

RHB MUDHARABAH FUND

ANNUAL REPORT 2025

For the financial year ended 28 February 2025

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB Mudharabah Fund
Fund Category	-	Balanced (Shariah-compliant) fund
Fund Type	-	Growth and income

Investment Objective, Policy and Strategy

Objective of the Fund

To provide a balanced mix of income and potential for capital growth by investing in stocks listed on the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) or on any other stock exchanges, unlisted stocks and Islamic debt securities (“sukuk”) and other non-interest bearing assets acceptable under principles of Shariah. The Fund’s activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah adviser of the Fund.

Strategy

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

- Up to 60% of Net Asset Value will be invested in Shariah-compliant equities.
- Minimum of 40% of Net Asset Value will be invested in sukuk, Islamic money market instruments and/or liquid assets acceptable under Shariah principles.

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

The Fund is geared towards investors who look for Shariah based investments that provide a mixture of income and capital appreciation. The Fund’s objective is to achieve returns from sukuk’s income stream, the dividend income stream, as well as capital appreciation. The adjustments of asset allocation between equity and sukuk are formulated based on the economic analysis and valuations of securities.

Equity investments of the Fund are limited to those in the list of Shariah-compliant securities as determined by the Shariah Advisory Council of the Securities Commission Malaysia (“SACSC”) which is updated and published twice a year. These investments generally focus on companies that have healthy prospective earnings growth, reasonable valuations and preferably yielding dividend that are superior to the fixed deposit rates.

For sukuk, the Fund seeks investments amongst the Shariah principled sukuk that are of investment grade. The investments will be a duration led strategy depending on the yield curve movement.

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 Shariah-compliant equity investments into other asset classes such as Sukuk, Islamic money market instruments, cash and Islamic deposits with financial institutions, which are defensive in nature and comply with Shariah requirements.

Performance Benchmark

Effective from 30 September 2023, the performance of the Fund is benchmarked against the weighted average of FTSE Bursa Malaysia Emas Shariah Index (50%) and RHB Islamic Bank Berhad's 12-month Commodity Murabahah Deposit-i rate (50%).

Prior to 30 September 2023, the performance of the Fund was benchmarked against the weighted average of FTSE Bursa Malaysia Emas Shariah Index (50%) and Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i ("IFD-i") rate (50%).

Permitted Investments

The Fund may invest or participate in Shariah-compliant securities traded on eligible markets and/or which are listed on Bursa Malaysia; Shariah-compliant warrants that carry the right in respect of a security traded in or under the rules of an eligible market; unlisted Shariah-compliant securities including Shariah-compliant 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; Islamic financial derivatives; Islamic collective investment schemes; Islamic structured products; Government Investment Issue ("GII"); Malaysian currency balances in hand, Malaysian currency deposits with Bank Islam Malaysia Berhad including investment certificates; Shariah-compliant securities listed on foreign exchanges; Islamic accepted bills, bond mudharabah cagamas, sukuk; and any other Shariah-compliant 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

FIXED INCOME MARKET REVIEW

The inflation rates in some major economies, particularly in United States (“US”) and Europe, have begun to stabilize in year 2024 and focus was shifted toward anticipated slower growth rates. Hence, some central banks have started to adopt more accommodative monetary policies. Throughout the year, the US Federal Reserve (“Fed”) Board has slashes its Federal Funds Rate (“FFR”) by a 100 basis points (“bps”) to a range between 4.25% to 4.50% amid easing labor market conditions, slight rise in the unemployment rate and inflation has moved closer to the US Fed’s 2.00% target. Meanwhile, the Bank of England (“BoE”) has cut their interest rate by 75 bps to 4.50% and the European Central Bank (“ECB”) by 160 bps to 2.90% following reduced inflationary pressures.

Year-on-Year (YoY), 10-years US Treasury (“UST”) bond yield has dropped by 4 bps from 4.25% to 4.21% as at end of February 2025 with a roller coaster ride along the way. Despite the rate cut cycle has started, the little yield dropped was mainly due to uncertainty over the new elected US president Donald Trump’s policies implementation especially on his tax, spending and tariff plans. Since September 2024, the 10-years UST yield moved higher by more than 100 bps until January 2025 before retraced by 60 bps towards end of February 2025. In recent developments, Trump has imposed 25.00% tariffs on Mexican and Canadian imports, though he limited the levy to 10.00% on Canadian energy. Trump also doubled the tariff on Chinese products to 20.00%.

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, labor market and moderate inflation. However, key risks remain on potential slower growth in major economies and trade war under President Trump.

Malaysia’s fourth quarter of year 2024 (“4Q2024”) economy grew at 5.00%, marked a slight decline from third quarter of year 2024 (“3Q2024”)’s 5.40% growth but was still better than the initial 4.80% estimate. For entire year 2024, the Gross Domestic Product (“GDP) rose by 5.10% (Year 2023: 3.60%) driven by favorable domestic demand prospects following solid labor market conditions, moderate inflation and higher tourist arrivals and spending. Headline inflation remained stable at 1.70% in January 2025 and was average at 1.80% in year 2024 (Year 2023: 2.5%) despite the implementation of service tax reform and diesel subsidy rationalization this year. Meanwhile, the fiscal deficit for year 2024 came in lower at 4.10% versus the 4.30% estimate.

In October 2024, Malaysia’s debt market experienced the largest outflow since March 2020 of RM11.40 billion. The outflow eased in November 2024 and

December 2024 to RM1.10 billion and RM1.40 billion respectively before the inflows of RM1.20 billion return in January 2025. This was largely attributed to robust US economic data, political uncertainty surrounding the US election and ongoing tensions in the Middle East. However, the outflow was mitigated by stable domestic inflation, positive outlook from Malaysia's 2025 budget and GDP growth figures. For whole year 2024, the local bond market recorded a cumulative net foreign inflow of RM4.80 billion (Year 2023: RM23.60 billion) with a foreign holdings of government bonds at 21.30%.

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 4.41% despite the 10-years Malaysian Government Securities ("MGS") benchmark yield just dropped by 7 bps YoY to 3.79% in February 2025 (February 2024: 3.86%).

