

RHB DYNAMIC FUND

ANNUAL REPORT 2024

For the financial year ended 31 December 2024

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB Dynamic Fund
Fund Category	-	Equity Fund
Fund Type	-	Growth and Income

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to provide investors with regular income and capital gain at an acceptable level of risk by investing primarily in Malaysian public listed companies with steady and good growth potential.

Strategy

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

- Minimum of 50% and up to 95% of Net Asset Value (“NAV”) will be invested in equities.
- Minimum of 5% of NAV will be invested in fixed income securities and/or 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 seeks regular income and capital gain. To pursue this goal, the Fund invests primarily in Malaysian public listed companies with steady income and good growth potential. In analyzing companies, the Manager looks for businesses that demonstrate leadership in their respective sector with strong growth potential coupled with consistent dividend policy.

The Manager uses fundamental valuation parameters, focusing on several key numbers with respect to the company’s historical price levels and relative value to its peer universe. These numbers include price and earnings multiple of the company, earnings growth rates, relative price earnings to growth, dividend yield, cashflow, balance sheet strength, quality of management, return on assets and return on investments, among others. Quarterly earnings expectations and results are carefully followed. Subject to the range stipulated above, the Fund’s asset allocation and stock selection could differ if key macro and micro factors materially changes.

In addition to those described above, the Fund may invest in fixed income securities to preserve the value[#] of the Fund.

The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse economic, political or any other market conditions. In such circumstances, the Manager may reallocate up to 100% of the Fund's equity investments into other asset classes such as fixed income securities, money market instruments and Deposits, which are defensive in nature.

Note: [#]Although the Fund aims to preserve its value, the Fund is not a capital guaranteed fund or a capital protected fund.

Performance Benchmark

FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI").

Permitted Investments

The Fund may invest in securities of companies listed on Bursa Malaysia; 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 the issuer; financial derivatives; collective investment schemes; structured products and warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market; Malaysian government securities, cagamas bonds, Bank Negara Malaysia certificates, Malaysian treasury bills, bankers' acceptance and Government Investment Issue (GII); Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies and Bank Islam Malaysia Berhad including negotiable certificates of deposit, banker's acceptances and placements of money at call with discount houses; foreign investments traded in or under the rules of a foreign market approved by Securities Commission; unlisted fixed income securities; liquid assets (money market instruments and Deposits); and any other investments permitted by the Securities Commission from time to time.

Distribution Policy

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

MANAGER’S REPORT

MARKET REVIEW

Going into year 2024, Financial Times Stock Exchange (“FTSE”) Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) increased by 4.01% month-on-month (“MoM”) to 1512.98 points (“pts”) in January 2024 possibly due to better sentiment from the Memorandum of Understanding (“MOU”) signing for the Johor-Singapore Special Economic Zone (“JS-SEZ”), and the decision by Bank Negara Malaysia (“BNM”) to maintain the Overnight Policy Rate (“OPR”) rate at 3.00%. The FBMKLCI (“KLCI”) increased by 2.54% MoM to 1551.44 pts in February 2024 possibly attributed to strong foreign buying interests, better recent fourth quarter of year 2023 (“4Q2023”) earnings season and positive sentiment on structural economic reforms. In the following month, the FBMKLCI decreased by 0.99% MoM to 1536.07 pts, possibly attributed to profit taking after five consecutive months of gains. BNM, as expected, has decided to keep its OPR unchanged at 3.00%. The FBMKLCI increased by 2.60% MoM to 1575.97 pts in April 2024 supported by some sectors like the utilities, healthcare and industrials, despite the geopolitical tensions. The FBMKLCI increased by 1.31% MoM to 1596.68 pts in May 2024 supported by some sectors like the technology, construction and property sectors. BNM kept the OPR at 3.00%, and Prime Minister Anwar Ibrahim announced the largest-ever increase in civil servants’ remuneration, exceeding 13.00%, to take effect from 1 December 2024, and the Malaysia’s National Semiconductor Strategy was launched on 28 May 2024. Externally, the United States (“US”) has made a decision to impose higher tariffs rate on Chinese semiconductors from 25.00% to 50.00% in year 2025. The FBMKLCI decreased by 0.41% MoM to 1590.09 pts in June 2024 possibly due to profit taking. Market participants will closely monitor the impact arising from the floating of diesel prices in Peninsular Malaysia and the targeted diesel subsidy plans via fleet card on corporate earnings.

