <u>1 month</u> RM</b>	<b>Between <u>1 month</u> to 1 year RM</b>
<b><u>2024</u></b>		
Amount due to Manager	135,948	-
Accrued management fee	133,588	-
Amount due to Trustee	10,687	-
Distribution payable	5,477,336	-
Other payables and accruals	-	16,875
	<u>5,757,559</u>	<u>16,875</u>
<b><u>2023</u></b>		
Amount due to Manager	121,411	-
Accrued management fee	111,134	-
Amount due to Trustee	8,891	-
Distribution payable	4,566,618	-
Other payables and accruals	-	13,075
	<u>4,808,054</u>	<u>13,075</u>

#### Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM163,569,109 (2023: RM137,559,332) and accumulated losses of RM2,747,377 (2023: RM6,553,288). 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
<b><u>2024</u></b>				
<b>Financial assets at FVTPL</b>				
- Unquoted fixed income securities		- 149,155,040	- 149,155,040	
		<hr/>	<hr/>	
<b><u>2023</u></b>				
<b>Financial assets at FVTPL</b>				
- Unquoted fixed income securities		- 114,483,279	- 114,483,279	
		<hr/>	<hr/>	

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 include 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	52,398	52,259
Deposits with licensed financial institutions	17,254,959	21,291,635
	<u>17,307,357</u>	<u>21,343,894</u>

## 6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Unquoted fixed income securities	<u>149,155,040</u>	<u>114,483,279</u>

Investments as at 30 September 2024 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES</b>					
5.600% Alpha Circle Sdn Bhd IMTN 18/11/2022	C*	630,700	644,253	-	-
5.700% Alpha Circle Sdn Bhd IMTN 18/11/2022	C*	2,800,000	2,800,000	-	-
5.600% Alpha Circle Sdn Bhd IMTN 18/11/2022	C*	221,200	221,200	-	-
4.100% Aeon Credit Senior Sukuk 22/08/2030	AA3	2,000,000	2,017,180	2,018,586	1.26
4.100% Affin Bank MTN4 Senior 08/05/2029	AA3	1,000,000	1,016,400	1,022,290	0.64

## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES</b>					
5.100% Affin Islamic Bank Berhad AT1 Sukuk Wakalah 10/10/2028	A3	2,500,000	2,560,580	2,615,655	1.63
4.650% Alliance Bank (Tranche 005) 08/11/2117	BBB1	5,000,000	5,008,281	4,975,381	3.09
4.850% Alliance Bank (Tranche 006) 08/11/2117	BBB1	5,000,000	5,008,637	4,964,887	3.09
4.050% Alliance Bank MTN 26/10/2035	A2	5,000,000	4,954,758	5,026,242	3.13
4.550% Ambank MTN TIER 2 03/11/2033	AA3	2,000,000	2,072,890	2,080,647	1.29
5.430% Aquasar IMTN 18/07/2029	AAA (S)	3,000,000	3,273,374	3,248,873	2.02
3.920% Cagamas IMTN 17/07/2029	AAA IS	1,000,000	1,008,162	1,014,982	0.62
4.000% CIMB Group Holdings Berhad (Tranche 6) 25/05/2116	A1	2,000,000	2,026,082	1,987,162	1.24
3.420% Danum Capital Berhad IMTN (Tranche 5) 21/02/2035	AAA (S)	1,000,000	1,003,842	959,172	0.60
4.150% Dialog Perpetual Sukuk Wakalah (Tranche 1) 16/11/2027	A1	5,000,000	5,078,452	5,053,501	3.14
5.080% DRB-HICOM Berhad IMTN 30/08/2030	AA- IS	6,500,000	6,545,782	6,866,315	4.27

## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>					
6.250% EKVE Sdn Bhd IMTN 29/01/2036	AAA (BG)	2,000,000	2,206,868	2,387,478	1.48
5.150% GENM Capital MTN 31/05/2034	AA1 (S)	2,500,000	2,543,387	2,611,612	1.62
4.860% Genting Capital Berhad 08/06/2027	AA1 (S)	5,000,000	5,139,439	5,141,930	3.20
4.193% GII Murabahah 1/2022 07/10/2032	Non- rated	3,000,000	3,150,026	3,150,222	1.96
4.280% GII Murabahah 1/2024 23/03/2054	Non- rated	1,900,000	1,925,768	1,928,407	1.20
3.804% GII Murabahah 2/2024 08/10/2031	Non- rated	2,500,000	2,556,620	2,563,481	1.59
5.730% IJM Land Perpetual Sukuk Musharakah	A2 (S)	2,000,000	2,053,198	2,053,708	1.28
4.720% Johor Corporation IMTN 11/06/2027	AAA	1,500,000	1,548,687	1,551,757	0.96
5.300% LESB IMTN (Series 18) 16/07/2038	AA- IS	2,000,000	2,022,362	2,052,142	1.28
4.240% Malayan Cement 03/07/2029	AA3	1,500,000	1,519,469	1,531,117	0.95
5.500% MEX I Capital Sdn Bhd IMTN 21/01/2037	A1**	1,053,176	903,516	1,210,150	0.75
5.500% MEX I Capital Sdn Bhd IMTN 21/01/2038	A1**	2,769,231	2,370,574	3,212,775	2.00
5.500% MEX I Capital Sdn Bhd IMTN 21/01/2039	A1**	2,657,057	2,089,470	3,115,051	1.94

## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>					
5.000% MEX I Capital Sdn Bhd IMTN 23/01/2040	A1**	2,630,879	2,046,733	3,123,428	1.94
5.000% MEX I Capital Sdn Bhd IMTN 22/01/2029	A1**	513,078	513,349	544,093	0.34
5.000% MEX I Capital Sdn Bhd IMTN 21/01/2030	A1**	1,230,275	1,229,968	1,312,369	0.82
6.000% MEX II Capital Sdn Bhd IMTN 29/04/2030	D***	1,800,000	1,743,752	-	-
6.300% MEX II Capital Sdn Bhd IMTN 29/04/2033	D***	1,500,000	1,678,130	-	-
4.642% Malaysian Government Securities 07/11/2033	Non-rated	5,000,000	5,549,595	5,430,064	3.38
4.921% Malaysian Government Securities 06/07/2048	Non-rated	4,000,000	4,805,339	4,533,715	2.82
5.700% MMC Corporation IMTN 24/03/2028	AA- IS	1,000,000	1,056,250	1,060,001	0.66
4.460% MNRB Holdings IMTN (Series 2) 22/03/2034	A1	3,000,000	3,009,787	3,063,383	1.90
4.660% MRCB20PERP IMTN 16/10/2026	AA- IS	2,000,000	2,052,054	2,060,927	1.28
5.190% MRCB20PERP IMTN Issue 5-9 27/02/2026	AA- IS	2,000,000	2,031,786	2,037,369	1.27



## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>					
6.350% Muamalat AT1 Sukuk Wakalah 29/09/2122	BBB IS	3,500,000	3,501,827	3,554,782	2.21
6.050% Pujian Bayu MTN (Tranche 1) 31/07/2029	AA3	1,500,000	1,628,876	1,635,970	1.02
5.000% Rantau IMTN (Tranche 10) 16/01/2032	AAA S	2,500,000	2,698,706	2,699,540	1.68
5.500% Sabahdev MTN (Issue No. 201) 27/02/2026	AA1	5,000,000	5,083,048	5,112,549	3.18
5.500% Sabahdev MTN (Issue No. 204) 24/04/2026	AA1	1,000,000	1,036,278	1,043,870	0.65
4.400% Sabahdev MTN (Series 1 Tranche 9) 24/04/2026	AA1	2,000,000	2,044,608	2,045,135	1.27
4.700% SLAM IMTN (Tranche 5) 17/10/2033	A1	2,500,000	2,553,760	2,603,660	1.62
4.830% Solar Management (Seremban) Sdn Bhd IMTN 21/10/2033	AA3	2,000,000	2,069,152	2,046,895	1.27
5.130% Solar Management (Seremban) Sdn Bhd IMTN 21/10/2036	AA3	2,999,999	3,116,726	3,109,706	1.93
3.950% TG Excellence Sukuk Wakalah (Tranche 1) 27/02/2120	A IS (CG)	4,000,000	3,996,649	4,001,271	2.49

## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>					
5.650% WCT Holdings Berhad IMTN 20/04/2026	A+ IS	1,000,000	1,028,007	1,030,187	0.64
6.000% WCT Holdings Berhad IMTN (Series 1 Tranche 2) 28/09/2026	A- IS	15,000,000	15,029,754	15,067,913	9.37
7.500% Yinson Holdings Berhad IMTN 02/11/2122	A- IS	3,000,000	3,013,562	3,090,452	1.91
4.550% YTL Corporation Berhad MTN 27/09/2035	AA1	2,000,000	2,022,562	2,070,297	1.29
4.195% YTL Power Corporation Berhad MTN 26/08/2039	AA1	2,000,000	2,009,401	2,010,635	1.25
4.990% YTL Power International Berhad 24/08/2028	AA1	500,000	516,290	523,306	0.33
<b>TOTAL INVESTMENTS</b>			<b>152,335,206</b>	<b>149,155,040</b>	<b>92.75</b>

## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES</b>					
5.600% Alpha Circle Sdn Bhd IMTN 18/11/2022	C*	851,900	865,453	-	-
5.700% Alpha Circle Sdn Bhd IMTN 18/11/2022	C*	2,800,000	2,800,000	-	-
5.430% Aquasar IMTN 18/07/2029	AAA (S)	3,000,000	3,318,568	3,237,773	2.47
4.000% CIMB Group Holdings Berhad (Tranche 6) 25/05/2116	A1	2,000,000	2,025,644	1,876,304	1.43
3.420% Danum Capital Berhad IMTN (Tranche 5) 21/02/2035	AAA (S)	1,000,000	1,003,842	929,332	0.71
4.150% Dialog Perpetual Sukuk Wakalah (Tranche 1) 16/11/2027	A1	5,000,000	5,078,452	4,940,252	3.77
5.080% DRB-HICOM Berhad IMTN 30/08/2030	A+ IS	11,500,000	11,587,646	11,295,361	8.62
6.250% EKVE Sdn Bhd IMTN 29/01/2036	AAA (BG)	2,000,000	2,217,990	2,345,653	1.79
4.417% GII Murabahah 2/2021 30/09/2041	Non-rated	10,000,000	10,560,291	10,373,457	7.92
6.230% LDF3 IMTN 21/08/2037	AA- IS	1,000,000	1,023,443	1,071,207	0.82
5.300% LESB IMTN (Series 18) 16/07/2038	AA-	2,000,000	2,022,071	1,955,271	1.49
3.885% Malaysian Government Securities 2/2019 15/08/2029	Non-rated	500,000	539,570	502,331	0.38

## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>					
5.000% MEX I Capital Sdn Bhd IMTN 21/01/2037	A2**	1,053,175	894,750	1,108,312	0.85
5.000% MEX I Capital Sdn Bhd IMTN 21/01/2038	A2**	2,769,231	2,349,520	2,925,562	2.23
5.000% MEX I Capital Sdn Bhd IMTN 21/01/2039	A2**	2,657,057	2,065,570	2,819,279	2.15
5.000% MEX I Capital Sdn Bhd IMTN 23/01/2040	A2**	2,630,879	2,024,685	2,798,947	2.14
5.000% MEX I Capital Sdn Bhd IMTN 22/01/2029	A2**	513,078	511,891	533,295	0.41
5.000% MEX I Capital Sdn Bhd IMTN 21/01/2030	A2**	1,230,275	1,226,841	1,278,702	0.98
6.000% MEX II Capital Sdn Bhd IMTN 29/04/2030	D***	1,800,000	1,743,752	-	-
6.300% MEX II Capital Sdn Bhd IMTN 29/04/2033	D***	1,500,000	1,678,130	-	-
4.642% Malaysian Government Securities 07/11/2033	Non-rated	2,500,000	2,882,401	2,683,857	2.05
4.921% Malaysian Government Securities 06/07/2048	Non-rated	4,000,000	4,825,262	4,319,035	3.30
5.700% MMC Corporation IMTN 24/03/2028	AA-	1,000,000	1,070,873	1,049,651	0.80

## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>					
6.350% Muamalat AT1 Sukuk Wakalah 29/09/2122	BBB IS	3,500,000	3,501,218	3,507,098	2.68
4.830% Solar Management (Seremban) Sdn Bhd IMTN 21/10/2033	AA3	2,000,000	2,070,654	1,973,581	1.51
5.130% Solar Management (Seremban) Sdn Bhd IMTN 21/10/2036	AA3	3,000,000	3,118,347	2,971,851	2.27
4.190% Sarawak Energy 07/04/30	AAA	5,000,000	5,051,084	5,077,434	3.87
3.550% Tenaga Nasional Berhad IMTN 10/08/2040	AAA	8,000,000	7,552,082	7,173,828	5.48
TNB Power Generation Sdn Bhd IMTN 4.840% 27/03/2043	AAA IS	10,000,000	10,576,020	10,477,852	8.00
5.650% WCT Holdings Berhad IMTN 20/04/2026	AA-	1,000,000	1,030,100	1,036,656	0.79
5.800% WCT Holdings Berhad IMTN (Series 1 Tranche 1) 27/09/2119	A IS	2,000,000	2,001,271	2,010,711	1.53
6.000% WCT Holdings Berhad IMTN (Series 1 Tranche 2) 27/09/2119	A IS	15,000,000	15,038,971	15,047,813	11.49

## 6. INVESTMENTS (CONTINUED)

Investments as at 30 September 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> RM
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>					
4.550% YTL Corporation Berhad MTN 27/09/2035	AA1	2,000,000	2,002,785	2,002,817	1.53
4.600% YTL Corporation Berhad MTN 23/06/2034	AA1	3,000,000	3,054,268	3,060,254	2.33
5.050% YTL Power International Berhad 03/05/2027	AA1	2,000,000	2,104,866	2,099,803	1.60
<b>TOTAL INVESTMENTS</b>			<b>121,418,311</b>	<b>114,483,279</b>	<b>87.39</b>

## 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.

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.