EQUITY MARKET REVIEW

The Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Kuala Lumpur Composite Index ("KLCI") posted a commendable return of 5.60% in the first quarter of year 2024 ("1Q2024"), outperforming Morgan Stanley Capital International ("MSCI") Asia Ex-Japan which posted a gain of 2.00%. The local market saw various positive news flows which helped to sustain investors optimism, such as multiple government policies including subsidy rationalization and tariff reforms, large infrastructure project announcement including Penang LRT and potential revival of high-speed rail ("HSR"), renewable energy transition plans, as well as new Johor-Singapore economic initiatives.

Malaysia equities saw heightened profit taking activities in June 2024, as the FBM KLCI declined 0.41% and the FBM Emas Shariah Index appreciated 1.29%. Despite that, the FBM KLCI and FBM Emas Shariah Index held up 9.30% and 14.20% at first half of year 2024 ("1H2024") respectively. In terms of 1H24 sector performance, the best performers were Construction, Utilities and Property, while the losers were Plantation, Telecommunications and Real Estate Investment Trust ("REIT").

FBM KLCI Index was up by 3.70% in the 3Q2024 but performed relatively weaker than other regional markets with the exceptions of Korea, Taiwan and Japan. The strong local currency, which was the best performing currency in the region in year 2024, has impacted the exporters' revenues whilst operating costs remains high. Although there was an upgrade in the corporate earnings, the upgrade was not as strong as expected due to the disappointing second quarter of year 2024 ("2Q2024") corporate results announcement. Corporates earnings have not been able to display strong growth despite better than expected 2Q2024 GDP growth. As beneficiaries of the Malaysian Ringgit ("MYR") and foreign fund flows, the Financials sector was the best performer in 3Q2024 followed by Construction and REITs.

4Q2024 was a quarter that saw lukewarm performance in KLCI (-0.40%) while FTSE Top 100 added some grounds 2.03% during said period. Having said that, the local KLCI outperformed regional Association of Southeast Asian Nations (“ASEAN”) peers such as Philippine Stock Exchange Composite Index (“PSEI”) (-10.23%), The Stock Exchange of Thailand (“SET”) -3.36%, Jakarta Composite Index -5.95%. On the Asia Pac front, KLCI outperformed Korea Composite Stock Price Index (“KOSPI”) (-7.47%) and Hang Seng Index (-5.08%), while underperforming others. Notably, the Malaysian Healthcare sector was buoyed by gloves sector rallying on US tariff thematic while Tech played catch-up as US Dollar (“USD”) gained back its grounds vs MYR in the quarter.

Moving into year 2025, The KLCI fell 5.00% Month-on-Month (“MoM”) in January 2025, closing at 1,556 points owing to sell-offs in Artificial Intelligence (“AI”) and data centre-related proxies. The decline followed tighter US restrictions on AI chips and the launch of Chinese AI chatbot DeepSeek, which operates with lower funding, computing power, and energy consumption than its US rivals. This marks the KLCI’s steepest January decline since 1995. Malaysia’s 4Q2024 GDP growth slowed to 4.80% YoY (3Q2024 5.30% YoY). This was a lower outcome than we had expected but is still sufficient to bring year 2024 GDP growth to 5.10%.

The KLCI closed the month of February 2025 higher by 1.14% MoM in February 2025 closing at 1,574.70. The KLCI was largely propped up by the banks in February 2025. Foreign investors were net sellers for the fifth consecutive month; cumulative net foreign outflows since 2010 hit an all-time high of RM44bn. Malaysia’s 4Q2024 GDP growth slowed to 4.80% YoY (3Q2024 5.30% YoY). This was a lower outcome than we had expected but is still sufficient to bring year 2024 GDP growth to 5.10%. Malaysia’s GDP growth moderated to 5.00% YoY in 4QCY24 (3QCY24: 5.40% YoY), surpassing the advance estimate of 4.80% YoY. For the full year, the economy expanded stronger by 5.10% in year 2024 (2023: 3.60%), within the government’s target of 4.80% to 5.30%. Growth for the year was attributed to sustained expansion in domestic demand and stronger exports.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

The International Monetary Fund’s (“IMF”) latest World Economic Outlook projects global growth at 3.30% in both year 2025 and 2026, below the 2000 to 2019 average of 3.70%. The year 2025 forecast remains largely unchanged from October 2024, with an upward revision for the US offsetting downward revisions in other major economies. Global inflation is expected to fall to 4.20% in year 2025 and 3.50% in year 2026, with advanced economies reaching target inflation sooner than emerging markets. However, the IMF highlights downside risks dominating the global outlook. While upside risks could boost short-term US growth, uncertainty in other countries, along with potential policy disruptions, could affect disinflation efforts, fiscal sustainability, and financial stability.

The US interest rate in year 2025 is a one of a slow rate-cut cycle in our view mainly due to uncertainty on Trump's economic policies such as the level of budget deficit and trade policies which are still unclear at this juncture. As at end of February 2025, futures market is predicting another 2 to 3 times (total of 50 bps to 75 bps) FFR cut in year 2025 and to pause at 3.50% to 3.75% range. US inflation is under pressure after Trump recently in early March 2025 imposed 25.00% taxes, or tariffs, on Mexican and Canadian imports, though he limited the levy to 10.00% on Canadian energy. Trump also doubled the tariff he slapped last month on Chinese products to 20.00%. The disinflation trend seen in year 2023 to year 2024 also appears to plateauing and was on uptrend since September 2024, suggesting that inflation is stickier than expected.

Economists expect Malaysia's GDP to expand within the official forecast of 4.50% to 5.50% in year 2025, but a number of external uncertainties may derail the forecasted outcome i.e. concerns over US tariffs which could weigh on global trade. Consumer spending remains the growth engine, while private investments will add to the momentum as well. Though there are signs of prices moderation, the inflation outlook is still exposed to changes in domestic price controls, as well as subsidy policies, especially on the RON95 implementation which is now to be said in the final stage of drafting, expected to be carried out in second quarter of year 2025 ("2Q2025").

BNM is expected to keep the OPR at 3.00% in year 2025 to support economic growth and manageable inflation. As a result, local bond yields should remain supported. Technical conditions from year 2024 are likely to carry over, with institutional demand growing alongside a strong job market, wage growth, and rising middle-class affluence. The government's commitment to a lower fiscal deficit will also limit net issuances, balancing increased demand with reduced supply, supporting domestic fixed income assets. We expect year 2025 to be another positive year for Malaysian fixed income assets.