The FBMKLCI increased by 2.23% MoM to 1625.57 pts in July 2024 possibly due increased interest from foreign investors. On 11 July 2024, BNM maintained the benchmark interest rate unchanged at 3.00%, as widely expected, amid resilient economic growth and manageable inflation. The FBMKLCI increased by 3.27% MoM to 1678.80 pts in August 2024 possibly due to increase in interest from foreign investors, mainly in the banking sectors. BNM reported that the country's economy grew by 5.90% in second quarter of year 2024 (“2Q2024”), up from a 4.20% expansion in first quarter of year 2024 (“1Q2024”). The FBMKLCI declined by 1.78% MoM to 1648.91 pts in September 2024 possibly due to profit-taking set in after the strong run-up in the past two months and investors turned their focus to China equities after China’s central bank implemented a range of broad stimulus measures. On 5 September 2024, BNM maintained the OPR at 3.00%, citing sustained economic growth and low inflation.

The FBMKLCI declined by 2.85% MoM to 1601.88 pts in October 2024 possibly due to profit taking in the market, driven by concerns over geo-political tensions, negligible impact to corporate earnings from the recent Budget announcement, and the upcoming US presidential election on 5 November 2024. Key events to monitor include BNM's Monetary Policy Committee meeting on 5 to 6 November 2024 for a monetary policy decision, the release of Malaysia's third quarter of year 2024 ("3Q2024") Gross domestic product ("GDP") data on 15 November 2024, and the release of Malaysia's monthly Industrial Production Index ("IPI") and Consumer Price Index ("CPI") data, scheduled for 8 and 22 of November 2024, respectively. Additionally, the US Federal Reserves ("Fed")'s Federal Open Market Committee ("FOMC") will hold its meeting on 6 to 7 November 2024. The FBMKLCI declined by 0.47% MoM to 1594.29 pts in November 2024 possibly due to profit taking in the market, driven by concerns over geo-political tensions, escalation of global trade tensions from US tariff threats and underwhelming 3Q2024 result season. The FBMKLCI increased by 3.01% MoM to 1642.33 pts in December 2024 possibly due to positioning for next year and also the positive sentiments over the coming announcement of the JS-SEZ.

ECONOMIC REVIEW & OUTLOOK

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

Our base case is unchanged for Malaysia where we expect BNM to hold the OPR unchanged at 3.00% for a prolonged period of time as Malaysia's inflation rate remain stable and whilst GDP growth momentum is strong. The risks to OPR change is roughly balanced with inflation potentially reaccelerating next year following the civil service salary hike and RON-95 subsidy rationalisation while risks to growth have now turned decisively negative arising from Trump's potential trade policies.

MARKET OUTLOOK AND STRATEGY

We expect heightened market volatility in year 2025 as investors grapple with the incoming policy risks from Trump's presidential comeback and the possibility of lesser interest rate cut from the sticky US inflation. Malaysia is on steady economic growth, subsidy reforms in motion, robust investment pipeline, and a more stable political

climate. In addition, foreign investors have yet to fully appreciate the country's ongoing rejuvenation given their continued underweight position on Malaysia. In terms of strategy, we are cognizant of concerns on global economic growth and market volatility, therefore, we will focus on stocks with strong balance sheet, cashflows and good earnings growth potential, plus accumulating good quality stocks during weakness to benefit the fund in the longer term.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a total return of 26.48%* compared to its benchmark return of 12.90%*. The outperformance was from the positive contribution from the Fixed Income and strength in the underlying stocks holdings in the sector of Industrials, Consumer Discretionary, Communication Services and Materials. The Fund has achieved its investment objective for this financial period under review. The Net Asset Value (“NAV”) per unit of the Fund was RM1.7421 (2023: RM1.4546) as at 31 December 2024.

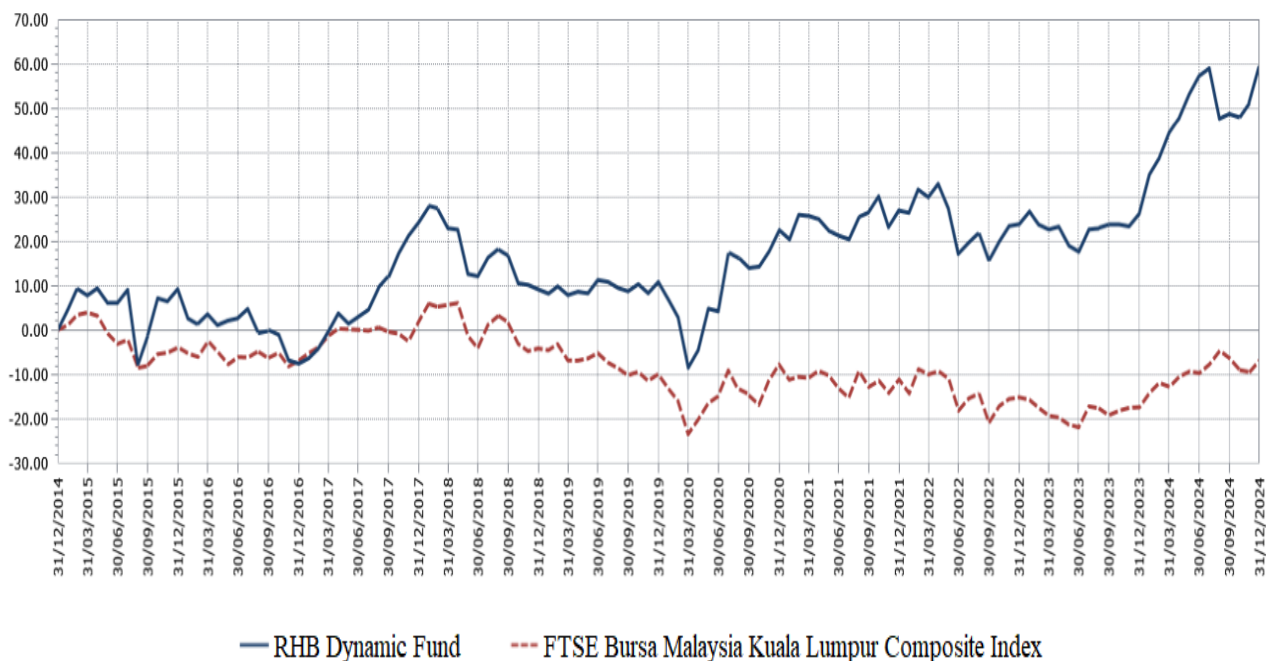
** Source: Lipper Investment Management (“Lipper IM”), 06 January 2025*