## 6. INVESTMENTS (CONTINUED)

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

Sukukholders passed resolutions to extend the maturity of the Senior Sukuk to 31 December 2023 and the Junior Sukuk to 31 March 2024 given uncertainties surrounding the concession. On 8 August 2023, Sukukholders were notified that KDN has decided not to grant an extension of the concession via a letter dated 3 August 2023. Without the extension of the concession, there will be no future cash inflows from the concession.

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

The JM had provided a Statement of Proposal (“SOP”) to all creditors of NERS on 10 November 2023 for voting during a Creditors’ Meeting on 1 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 March 2024 and the R&M was to be formally appointed on 8 Apr 2024 to take over the recovery process from the JM. On 8 April 2024, Sukukholders were notified that S5 (now known as Ultiotech Sdn Bhd), has commenced action against NERS, where it is seeking for NERS to be placed under JM (“JM Application”). In light of this, the Trustee had put on hold the enforcement of the security furnished by NERS, including the appointment of the R&M.

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



## 6. INVESTMENTS (CONTINUED)

### \*\* MEX I Capital Berhad (“MEX I Capital”) (formerly known as Bright Focus Berhad) 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.

## 6. INVESTMENTS (CONTINUED)

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

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

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

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

On 24 August 2021, Sukukholders voted to approve the deferment of Sukuk obligations falling due on 27 August 2021 and 29 October 2021 to 31 December 2021 to buy more time for the proposed restructuring. On 3 January 2022, the Trustee formally declared an Event of Default when MEX II failed to remit the deferred amount on due date of 31 December 2021 upon which the Dissolution Amount of RM1,378,113,337.59 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.

## 6. INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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

## 7. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At the beginning of the financial year	143,445,346	215,029,913
Creation of units during the financial year:		
Arising from distributions	5,898,393	8,621,433
Arising from applications	60,421,000	62,585,000
Cancellation of units during the financial year		
year	<u>(38,600,000)</u>	<u>(142,791,000)</u>
At the end of the financial year	<u>171,164,739</u>	<u>143,445,346</u>

## 8. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.00% (2023: 1.00%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

## 9. TRUSTEE'S FEE

In accordance with the Prospectus, the Trustee's fee provided in the financial statements is 0.08% (2023: 0.08%) 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	<u>-</u>	<u>-</u>

## 10. TAXATION (CONTINUED)

### (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>10,137,194</u>	<u>18,173,466</u>
Tax calculated at a statutory income tax rate of 24%	2,432,927	4,361,632
Tax effects of:		
- Investment income not subject to tax	(2,826,342)	(4,773,421)
- Expenses not deductible for tax purposes	30,085	32,001
- Restriction on tax deductible expenses	<u>363,330</u>	<u>379,788</u>
Tax expense	<u>-</u>	<u>-</u>

## 11. DISTRIBUTIONS

Distribution to unit holders are from the following sources:

	<u>2024</u> RM	<u>2023</u> RM
Previous financial year's realised income	-	1,864,152
Interest income from deposits with licensed financial institutions	369,032	408,700
Interest income from unquoted fixed income securities	5,188,154	5,801,081
Net realised gain on disposal	<u>1,130,629</u>	<u>148,041</u>
	6,687,815	8,221,974
Less: Expenses	<u>(356,532)</u>	<u>(1,618,841)</u>
Net distribution amount	<u>6,331,283</u>	<u>6,603,133</u>

## 11. DISTRIBUTIONS (CONTINUED)

<u>Distributions dates</u>	<u>Gross/net sen per unit</u>	<u>Gross/net sen per unit</u>
25 September 2024/25 September 2023	3.2000	3.1800
26 December 2023/23 December 2022	0.5700	1.0500

Included in the above distribution was an amount of RM1,864,152 derived from previous financial year's realised income for financial year ended 30 September 2023.