In summary, we are positive on the fixed income market and we advocate portfolios to stay invested with increased allocation whenever any exacerbated selling occurs given heightened volatility by Trump 2.0.

EQUITY MARKET OUTLOOK AND STRATEGY

We remain bullish on the equity outlook for year 2025 as we expect the positive catalysts in the local market to continue due to the structural reforms announced by the government to achieve long term sustainable economic growth. However, we expect heightened market volatility in year 2025 as investors grapple with the incoming policy risks from Trump's presidential comeback.

We look for pocket of opportunities to redeploy the cash into stocks we have taken profit and are still aligned with our investment thesis to generate Return on investment ("ROI") for the fund. We favour higher dividend stocks as we seek to

raise the consolidated dividend yield of the portfolio amidst the uncertainties and impact on sentiment post US Presidential election.

Key upcoming events include BNM's interest rate decision, scheduled for 6 March 2025. Also, in focus are the annual meetings of The National Committee of the Chinese People's Political Consultative Conference ("CPPCC"), which will begin on 4 March 2025, followed by the National People's Congress ("NPC") on 5 March 2025. Both meetings are expected to conclude by 11 March 2025. In the US, another round of tariffs will take effect after US President Trump confirmed that the previously delayed 25.00% tariffs on imports from China and Mexico will be implemented on 4 March 2025. Additionally, an extra 10.00% tariff will be imposed on Chinese imports.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a return of 6.79%* against its benchmark return of 0.74%*. The Fund thus outperformed its benchmark by 6.05% during the financial year under review. The Net Asset Value per unit of the Fund was RM0.8747 (2024: RM0.8191) as at 28 February 2025.

The investment strategy and policy employed during the financial year under review were in line with the investment strategy and policy as stated in the prospectus.

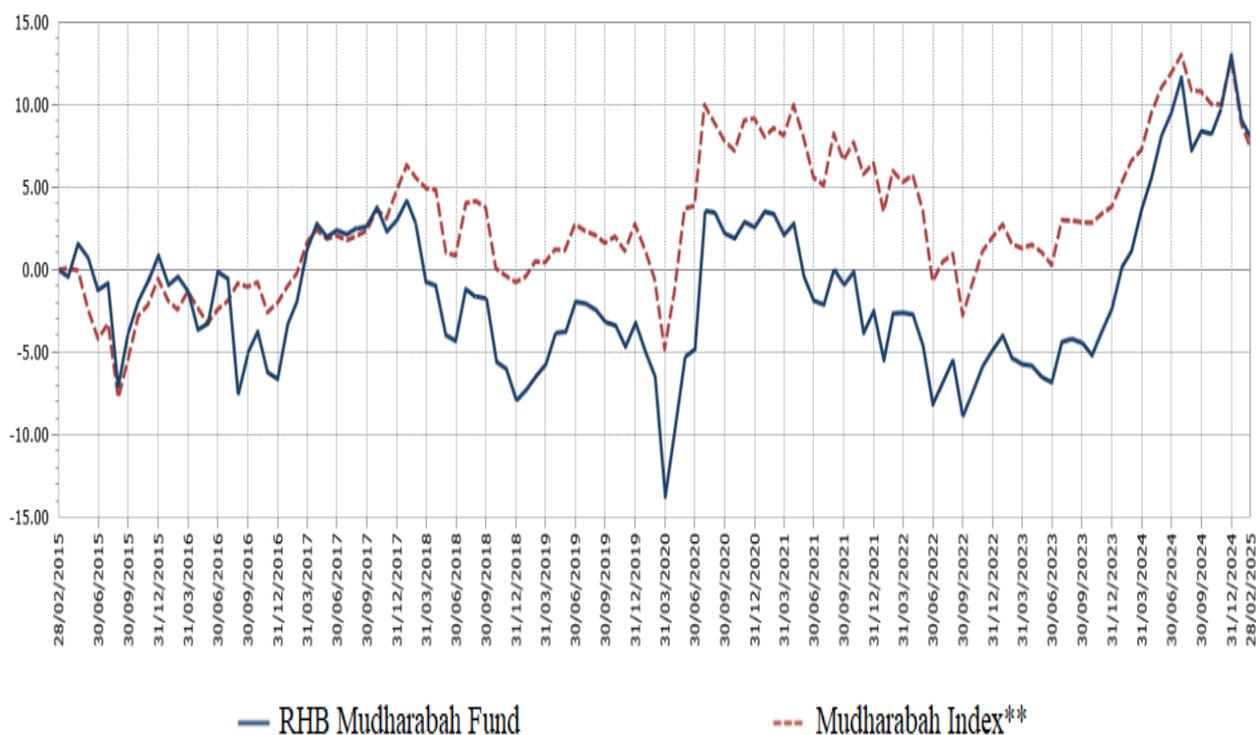
* *Source: Lipper Investment Management ("Lipper IM"), 11 March 2025*

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 28/29 February				
	2025	2024	2023	2022	2021
	%	%	%	%	%
RHB Mudharabah Fund					
- Capital Return	6.79	6.79	(2.74)	(5.79)	10.55
- Income Return	-	-	-	-	-
- Total Return	6.79	6.79	(2.74)	(5.79)	10.55
Mudharabah Index**	0.74	4.82	(4.14)	(2.40)	9.13

	Average Annual Returns			
	1 Year	3 Years	5 Years	10 Years
	29.02.2024-	28.02.2022-	29.02.2020-	28.02.2015-
	28.02.2025	28.02.2025	28.02.2025	29.02.2025
	%	%	%	%
RHB Mudharabah Fund	6.79	3.51	2.93	0.77
Mudharabah Index**	0.74	0.44	1.54	0.71

**Performance of RHB Mudharabah Fund
for the period from 28 February 2015 to 28 February 2025
Cumulative Return Over The Period (%)**



Source: Lipper IM, 11 March 2025

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since 28 February 2015.

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

** Effective 1 January 2016, the Fund’s composite benchmark (Mudharabah Index) was changed from weighted average of FTSE Bursa Malaysia Emas Shariah Index (“FBMS”) (50%) and Maybank Islamic Berhad’s 12 months general investment account-i (“GIA-i”) (50%) to weighted average of FBMS (50%) and Maybank Islamic Berhad’s 12 months IFD-i (50%). Effective from 30 September 2023, the performance of the Fund is benchmarked against the weighted average of FBMS (50%) and RHB Islamic Bank Berhad’s 12-month Commodity Murabahah Deposit-i rate (50%). The Fund’s composite benchmark performance has been adjusted to reflect the new benchmark.