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 December				
	2024 %	2023 %	2022 %	2021 %	2020 %
RHB Dynamic Fund					
- Capital Return	19.76	(1.62)	(2.46)	3.65	10.39
- Income Return	5.62	3.44	-	-	-
- Total Return	26.48	1.77	(2.46)	3.65	10.39
FTSE Bursa Malaysia Kuala Lumpur Composite Index	12.90	(2.73)	(4.60)	(3.67)	2.42

	Average Annual Returns			
	1 Year 31.12.2023- 31.12.2024 %	3 Years 31.12.2021- 31.12.2024 %	5 Years 31.12.2019- 31.12.2024 %	10 Years 31.12.2014- 31.12.2024 %
RHB Dynamic Fund	26.48	7.87	7.51	4.77
FTSE Bursa Malaysia Kuala Lumpur Composite Index	12.90	1.56	0.66	(0.70)

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



Source: Lipper IM, 06 January 2025

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

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

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

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

Fund Size	As at 31 December		
	2024	2023	2022
Net Asset Value (RM million)	36.50*	30.29*	32.03
Units In Circulation (million)	20.95	20.83	21.66
Net Asset Value Per Unit (RM)	1.7421*	1.4546*	1.4785

Historical Data	Financial Year Ended 31 December		
	2024	2023	2022
Unit Prices			
NAV - Highest (RM)	1.9285*	1.5251*	1.6005
- Lowest (RM)	1.4566*	1.3994*	1.3555
Distribution and Unit Split			
Gross Distribution Per Unit (sen)	9.6000	5.0000	-
Net Distribution Per Unit (sen)	9.6000	5.0000	-
Distribution Date	26.12.2024	26.12.2023	-
NAV before distribution (cum)	1.7916	1.4996	-
NAV after distribution (ex)	1.7097	1.4523	-
Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.63	1.66	1.64
Portfolio Turnover Ratio (PTR) (times) ##	0.88	0.64	0.78

* *The figures quoted are ex-distribution*

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

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

DISTRIBUTION

For the financial year under review, the Fund has declared a net distribution of 9.6000 sen per unit, which is equivalent to a net yield of 5.61% 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:

Sectors	As at 31 December		
	2024	2023	2022
	%	%	%
Equities			
Construction	7.65	3.76	-
Consumer Products	4.19	5.40	6.56
Energy	-	15.40	16.73
Financial Services	25.25	25.87	32.65
Health Care	16.01	6.41	-
Industrial Products	12.54	10.60	11.10
Plantation	4.61	4.49	6.69
Property	5.31	2.41	-
Technology	11.87	4.81	6.08
Telecommunications & Media	1.80	2.00	7.56
Transportation & Logistics	-	3.07	5.21
TSR/Warrants/Call Warrants	-	-	0.13
Utilities	5.44	7.35	1.10
	<u>94.67</u>	<u>91.57</u>	<u>93.81</u>
Collective investment scheme	-	2.23	-
Liquid assets and other net current assets	5.33	6.20	6.19
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

SECURITIES FINANCING TRANSACTIONS

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

CROSS TRADE

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

SOFT COMMISSION

Soft commissions were received by the management company for the financial year under review from brokers/dealers who have also executed trades for other funds or investment managed by the management company or Fund Manager. The soft commissions were utilised for research data and materials that assist in the decision making process relating to the Fund's investment. The soft commissions received were for the benefit of the Funds and there were no churning of trades.