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

	<u>2024</u> %	<u>2023</u> %
TER	1.09	1.09

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)	1.03	0.65

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

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

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

	<u>2024</u>		<u>2023</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	5,447	5,118	5,609	5,123
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>15,138,773</u>	<u>14,224,391</u>	<u>14,514,893</u>	<u>13,256,452</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 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 30 September 2024 are as follows:

<b><u>Brokers/Financial institutions</u></b>	<b><u>Value of trades</u></b> RM	<b><u>Percentage of total trades</u></b> %	<b><u>Brokerage fees</u></b> RM	<b><u>Percentage of total brokerage fees</u></b> %
CIMB Bank Berhad	95,990,597	32.05	-	-
RHB Investment Bank Berhad*	79,663,900	26.60	-	-
United Overseas Bank (M) Berhad	35,301,600	11.79	-	-
Bank of America Merrill Lynch	30,578,000	10.21	-	-
Hong Leong Bank Berhad	13,118,800	4.38	-	-
Malayan Banking Berhad	10,653,700	3.56	-	-
Affin Hwang Investment Bank Berhad	8,606,750	2.87	-	-
Hong Leong Investment Bank Berhad	8,089,000	2.70	-	-
CIMB Islamic Bank Berhad	5,455,869	1.82	-	-
Bank Islam Malaysia Berhad	3,500,000	1.18	-	-
Others	8,516,075	2.84	-	-
	<u>299,474,291</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 30 September 2023 are as follows:

<b><u>Brokers/Financial institutions</u></b>	<b><u>Value of trades</u> RM</b>	<b><u>Percentage of total trades</u> %</b>	<b><u>Brokerage fees</u> RM</b>	<b><u>Percentage of total brokerage fees</u> %</b>
Hong Leong Bank Berhad	110,466,600	56.63	-	-
RHB Investment Bank Berhad*	49,207,650	25.22	-	-
Hong Leong Islamic Bank Berhad	14,009,000	7.18	-	-
Bank Islam Malaysia Berhad	6,603,200	3.39	-	-
CIMB Bank Berhad	5,501,800	2.82	-	-
Affin Hwang Investment Bank Berhad	5,284,500	2.71	-	-
Malayan Banking Berhad	4,006,400	2.05	-	-
	<u>195,079,150</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

\* Included in the transactions by the Fund are trades with RHB Bank Berhad, the ultimate holding company of the Manager and RHB Investment Bank Berhad, the holding company of the Manager. 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.

## 16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2024</u> RM	<u>2023</u> RM
<b>Financial assets</b>		
Financial assets at FVTPL		
• Unquoted fixed income securities	<u>149,155,040</u>	<u>114,483,279</u>
Financial assets at amortised cost		
• Bank balances	52,398	52,259
• Deposits with licensed financial institutions	17,254,959	21,291,635
• Amount due from Manager	<u>133,769</u>	<u>-</u>
	<u>17,441,126</u>	<u>21,343,894</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
• Amount due to Manager	135,948	121,411
• Accrued management fee	133,588	111,134
• Amount due to Trustee	10,687	8,891
• Distribution payable	5,477,336	4,566,618
• Other payables and accruals	<u>16,875</u>	<u>13,075</u>
	<u>5,774,434</u>	<u>4,821,129</u>

**STATEMENT BY MANAGER  
RHB BOND FUND**

We, Dato' Darawati Hussain 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 30 September 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

Ng Chze How  
Director

25 November 2024

## TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 30 September 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 distributions of income by the Fund are appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
25 November 2024

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB BOND FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of RHB Bond Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 September 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 30 September 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 material accounting policy information, as set out on pages 10 to 49.

### 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 BOND 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 BOND 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 BOND 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  
25 November 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*)

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*)

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

### 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**

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

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

<b>TRUSTEE</b>	HSBC (Malaysia) Trustee Berhad
<b>BANKER</b>	RHB Bank Berhad
<b>AUDITORS</b>	PricewaterhouseCoopers PLT
<b>TAX ADVISER</b>	PricewaterhouseCoopers Taxation Services Sdn Bhd
<b>DISTRIBUTORS</b>	RHB Asset Management Sdn Bhd RHB Bank Berhad RHB Investment Bank Berhad AmInvestment Bank Berhad Areca Capital Sdn Bhd CIMB Bank Berhad CIMB Private Banking Genexus Advisory Sdn Bhd HSBC Bank Malaysia Berhad iFAST Capital Sdn Bhd Kenanga Investors Berhad OCBC Bank Malaysia Berhad Phillip Mutual Berhad Standard Chartered Bank Malaysia Berhad Standard Financial Adviser Sdn Bhd UOB Kay Hian Securities (M) Sdn Bhd United Overseas Bank Malaysia Berhad

**RHB**  **Asset Management**

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