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

From 28 February 2011 – 31 December 2015	Weighted average of FBMS (50%) and Maybank Islamic Berhad’s 12 months GIA-i (50%)
1 January 2016 – 29 September 2023	Weighted average of FBMS (50%) and Maybank Islamic Berhad’s 12 months IFD-i (50%)
30 September 2023	Weighted average of FBMS (50%) and RHB Islamic Bank Berhad’s 12-month Commodity Murabahah Deposit-i rate (50%).

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 28/29 February		
	2025	2024	2023
Net Asset Value (RM million)	27.35	25.05	21.05
Units In Circulation (million)	31.27	30.59	27.45
Net Asset Value Per Unit (RM)	0.8747	0.8191	0.7670

Historical Data	Financial Year Ended 28/29 February		
	2025	2024	2023
Unit Prices			
NAV - Highest (RM)	0.9187	0.8217	0.7961
- Lowest (RM)	0.8152	0.7539	0.7305
Distribution and Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.66	1.66	1.67
Portfolio Turnover Ratio (PTR) (times) ##	1.37	1.65	0.50

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

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

DISTRIBUTION

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

PORTFOLIO STRUCTURE

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

Sectors	As at 28/29 February		
	2025 %	2024 %	2023 %
Quoted Shariah Compliant Investment			
Construction	4.22	4.02	2.28
Consumer Products & Services	5.71	1.96	3.74
Energy	1.71	1.88	7.01
Financial Services	2.09	2.06	2.19
Health Care	5.09	5.17	2.19
Industrial Products & Services	10.13	9.01	5.75
Plantation	2.60	4.09	5.55
Property	2.58	2.01	1.24
Technology	4.73	6.35	3.08
Telecommunications & Media	1.95	3.23	3.14
Transportation & Logistics	2.04	2.28	4.56
Utilities	4.95	1.26	4.66
	<u>47.80</u>	<u>43.32</u>	<u>45.39</u>
Islamic collective investment scheme	1.42	2.19	0.50
Unquoted sukuk	47.96	41.79	48.74
Liquid assets and other net current assets	2.82	12.70	5.37
	<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

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 MUDHARABAH FUND
STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2025**

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
ASSETS			
Bank balances	5	542,604	3,137,919
Investments	6	26,581,542	21,870,599
Amount due from brokers		341,413	998,052
Dividend receivables		23,059	15,547
TOTAL ASSETS		<u>27,488,618</u>	<u>26,022,117</u>
LIABILITIES			
Amount due to brokers		86,134	924,397
Accrued management fee		31,931	28,676
Amount due to Trustee		1,916	1,720
Other payables and accruals		16,875	13,075
TOTAL LIABILITIES		<u>136,856</u>	<u>967,868</u>
NET ASSET VALUE		<u>27,351,762</u>	<u>25,054,249</u>
EQUITY			
Unit holders' capital		61,997,246	61,573,334
Accumulated losses		(34,645,484)	(36,519,085)
		<u>27,351,762</u>	<u>25,054,249</u>
UNITS IN CIRCULATION (UNITS)	8	<u>31,271,000</u>	<u>30,587,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.8747</u>	<u>0.8191</u>

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

RHB MUDHARABAH FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
INCOME			
Dividend income		442,860	340,959
Profit income from Islamic deposits with licensed financial institutions		39,111	40,516
Profit from unquoted sukuk		609,302	529,718
Net realised gain/(loss) on disposal		1,819,428	(318,536)
Net unrealised (loss)/gain on changes in fair value		(335,468)	1,548,296
		<u>2,575,233</u>	<u>2,140,953</u>
EXPENSES			
Management fee	9	(415,247)	(327,594)
Trustee's fee	10	(24,915)	(19,656)
Audit fee		(9,275)	(9,275)
Tax agent's fee		(3,800)	(4,400)
Transaction costs		(240,634)	(276,732)
Other expenses		(7,761)	(5,032)
		<u>(701,632)</u>	<u>(642,689)</u>
Net income before taxation		1,873,601	1,498,264
Taxation	11	-	-
Net income after taxation		<u>1,873,601</u>	<u>1,498,264</u>
Net income after taxation is made up as follow:			
Realised amount		2,206,549	(56,166)
Unrealised amount		(332,948)	1,554,430
		<u>1,873,601</u>	<u>1,498,264</u>

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

RHB MUDHARABAH FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

	Unit holders’ capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 March 2023	59,071,911	(38,017,349)	21,054,562
Movement in net asset value:			
Net income after taxation	-	1,498,264	1,498,264
Creation of units arising from applications	3,050,229	-	3,050,229
Cancellation of units	(548,806)	-	(548,806)
Balance as at 29 February 2024	<u>61,573,334</u>	<u>(36,519,085)</u>	<u>25,054,249</u>
Balance as at 1 March 2024	61,573,334	(36,519,085)	25,054,249
Movement in net asset value:			
Net income after taxation	-	1,873,601	1,873,601
Creation of units arising from applications	5,460,469	-	5,460,469
Cancellation of units	(5,036,557)	-	(5,036,557)
Balance as at 28 February 2025	<u>61,997,246</u>	<u>(34,645,484)</u>	<u>27,351,762</u>

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

**RHB MUDHARABAH FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025**

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		35,224,270	34,242,656
Proceeds from redemption of investments		2,500,000	750,000
Purchase of investments		(41,323,271)	(36,529,384)
Dividends received		419,799	333,623
Profit received from unquoted sukuk		572,759	557,158
Profit received from Islamic deposits with licensed financial institutions		39,111	40,516
Management fee paid		(411,992)	(323,408)
Trustee's fee paid		(24,719)	(19,405)
Payment for other fees and expenses		(15,184)	(19,434)
Net cash used in operating activities		<u>(3,019,227)</u>	<u>(967,678)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		5,460,469	3,050,229
Cash paid on unit cancelled		(5,036,557)	(548,806)
Net cash generated from financing activities		<u>423,912</u>	<u>2,501,423</u>
Net (decrease)/increase in cash and cash equivalents		(2,595,315)	1,533,745
Cash and cash equivalents at the beginning of the financial year		<u>3,137,919</u>	<u>1,604,174</u>
Cash and cash equivalents at the end of the financial year	5	<u>542,604</u>	<u>3,137,919</u>