RHB DYNAMIC FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Bank balances	5	86,938	51,618
Deposits with licensed financial institutions	5	3,877,659	2,801,460
Investments	6	34,556,351	28,413,458
Amount due from Manager		54,783	91,595
Dividend receivables		-	34,966
TOTAL ASSETS		<u>38,575,731</u>	<u>31,393,097</u>
LIABILITIES			
Amount due to Manager		-	8,728
Accrued management fee		47,288	39,033
Amount due to Trustee		2,207	1,822
Distribution payable		2,008,444	1,038,450
Other payables and accruals		15,900	12,100
TOTAL LIABILITIES		<u>2,073,839</u>	<u>1,100,133</u>
NET ASSET VALUE		<u>36,501,892</u>	<u>30,292,964</u>
EQUITY			
Unit holders' capital		49,804,530	49,719,280
Accumulated losses		(13,302,638)	(19,426,316)
		<u>36,501,892</u>	<u>30,292,964</u>
UNITS IN CIRCULATION (UNITS)	7	<u>20,953,297</u>	<u>20,826,000</u>
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)		<u>1.7421</u>	<u>1.4546</u>

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

RHB DYNAMIC FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
INCOME			
Dividend income		1,089,091	1,100,475
Interest income from deposits with licensed financial institutions		66,199	64,576
Net realised gain on disposal		3,030,881	1,050,170
Net unrealised gain/(loss) on changes in fair value		4,825,217	(980,985)
		<u>9,011,388</u>	<u>1,234,236</u>
EXPENSES			
Management fee	8	(546,751)	(468,310)
Trustee's fee	9	(25,515)	(21,855)
Audit fee		(7,700)	(7,700)
Tax agent's fee		(3,800)	(3,800)
Transaction costs		(284,849)	(183,259)
Other expenses		(10,651)	(18,388)
		<u>(879,266)</u>	<u>(703,312)</u>
Net income before taxation		8,132,122	530,924
Taxation	10	-	-
Net income after taxation		<u>8,132,122</u>	<u>530,924</u>
Net income after taxation is made up as follow:			
Realised amount		3,306,906	1,511,909
Unrealised amount		4,825,216	(980,985)
		<u>8,132,122</u>	<u>530,924</u>

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

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

	Unit holders' <u>capital</u> RM	Accumulated <u>losses</u> RM	Total net <u>asset value</u> RM
Balance as at 1 January 2023	50,946,720	(18,918,790)	32,027,930
Movement in net asset value:			
Net income after taxation	-	530,924	530,924
Creation of units arising from applications	4,274,617	-	4,274,617
Cancellation of units	(5,502,057)	-	(5,502,057)
Distribution (Note 11)	-	(1,038,450)	(1,038,450)
Balance as at 31 December 2023	<u>49,719,280</u>	<u>(19,426,316)</u>	<u>30,292,964</u>
Balance as at 1 January 2024	49,719,280	(19,426,316)	30,292,964
Movement in net asset value:			
Net income after taxation	-	8,132,122	8,132,122
Creation of units arising from distribution	749,774	-	3,529,667
Creation of units arising from applications	3,529,667	-	749,774
Cancellation of units	(4,194,191)	-	(4,194,191)
Distribution (Note 11)	-	(2,008,444)	(2,008,444)
Balance as at 31 December 2024	<u>49,804,530</u>	<u>(13,302,638)</u>	<u>36,501,892</u>

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

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

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		34,244,926	21,318,049
Purchase of investments		(32,794,562)	(19,799,548)
Dividend income received		1,100,844	1,094,923
Interest income received from deposits with licensed financial institutions		66,199	64,576
Management fee paid		(538,496)	(469,955)
Trustee's fee paid		(25,130)	(21,931)
Payment for other fees and expenses		(17,146)	(26,066)
Net cash generated from operating activities		<u>2,036,635</u>	<u>2,160,048</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		3,566,479	4,183,022
Cash paid for units cancelled		(4,202,919)	(5,505,137)
Cash paid for income distribution		(288,676)	-
Net cash used in financing activities		<u>(925,116)</u>	<u>(1,322,115)</u>
Net increase in cash and cash equivalents		1,111,519	837,933
Cash and cash equivalents at the beginning of the financial year		<u>2,853,078</u>	<u>2,015,145</u>
Cash and cash equivalents at the end of the financial year	5	<u>3,964,597</u>	<u>2,853,078</u>

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

RHB DYNAMIC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Dynamic 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 first 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 Maybank Trustees Berhad (“the Trustee”).

The Fund was launched on 15 September 1992 and will continue its operations until terminated according to the conditions provided under the Deeds. The principal activity of the Fund is to invest in ‘Permitted Investments’ as defined in the Deeds.

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

The main objective of the Fund is to provide investors with regular income and capital gain at an acceptable level of risk by investing primarily in Malaysian public listed companies with steady and good growth potential.

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

These financial statements were authorised for issue by the Manager on 24 February 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets 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 material to the financial statements.