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

**RHB MUDHARABAH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Mudharabah Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master deed (Shariah funds) dated 12 June 2008 as amended via its first supplemental master deed (Shariah funds) dated 19 June 2009, second supplemental master deed (Shariah funds) dated 18 November 2009, third supplemental master deed (Shariah funds) dated 23 November 2009, fourth supplemental master deed (Shariah funds) dated 13 April 2012, fifth supplemental master deed (Shariah funds) dated 28 May 2012, seventh supplemental master deed (Shariah funds) dated 30 April 2013, eighth supplemental master deed (Shariah funds) dated 24 September 2013, ninth supplemental master deed (Shariah funds) dated 2 March 2015, tenth supplemental master deed (Shariah funds) dated 20 May 2015 and eleventh supplemental master deed (Shariah funds) dated 9 March 2023 (collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and CIMB Islamic Trustee Berhad (“the Trustee”).

The Fund was launched on 9 May 1996 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 includes Shariah-compliant stocks and shares of companies listed on the Bursa Malaysia Securities Berhad (“Bursa Malaysia”), sukuk, Shariah-compliant collective investment schemes, Islamic money market instruments and any other form of investments as may be approved by the relevant authorities from time to time and acceptable under the Shariah principles.

The Fund’s activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah Adviser of the Fund.

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 a balanced mix of income and potential for capital growth by investing in stocks listed on the Bursa Malaysia or on any other stock exchanges, unlisted stocks and sukuk and other non-interest bearing assets acceptable under principles of Shariah. The Fund’s activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah Adviser of the Fund.

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 24 April 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 summary of material accounting policies, and in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

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

The Fund has applied the following standards and amendments for the first time for the financial period beginning 1 March 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 March 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 March 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 profit, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives are measured at fair value through profit or loss.

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

Recognition and measurement

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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

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

Quoted Shariah-compliant investments and Islamic collective investment scheme 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.

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily 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 sukuk 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.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

Financial assets at amortised cost are subsequently carried at amortised cost using the effective profit 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 brokers, accrued management fee, amount due to Trustee and other payables and accruals are recognised initially at fair value plus directly attributable transaction cost and subsequently measured at amortised cost using the effective profit 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 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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.5 Income recognition

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

Profit income from short-term Islamic deposits with licensed financial institutions and unquoted sukuk are recognised on an accrual basis using the effective profit method.

Profit income is calculated by applying the effective profit 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 profit 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 Shariah-compliant investments and Islamic collective investment scheme are arrived at after accounting for cost of investments, determined on the weighted average cost method.

Realised gains or losses on disposal of unquoted sukuk is measured by the difference between net disposal proceeds and the carrying amounts of the 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 which is subject to an insignificant risk of changes in value.

2.8 Amount due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively. The amount due from brokers balance is held for collection.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Amount due from/to brokers (continued)

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the brokers, probability that the brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

2.9 Presentation and functional currency

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Market risk

Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in profit 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 sukuk. The market price of securities owned by a unit trust fund might go down or up, sometimes rapidly or unpredictably.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 quoted Shariah-compliant investment and Islamic collective investment scheme (other than those arising from profit rate risk) price risk for its investments of RM13,463,730 (2024: RM11,401,662) in quoted Shariah-compliant investments and Islamic collective investment scheme.

The Fund is exposed to price risk arising from profit rate risk in relation to its investments of RM13,117,812 (2024: RM10,468,937) in unquoted sukuk. The Fund's exposure to price risk arising from profit rate risk and the related sensitivity analysis are disclosed in "Profit rate risk" below.

The sensitivity analysis is based on the assumption that the price of the quoted Shariah-compliant investments and Islamic collective investment scheme fluctuate by +/- 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/- RM673,187 (2024: RM570,083).

Profit rate risk

In general, when profit rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when profit rates rise or are expected to rise. In order to mitigate profit 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 profit rate trend of the Manager, which is based on its continuous fundamental research and analysis.

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Profit rate risk (continued)

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

<u>% Change in profit rate</u>	Impact on profit or loss after taxation and net asset value	
	<u>2025</u> RM	<u>2024</u> RM
+1%	(32,600)	(24,094)
-1%	32,853	24,174

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

Liquidity risk

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

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	Less than <u>1 month</u> RM	Between <u>1 month</u> to <u>1 year</u> RM
<u>2025</u>		
Amount due to brokers	86,134	-
Accrued management fee	31,931	-
Amount due to Trustee	1,916	-
Other payables and accruals	-	16,875
	119,981	16,875
<u>2024</u>		
Amount due to brokers	924,397	-
Accrued management fee	28,676	-
Amount due to Trustee	1,720	-
Other payables and accruals	-	13,075
	954,793	13,075

Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or profit due on that investment. For investments in unquoted sukuk, 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 Islamic deposits with reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC’s Guidelines on Unit Trust Fund.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets*</u> RM	<u>Total</u> RM
<u>2025</u>				
AAA	2,194,090	-	-	2,194,090
AA-	5,335,740	-	-	5,335,740
AA1	533,277	542,604	-	1,075,881
AA2	523,731	-	-	523,731
AA3	708,427	-	-	708,427
A+	1,023,698	-	-	1,023,698
A-	1,256,808	-	-	1,256,808
A1	503,589	-	-	503,589
A3	1,038,452	-	-	1,038,452
Other	-	-	364,472	364,472
	<u>13,117,812</u>	<u>542,604</u>	<u>364,472</u>	<u>14,024,888</u>
<u>2024</u>				
AAA	3,205,166	-	-	3,205,166
AA-	3,193,955	-	-	3,193,955
AA1	536,937	3,137,919	-	3,674,856
AA2	523,324	-	-	523,324
AA3	1,481,362	-	-	1,481,362
A+	1,011,750	-	-	1,011,750
A3	516,443	-	-	516,443
Other	-	-	1,013,599	1,013,599
	<u>10,468,937</u>	<u>3,137,919</u>	<u>1,013,599</u>	<u>14,620,455</u>

* Comprise of amount due from brokers and dividend receivables.

Shariah specific risk

The risk that the investments do not conform to the principle of Shariah may result in those investments being not Shariah-compliant. Should the situation arise, necessary steps shall be taken to liquidate of such investments in accordance with the rules of divestment of non Shariah-compliant investments. If this occurs, the Fund could suffer losses from the liquidation and thus, adversely affecting the value of the Fund.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM61,997,246 (2024: RM61,573,334) and accumulated losses of RM34,645,484 (2024: RM36,519,085). 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.

4. FAIR VALUE ESTIMATION (CONTINUED)

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

- (i) For bank balances and Islamic 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)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2025</u>				
Financial assets at FVTPL:				
- Quoted Shariah-compliant investments	13,074,185	-	-	13,074,185
- Islamic collective investment scheme	389,545	-	-	389,545
- Unquoted sukuk	-	13,117,812	-	13,117,812
	<u>13,463,730</u>	<u>13,117,812</u>	-	<u>26,581,542</u>

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: (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at FVTPL:				
- Quoted Shariah-compliant investments	10,852,523	-	-	10,852,523
- Islamic collective investment scheme	549,139	-	-	549,139
- Unquoted sukuk	-	10,468,937	-	10,468,937
	<u>11,401,662</u>	<u>10,468,937</u>	<u>-</u>	<u>21,870,599</u>

Investments in active listed equities, i.e. published Shariah-compliant investments and Islamic collective investment scheme whose value is based on published market prices in active markets are classified within Level 1. The Fund does not adjust the published prices for these instruments.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted sukuk. 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>2025</u> RM	<u>2024</u> RM
Bank balances	<u>542,604</u>	<u>3,137,919</u>

Bank balances consist of current account with RHB Islamic Bank Berhad, a related company of Manager, amounted RM542,604 as at 28 February 2025 (2024: RM3,137,919).

6. INVESTMENTS

	<u>2025</u> RM	<u>2024</u> RM
Investments:		
- Quoted Shariah-compliant investments	13,074,185	10,852,523
- Islamic collective investment scheme	389,545	549,139
- Unquoted sukuk	13,117,812	10,468,937
	<u>26,581,542</u>	<u>21,870,599</u>

Investments as at 28 February 2025 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS				
CONSTRUCTION				
Gamuda Berhad	172,918	601,787	753,923	2.76
Kerjaya Prospek Group Berhad	191,700	377,438	400,653	1.46
		<u>979,225</u>	<u>1,154,576</u>	<u>4.22</u>
CONSUMER PRODUCTS & SERVICES				
AEON Co. (M) Berhad	187,400	284,931	266,108	0.97
Guan Chong Berhad	57,800	225,191	224,264	0.82
MBM Resources Berhad	76,000	388,524	411,160	1.50
QL Resources Berhad	107,500	486,184	521,375	1.91
Sime Darby Berhad	63,100	137,142	138,189	0.51
		<u>1,521,972</u>	<u>1,561,096</u>	<u>5.71</u>
ENERGY				
Dialog Group Berhad	296,000	566,533	467,680	1.71
FINANCIAL SERVICES				
Bank Islam Malaysia Berhad	99,900	263,167	249,750	0.91
Syarikat Takaful Malaysia Berhad	91,100	350,180	321,583	1.18
		<u>613,347</u>	<u>571,333</u>	<u>2.09</u>
HEALTH CARE				
Hartalega Holdings Berhad	135,800	437,210	305,550	1.12
IHH Healthcare Berhad	98,400	652,972	733,080	2.68

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 2025 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)				
HEALTH CARE (CONTINUED)				
Kossan Rubber Industries Berhad	66,000	138,580	117,480	0.43
Supercomnet Technologies Berhad	209,100	268,946	234,192	0.86
		<u>1,497,708</u>	<u>1,390,302</u>	<u>5.09</u>
INDUSTRIAL PRODUCTS & SERVICES				
Aurelius Technologies Berhad	40,900	143,675	125,563	0.46
Kelington Group Berhad	116,000	375,416	404,840	1.48
Malayan Cement Berhad	47,700	236,480	236,592	0.87
Pantech Group Holdings Berhad	203,000	196,321	173,565	0.63
Press Metal Aluminium Holdings Berhad	31,100	162,129	157,055	0.57
Scientex Berhad	100,100	435,587	367,367	1.34
Solarvest Holdings Berhad	195,300	319,596	341,775	1.25
Southern Cable Sdn Berhad	172,400	185,099	198,260	0.73
Sunway Berhad	111,400	393,309	513,554	1.88
Wellcall Holdings Berhad	167,600	289,948	251,400	0.92
		<u>2,737,560</u>	<u>2,769,971</u>	<u>10.13</u>
PLANTATION				
Johor Plantations Group Berhad	173,800	182,877	213,774	0.78
Kim Loong Resources Berhad	106,500	223,958	251,340	0.92
SD Guthrie Berhad	48,800	216,045	247,416	0.90
		<u>622,880</u>	<u>712,530</u>	<u>2.60</u>
PROPERTY				
Eco World Development Group Berhad	61,400	111,084	122,186	0.45
Matrix Concepts Holdings Berhad	200,700	235,427	282,987	1.03

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 2025 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)				
PROPERTY (CONTINUED)				
Sime Darby Property Berhad	214,700	232,371	300,580	1.10
		578,882	705,753	2.58
TECHNOLOGY				
Frontken Corporation Berhad	125,900	502,164	470,866	1.72
Genetec Technology Berhad	275,500	407,234	355,395	1.30
Inari Amertron Berhad	118,200	376,875	244,674	0.89
ViTrox Corporation Berhad	72,100	274,296	223,510	0.82
		1,560,569	1,294,445	4.73
TELECOMMUNICATIONS & MEDIA				
Telekom Malaysia Berhad	78,200	453,768	534,106	1.95
TRANSPORTATION & LOGISTICS				
Westports Holdings Berhad	121,300	482,849	559,193	2.04
UTILITIES				
Tenaga Nasional Berhad	99,500	1,297,554	1,353,200	4.95
TOTAL QUOTED SHARIAH-COMPLIANT INVESTMENTS		12,912,847	13,074,185	47.80
ISLAMIC COLLECTIVE INVESTMENT SCHEME				
REAL ESTATE INVESTMENT TRUST				
KLCC Property – Stapled Securities	46,100	342,616	389,545	1.42
TOTAL ISLAMIC COLLECTIVE INVESTMENT SCHEME		342,616	389,545	1.42

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 2025 are as follows: (continued)