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

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

- MFRS 18 ‘Presentation and Disclosure in Financial Statements’ (effective 1 January 2027) replaces MFRS 101 ‘Presentation of Financial Statements’.
 - The new MFRS introduces a new structure of profit or loss statement.
 - a) Income and expenses are classified into three new main categories:
 - Operating category which typically includes results from the main business activities;
 - Investing category that presents the results of investment in associates and joint venture and other assets that generate a return largely independently of other resources; and
 - Financing category that presents income and expenses from financing liabilities.
 - b) Entities are required to present two new specified subtotals: ‘Operating profit or loss’ and ‘Profit or loss before financing and income taxes’.
 - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
 - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

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

2.2 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

Classification (continued)

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

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

Recognition and measurement

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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

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

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

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

Impairment of financial assets

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2.3 Financial liabilities

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Unit holders' capital

The unit holders' contributions to the Fund meet the criteria of the definition of puttable instruments to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". 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 the unit holders exercise the right to put the units back to the Fund.

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

2.5 Income recognition

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

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

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

Realised gains or losses on disposal of quoted investments and collective investment schemes are arrived at after accounting for cost of investments, determined on the weighted average cost method.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Taxation

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

2.7 Cash and cash equivalents

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

2.8 Distribution

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

2.9 Presentation and functional currency

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

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

Price risk

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

The Fund is exposed to equity securities and collective investment schemes (other than those arising from interest rate risk) price risk for its investments of RM34,556,351 (2023: RM28,413,458) in equity securities and collective investment schemes.

The sensitivity analysis is based on the assumption that the price of the quoted securities investments and collective investment schemes fluctuate by +/- 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/- RM1,727,818 (2023: RM1,420,673).

Interest rate risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits with reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC’s Malaysia Guidelines on Unit Trust Funds.

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

	Cash and cash equivalents	Other financial assets*	Total
	RM	RM	RM
<u>2024</u>			
AAA	3,964,597	-	3,964,597
Others	-	54,783	54,483
	<u>3,964,597</u>	<u>54,783</u>	<u>4,019,080</u>
<u>2023</u>			
AAA	2,853,078	-	2,853,078
Others	-	126,561	126,561
	<u>2,853,078</u>	<u>126,561</u>	<u>2,979,639</u>

* Comprise of amount due from Manager and dividend receivables.

Liquidity risk

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

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

	Less than <u>1 month</u> RM	Between <u>1 month</u> to 1 year RM
<u>2024</u>		
Accrued management fee	47,288	-
Amount due to Trustee	2,207	-
Distribution payable	2,008,444	-
Other payables and accruals	-	15,900
	<u>2,057,939</u>	<u>15,900</u>
<u>2023</u>		
Amount due to Manager	8,728	-
Accrued management fee	39,033	-
Amount due to Trustee	1,822	-
Distribution payable	1,038,450	-
Other payables and accruals	-	12,100
	<u>1,088,033</u>	<u>12,100</u>

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM49,804,530 (2023: RM49,719,280) and accumulated losses of RM13,302,638 (2023: RM19,426,316). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

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

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

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

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

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

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

Fair value hierarchy

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

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

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
2024				
Financial assets at FVTPL:				
- Quoted investments	34,556,351	-	-	34,556,351
2023				
Financial assets at FVTPL:				
- Quoted investments	27,738,322	-	-	27,738,322
- Collective investment scheme	675,136	-	-	675,136
	28,413,458	-	-	28,413,458

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2024</u> RM	<u>2023</u> RM
Bank balances	86,938	51,618
Deposits with licensed financial institutions	3,877,659	2,801,460
	<u>3,964,597</u>	<u>2,853,078</u>