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED SUKUK					
5.30% Cenergi Sea Berhad IMTN 23/12/2026	AA3	100,000	101,149	102,622	0.38
4.58% Bank Islam Malaysia Sukuk 01/10 2123	A3	1,000,000	1,018,822	1,038,452	3.80
4.150% Dialog Group Sukuk 16/11/2027	A1	500,000	503,850	503,589	1.84
5.05% DRB-Hicom Berhad IMTN 06/08/2031	AA-	500,000	502,935	528,946	1.93
5.08% DRB-Hicom Berhad IMTN 30/08/2030	AA-	500,000	513,958	538,281	1.97
6.55% Edra Energy Sdn Bhd IMTN 04/01/2036	AA3	500,000	549,975	605,805	2.21
5.25% MBSB Bank IMTN 19/12/2031	A-	500,000	508,605	515,796	1.89
6.40% MEX II Sdn Bhd IMTN 28/04/2034	D*	500,000	534,314	-	-
4.83% MMC Port IMTN 08/04/2032	AA-	600,000	611,433	640,113	2.34
5.09% Malaysian Resources Corporation Berhad IMTN 18/10/2028	AA-	1,300,000	1,340,813	1,361,681	4.98
4.96% Perusahaan Otomobil Nasional Sdn Bhd IMTN 28/12/2028	AA2	500,000	504,281	523,731	1.91

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 2025 are as follows: (continued)

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED SUKUK (CONTINUED)					
5.08% Petroleum Sarawak Exploration & Production Sdn Bhd IMTN 11/11/2027	AAA	500,000	513,498	525,565	1.92
5.11% Sarawak Petchem Sdn Bhd IMTN 25/07/2031	AAA	500,000	502,310	536,785	1.96
5.23% Tenaga Nasional Berhad IMTN 30/06/2037	AAA	1,000,000	1,027,204	1,131,740	4.14
4.22% TG Treasury IMTN 20/02/2030	AA-	700,000	700,728	705,775	2.58
4.67% UEMS IMTN 14/02/2031	AA-	1,500,000	1,510,548	1,560,944	5.71
5.65% WCT IMTN 20/04/2026	A+	1,000,000	1,024,359	1,023,698	3.74
7.50% Yinson Holdings Sukuk 02/11/2022	A-	700,000	736,574	741,012	2.71
4.88% YTL Power IMTN 22/03/2030	AA1	500,000	511,641	533,277	1.95
TOTAL UNQUOTED SUKUK			13,216,997	13,117,812	47.96
TOTAL INVESTMENTS			26,472,460	26,581,542	97.18

6. INVESTMENTS (CONTINUED)

Investments as at 29 February 2024 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS				
CONSTRUCTION				
AME Elite Consortium Berhad	96,000	156,480	166,080	0.66
Econpile Holdings Berhad	549,600	182,891	189,612	0.76
Gamuda Berhad	38,514	173,488	203,739	0.82
IJM Corporation Berhad	127,000	275,346	271,780	1.09
Muhibbah Engineering (M) Berhad	324,300	174,538	173,500	0.69
		962,743	1,004,711	4.02
CONSUMER PRODUCTS & SERVICES				
Fraser & Neave Holdings Berhad	12,400	351,499	365,800	1.46
MBM Resources Berhad	28,100	126,079	126,450	0.50
		477,578	492,250	1.96
ENERGY				
Dialog Group Berhad	103,700	225,381	217,770	0.87
Wasco Berhad	191,200	188,041	252,384	1.01
		413,422	470,154	1.88
FINANCIAL SERVICES				
Bank Islam Malaysia Berhad	85,000	180,903	209,100	0.84
Syarikat Takaful Malaysia Berhad	82,297	307,884	306,145	1.22
		488,787	515,245	2.06
HEALTH CARE				
Hartalega Holdings Berhad	133,100	311,421	334,081	1.33
IHH Healthcare Berhad	17,100	99,539	105,165	0.42
KPJ Healthcare Berhad	311,900	452,709	514,635	2.05
Top Glove Corporation Berhad	424,900	378,263	342,044	1.37
		1,241,932	1,295,925	5.17

6. INVESTMENTS (CONTINUED)

Investments as at 29 February 2024 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)				
INDUSTRIAL PRODUCTS & SERVICES				
Cahaya Mata Sarawak Berhad	154,500	181,414	148,320	0.59
CPE Technology Berhad	306,400	298,567	333,976	1.33
EG Industries Berhad	149,100	225,260	205,758	0.82
Kelington Group Berhad	108,900	252,049	277,695	1.11
Nationgate Holdings Berhad	162,100	227,605	228,561	0.91
Petronas Chemicals Group Berhad	46,600	323,098	326,200	1.30
Press Metal Aluminium Holdings Berhad	62,300	297,183	291,564	1.17
Sunway Berhad	159,300	334,361	446,040	1.78
		<u>2,139,537</u>	<u>2,258,114</u>	<u>9.01</u>
PLANTATION				
IOI Corporation Berhad	52,300	223,800	208,154	0.83
Kim Loong Resources Berhad	136,100	265,773	291,254	1.16
Kuala Lumpur Kepong Berhad	9,692	218,765	217,101	0.87
Sime Darby Plantation Berhad	71,200	316,926	308,296	1.23
		<u>1,025,264</u>	<u>1,024,805</u>	<u>4.09</u>
PROPERTY				
Matrix Concepts Holdings Berhad	168,600	264,152	296,736	1.19
Sime Darby Property Berhad	268,200	169,150	206,514	0.82
		<u>433,302</u>	<u>503,250</u>	<u>2.01</u>
TECHNOLOGY				
Frontken Corporation Berhad	124,100	396,455	455,447	1.82
Inari Amertron Berhad	113,000	326,932	358,210	1.43
Malaysian Pacific Industries Berhad	12,300	331,094	357,192	1.42