6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Quoted investments	34,556,351	27,738,322
- Collective investment scheme	-	675,136
	<u>34,556,351</u>	<u>28,413,458</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 December 2024 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS				
Construction				
Gamuda Berhad	236,796	753,379	1,122,413	3.07
IJM Corp Berhad	550,100	982,718	1,672,304	4.58
		<u>1,736,097</u>	<u>2,794,717</u>	<u>7.65</u>
Consumer Products				
99 Speed Mart Retail Holdings Berhad	469,500	1,061,445	1,159,665	3.18
AEON Co. (M) Berhad	233,900	355,052	367,223	1.01
		<u>1,416,497</u>	<u>1,526,888</u>	<u>4.19</u>
Financial Services				
Alliance Bank Malaysia Berhad	271,300	1,002,792	1,313,092	3.60
AMMB Holdings Berhad	263,600	972,774	1,444,528	3.96
CIMB Group Holdings Berhad	264,166	1,286,253	2,166,161	5.93
Hong Leong Bank Berhad	50,700	966,778	1,042,392	2.86
Hong Leong Financial Group Berhad	37,400	673,695	691,900	1.90
Malayan Banking Berhad	179,829	1,534,470	1,841,449	5.04
Public Bank Berhad	157,000	735,323	715,920	1.96
		<u>7,172,085</u>	<u>9,215,442</u>	<u>25.25</u>
Health Care				
Hartalega Holdings Berhad	299,600	812,049	1,183,420	3.24
Kossan Rubber Industries Berhad	558,300	1,117,953	1,579,989	4.33
Supercomnet Technologies Berhad	1,157,700	1,560,134	1,574,472	4.31
Top Glove Corp Berhad	1,124,000	1,316,177	1,506,160	4.13
		<u>4,806,313</u>	<u>5,844,041</u>	<u>16.01</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS (CONTINUED)				
Industrial Products				
Kelington Group Berhad	344,500	507,081	1,229,865	3.37
Malayan Cement Berhad	261,800	1,158,900	1,282,820	3.51
Southern Cable Group Berhad	968,100	742,085	1,190,763	3.26
Sunway Berhad	182,700	398,434	875,133	2.40
		<u>2,806,500</u>	<u>4,578,581</u>	<u>12.54</u>
Plantation				
Johor Plantations Group Berhad	325,600	427,154	439,560	1.21
SD Guthrie Berhad	250,400	1,134,619	1,239,480	3.40
		<u>1,561,773</u>	<u>1,679,040</u>	<u>4.61</u>
Property				
Mah Sing Group Bhd	261,100	463,862	469,980	1.29
Sime Darby Property Berhad	481,500	365,512	813,735	2.23
UEM Sunrise Berhad	606,900	629,067	655,452	1.79
		<u>1,458,441</u>	<u>1,939,167</u>	<u>5.31</u>
Technology				
Frontken Corp Berhad	253,000	844,011	1,128,380	3.09
Inari Amertron Berhad	337,500	1,046,046	1,032,750	2.83
Malaysian Pacific Industries Bhd	42,900	1,329,855	1,111,110	3.04
Unisem (M) Bhd	351,500	1,117,362	1,061,530	2.91
		<u>4,337,274</u>	<u>4,333,770</u>	<u>11.87</u>
Telecommunications & Media				
Telekom Malaysia Berhad	98,900	669,676	657,685	1.80
Utilities				
Tenaga Nasional Berhad	133,000	1,896,264	1,987,020	5.44
TOTAL INVESTMENTS		<u>27,860,920</u>	<u>34,556,351</u>	<u>94.67</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 December 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS				
Construction				
IJM Corp Berhad	439,500	718,182	826,260	2.73
Sunway Construction Group Berhad	160,200	286,422	310,788	1.03
		<u>1,004,604</u>	<u>1,137,048</u>	<u>3.76</u>
Consumer Products				
Genting Berhad	163,300	773,875	754,446	2.49
Padini Holdings Berhad	113,300	352,697	397,683	1.31
Sime Darby Berhad	206,300	436,249	484,805	1.60
		<u>1,562,821</u>	<u>1,636,934</u>	<u>5.40</u>
Energy				
Dayang Enterprise Holdings Berhad	487,900	910,005	780,640	2.58
Hibiscus Petroleum Berhad	401,480	963,065	1,019,759	3.37
Velesto Energy Berhad	5,288,700	1,287,865	1,216,401	4.02
Wasco Berhad	725,600	633,323	721,972	2.38
Yinson Holdings Berhad	369,860	838,537	924,650	3.05
		<u>4,632,795</u>	<u>4,663,422</u>	<u>15.40</u>
Financial Services				
Alliance Bank Malaysia Berhad	170,000	497,770	576,300	1.90
AMMB Holdings Berhad	201,000	666,277	806,010	2.66
CIMB Group Holdings Berhad	349,366	1,701,101	2,043,791	6.75
Hong Leong Bank Berhad	59,200	1,115,594	1,118,880	3.69
Hong Leong Financial Group Berhad	26,800	479,221	440,592	1.45
Malayan Banking Berhad	177,929	1,438,822	1,581,789	5.22
Public Bank Berhad	296,400	1,266,770	1,271,556	4.20
		<u>7,165,555</u>	<u>7,838,918</u>	<u>25.87</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS (CONTINUED)				
Health Care				
Hartalega Holdings Berhad	318,800	780,977	860,760	2.84
Kossan Rubber Industries Berhad	315,300	556,899	583,305	1.93
Top Glove Corp Berhad	552,800	477,175	497,520	1.64
		<u>1,815,051</u>	<u>1,941,585</u>	<u>6.41</u>
Industrial Products				
CPE Technology Berhad	150,000	153,150	149,250	0.49
Kelington Group Berhad	479,300	705,498	1,040,081	3.43
Malayan Cement Berhad	154,500	576,005	653,535	2.16
Press Metal Aluminium Holdings Berhad	196,700	782,915	946,127	3.12
Sunway Berhad	205,500	400,913	423,330	1.40
		<u>2,618,481</u>	<u>3,212,323</u>	<u>10.60</u>
Plantation				
Kuala Lumpur Kepong Berhad	32,324	734,661	705,310	2.33
SD Guthrie Berhad	146,400	700,078	652,944	2.16
		<u>1,434,739</u>	<u>1,358,254</u>	<u>4.49</u>
Property				
LBS Bina Group Berhad	421,500	246,186	242,362	0.80
Matrix Concepts Holdings Berhad	103,200	153,970	170,280	0.56
Sime Darby Property Berhad	460,000	314,879	287,500	0.96
UEM Sunrise Berhad	34,600	29,064	28,199	0.09
		<u>744,099</u>	<u>728,341</u>	<u>2.41</u>
Technology				
Frontken Corp Berhad	139,500	416,904	451,980	1.49
Inari Amertron Berhad	179,600	544,027	540,596	1.78
Pentamaster Corp Berhad	101,100	483,763	465,060	1.54
		<u>1,444,694</u>	<u>1,457,636</u>	<u>4.81</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS (CONTINUED)				
Telecommunications & Media				
TIME dotCom Berhad	112,300	527,901	606,420	2.00
Transportation & Logistics				
Malaysia Airports Holdings Berhad	63,100	417,126	464,416	1.53
MISC Berhad	64,000	457,419	466,560	1.54
		874,545	930,976	3.07
Utilities				
Tenaga Nasional Berhad	124,800	1,192,623	1,252,992	4.14
YTL Corp Berhad	341,700	533,919	645,813	2.13
YTL Power International Berhad	129,000	301,163	327,660	1.08
		2,027,705	2,226,465	7.35
TOTAL QUOTED INVESTMENTS		25,852,990	27,738,322	91.57
COLLECTIVE INVESTMENT SCHEMES				
Axis Real Estate Investment Trust	202,000	379,345	361,580	1.19
IGB Real Estate Investment Trust	182,300	310,909	313,556	1.04
		690,254	675,136	2.23
TOTAL COLLECTIVE INVESTMENT SCHEMES		690,254	675,136	2.23
TOTAL INVESTMENTS		26,543,244	28,413,458	93.80

7. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At beginning of the financial year	20,826,000	21,662,000
Creation of units during the financial year:		
Arising from distribution	497,297	-
Arising from applications	2,097,000	2,944,000
Cancellation of units during the financial year	<u>(2,467,000)</u>	<u>(3,780,000)</u>
At end of the financial year	<u>20,953,297</u>	<u>20,826,000</u>

8. MANAGEMENT FEE

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

9. TRUSTEE'S FEE

In accordance with the Prospectus, the Trustee's fee provided in the financial statements is 0.07% (2023: 0.07%) 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 expenses

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	8,132,122	530,924
Tax calculated at a statutory income tax rate of 24%	1,951,709	127,422
Tax effects of:		
- Investment income not subject to tax	(2,162,733)	(296,217)
- Expenses not deductible for tax purposes	77,956	54,553
- Restriction on tax deductible expenses	133,068	114,242
Tax expense	-	-

11. DISTRIBUTION

Distribution to unit holder are derived from the following sources:

	<u>2024</u> RM	<u>2023</u> RM
Dividend income	1,089,090	1,092,130
Interest income from deposits with licensed financial institution	64,827	62,956
Net realised gain on investment	857,992	567,720
	2,011,909	1,722,806
Less: Expenses	(3,465)	(684,356)
Net distribution amount	2,008,444	1,038,450
	Gross/net	Gross/net
<u>Distribution date</u>	<u>sen per unit</u>	<u>sen per unit</u>
26 December 2024/26 December 2023	9.6000	5.0000

There were unrealised losses of RM980,985 arising from the financial year ended 31 December 2023.

12. TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	<u>1.63</u>	<u>1.66</u>

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

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.88</u>	<u>0.64</u>

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

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

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

	<u>2024</u>		<u>2023</u>	
	Units	RM	Units	RM
The Manager	5,588	9,735	5,240	7,622
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>979,264</u>	<u>1,705,976</u>	<u>1,135,904</u>	<u>1,652,286</u>

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

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

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

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

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

15. TRANSACTIONS BY THE FUND

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

<u>Brokers/Financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
RHB Investment Bank Berhad*	49,038,817	73.14	147,376	74.45
Maybank Investment Bank Berhad	3,833,804	5.72	11,502	5.81
Affin Hwang Investment Bank Berhad	3,764,980	5.61	11,295	5.70
UOB Kay Hian Securities (M) Sdn Bhd	2,465,176	3.68	4,930	2.49
CGS-CIMB Securities Sdn Bhd	2,447,954	3.65	7,344	3.71
KAF Equities Sdn Bhd	2,115,887	3.16	6,747	3.41
MIDF Amanah Investment Bank Berhad	2,007,689	2.99	6,023	3.04
CLSA Securities Malaysia Sdn Bhd	541,040	0.81	1,082	0.55
Macquarie Capital Securities (Malaysia) Sdn Bhd	347,835	0.52	696	0.35
Nomura Securities Malaysia Sdn Bhd	264,451	0.39	529	0.27
Others	220,014	0.33	440	0.22
	67,047,647	100.00	197,964	100.00

15. TRANSACTIONS BY THE FUND (CONTINUED)

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

Brokers/Financial <u>institutions</u>	Value of <u>trades</u> RM	Percentage of total <u>trades</u> %	Brokerage <u>fees</u> RM	Percentage of total brokerage <u>fees</u> %
RHB Investment Bank Berhad*	21,956,330	53.39	66,687	55.07
CGS-CIMB Securities Sdn Bhd	4,254,780	10.35	12,764	10.54
Maybank Investment Bank Berhad	4,040,030	9.82	12,120	10.01
Affin Hwang Investment Bank Berhad	3,436,783	8.36	10,310	8.51
MIDF Amanah Investment Bank Berhad	2,393,915	5.82	7,182	5.93
UOB Kay Hian Securities (M) Sdn Bhd	1,840,425	4.48	3,681	3.04
Hong Leong Investment Bank Berhad	1,430,298	3.48	2,877	2.38
KAF Equities Sdn Bhd	668,085	1.62	2,004	1.66
CLSA Securities Malaysia Sdn Bhd	345,787	0.84	691	0.57
Citigroup Global Markets Malaysia Sdn Bhd	297,875	0.72	596	0.49
Others	460,634	1.12	2,176	1.80
	41,124,942	100.00	121,088	100.00

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

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2024</u> RM	<u>2023</u> RM
Financial assets		
Financial assets at FVTPL		
• Quoted investments	34,556,351	27,738,322
• Collective investment scheme	-	675,136
	<u>34,556,351</u>	<u>28,413,458</u>
Financial assets at amortised cost		
• Bank balances	86,938	51,618
• Deposits with licensed financial institutions	3,877,659	2,801,460
• Amount due from Manager	54,783	91,595
• Dividend receivables	-	34,966
	<u>4,019,380</u>	<u>2,979,639</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to Manager	-	8,728
• Accrued management fee	47,288	39,033
• Amount due to Trustee	2,207	1,822
• Distribution payable	2,008,444	1,038,450
• Other payables and accruals	15,900	12,100
	<u>2,073,839</u>	<u>1,100,133</u>

**STATEMENT BY MANAGER
RHB DYNAMIC FUND**

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

On behalf of the Manager,

Chin Yoong Kheong
Director

Ng Chze How
Director

24 February 2025

TRUSTEE'S REPORT

To the unit holders of RHB Dynamic Fund (“Fund”)

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

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

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

For **Maybank Trustees Berhad**

[Registration No.: 196301000109 (5004-P)]

NORHAZLIANA BINTI MOHAMMED HASHIM

Head, Unit Trust & Corporate Operations

Kuala Lumpur

24 February 2025

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB DYNAMIC FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2024, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a material accounting policy information, as set out on pages 11 to 39.

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 DYNAMIC 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 DYNAMIC 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 DYNAMIC FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

OTHER MATTERS

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

PRICewaterhouseCOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
24 February 2025

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

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

PRINCIPAL AND BUSINESS OFFICE

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

Email address: rhbam@rhbgroup.com

Tel: 03 – 9205 8000

Fax: 03 – 9205 8100

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

BOARD OF DIRECTORS

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

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

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

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

Encik Mohd Farid Bin Kamarudin (*Chief Executive Officer / Managing Director*)
(*Resigned with effect from 14 June 2024*)

Mr Ng Chze How (*Chief Executive Officer / Managing Director*)
(*Appointed with effect from 11 September 2024*)

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

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

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

BRANCH OFFICE

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 3615 Fax: 09-517 3612
Kuching Office	Lot 133, Section 20, Sublot 2 & 3 1st Floor, Jalan Tun Ahmad Zaidi Adruce 93200 Kuching, Sarawak Tel: 082-550 838 Fax: 082-550 508 Yung Kong Abell, Units 1-10 2nd Floor Lot 365 Section 50 Jalan Abell 93100 Kuching, Sarawak Tel: 082-245 611 Fax: 082-230 326

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

TRUSTEE	Maybank Trustees Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers PLT
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd
DISTRIBUTORS	RHB Asset Management Sdn Bhd RHB Bank Berhad RHB Investment Bank Berhad Areca Capital Sdn Bhd CIMB Bank Berhad CIMB Private Banking Genexus Advisory Sdn Bhd iFAST Capital Sdn Bhd Kenanga Investors Berhad OCBC Bank (M) Berhad Phillip Mutual Berhad Standard Chartered Bank (M) Berhad UOB Kay Hian Securities (M) Sdn Bhd

RHB ♦ Asset Management

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