6. INVESTMENTS (CONTINUED)

Investments as at 29 February 2024 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)				
TECHNOLOGY (CONTINUED)				
Unisem (M) Berhad	53,100	177,742	176,823	0.71
ViTrox Corporation Berhad	32,400	228,400	243,000	0.97
		<u>1,460,623</u>	<u>1,590,672</u>	<u>6.35</u>
TELECOMMUNICATIONS & MEDIA				
CelcomDigi Berhad	66,900	284,088	291,015	1.16
Telekom Malaysia Berhad	85,800	454,305	519,090	2.07
		<u>738,393</u>	<u>810,105</u>	<u>3.23</u>
TRANSPORTATION & LOGISTICS				
MISC Berhad	45,700	339,686	347,320	1.38
Westports Holdings Berhad	59,600	209,881	224,692	0.90
		<u>549,567</u>	<u>572,012</u>	<u>2.28</u>
UTILITIES				
Tenaga Nasional Berhad	28,000	305,740	315,280	1.26
TOTAL QUOTED SHARIAH-COMPLIANT INVESTMENTS		<u>10,236,888</u>	<u>10,852,523</u>	<u>43.32</u>
ISLAMIC COLLECTIVE INVESTMENT SCHEME				
REAL ESTATE INVESTMENT TRUST				
Axis Real Estate Investment Trust	113,867	216,728	201,545	0.80
KLCC Property & KLCC Reits – Stapled Securities	46,100	314,082	347,594	1.39
		<u>530,810</u>	<u>549,139</u>	<u>2.19</u>
TOTAL ISLAMIC COLLECTIVE INVESTMENT SCHEME		<u>530,810</u>	<u>549,139</u>	<u>2.19</u>

6. INVESTMENTS (CONTINUED)

Investments as at 29 February 2024 are as follows: (continued)

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED SUKUK					
5.30% Cenergi Sea Berhad IMTN 23/12/2026	AA3	600,000	607,274	617,756	2.47
5.08% DRB-Hicom Berhad IMTN 30/08/2030	A+	500,000	514,320	513,680	2.05
5.05% DRB-Hicom Berhad IMTN 06/08/2031	A+	500,000	503,179	498,070	1.99
5.79% Edra Energy Sdn Bhd IMTN 03/01/2025	AA3	250,000	257,411	256,301	1.02
6.55% Edra Energy Sdn Bhd IMTN 04/01/2036	AA3	500,000	553,054	607,305	2.42
5.25% MBSB Bank IMTN 19/12/2031	A3	500,000	510,512	516,443	2.06
6.40% MEX II Sdn Bhd IMTN 28/04/2034	D*	500,000	534,314	-	-
4.83% MMC Port IMTN 08/04/2032	AA-	600,000	611,433	635,637	2.54
5.09% Malaysian Resources Corporation Berhad IMTN 18/10/2028	AA-	500,000	502,340	516,813	2.06
3.09% Pengerang LNG (Two) Sdn Bhd IMTN 21/10/2031	AAA	500,000	460,674	477,813	1.91
4.96% Perusahaan Otomobil Nasional Sdn Bhd IMTN 28/12/2028	AA2	500,000	504,349	523,324	2.09

6. INVESTMENTS (CONTINUED)

Investments as at 29 February 2024 are as follows: (continued)

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED SUKUK (CONTINUED)					
5.08% Petroleum Sarawak Exploration & Production Sdn Bhd IMTN 11/11/2027	AAA	1,000,000	1,030,735	1,059,001	4.23
5.11% Sarawak Petchem Sdn Bhd IMTN 25/07/2031	AAA	500,000	502,240	536,315	2.14
5.23% Tenaga Nasional Berhad IMTN 30/06/2037	AAA	1,000,000	1,028,552	1,132,037	4.52
4.67% UEMS IMTN 14/02/2031	AA-	1,500,000	1,511,842	1,529,336	6.11
5.65% WCT IMTN 20/04/2026	AA-	500,000	514,293	512,169	2.04
4.88% YTL Power IMTN 22/03/2030	AA1	500,000	511,829	536,937	2.14
TOTAL UNQUOTED SUKUK			10,658,351	10,468,937	41.79
TOTAL INVESTMENTS			21,426,049	21,870,599	87.30

* 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.

6. INVESTMENTS (CONTINUED)

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

On 30 October 2020, MEX II fulfilled its obligation on the Sukuk with a full and timely profit payment of circa RM39 million from monies previously ring-fenced for the sole benefit of Sukukholders in a reserve account.

On 18 November 2020, MARC downgraded MEX II’s ratings to BBB from A and the rating remained on MARCWatch Negative following concerns on MEX II’s timely ability to obtain additional financing to meet its debt obligations in April 2021 and complete a sukuk restructuring exercise.

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

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.

6. INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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

The R&M continues to work on a restructuring proposal for MEX II and has submitted a proposal to Kementerian Kerja Raya on 21 Nov 2023 and revised proposals on 15 Mar 2024 and 13 Sep 2024, which incorporates some feedback from the government agencies. Discussions with the government agencies remain ongoing.

7. SHARIAH INFORMATION OF THE FUND

The following are the Shariah information of the Fund.

(a) Investment Portfolio

The Shariah Adviser has confirmed that investment portfolio of the Fund is Shariah-compliant, which comprises:

- (i) Equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission of Malaysia;
- (ii) Sukuk as listed in the list of approved sukuk issued by the Securities Commission of Malaysia; and
- (iii) Investment or cash placements in Islamic liquid assets in local market, including Islamic money market, Islamic deposits with Islamic financial institutions, Islamic structured products, Islamic financial derivatives and/or Islamic collective investment schemes.

There is nil interest amount received during the financial year of the fund.

8. UNITS IN CIRCULATION

	<u>2025</u> Units	<u>2024</u> Units
At the beginning of the financial year	30,587,000	27,452,000
Creation of units arising from applications during the financial year	6,288,000	3,842,000
Cancellation of units during the financial year	<u>(5,604,000)</u>	<u>(707,000)</u>
At the end of the financial year	<u>31,271,000</u>	<u>30,587,000</u>

9. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.50% (2024: 1.50%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

10. TRUSTEE'S FEE

In accordance with the Prospectus, Trustee's fee provided in the financial statements is 0.09% (2024: 0.09%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

11. TAXATION

(a) Tax charge for the financial year

	<u>2025</u> RM	<u>2024</u> RM
Current taxation	-	-

(b) Numerical reconciliation of income tax expense

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

	<u>2025</u> RM	<u>2024</u> RM
Net income before taxation	1,873,601	1,498,264
Tax calculated at statutory income tax rate of 24%	449,664	359,583
Tax effects of:		
- Investment income not subject to tax	(618,056)	(513,829)
- Expenses not deductible for tax purposes	66,193	73,052
- Restriction on tax deductible expenses	102,199	81,194
Tax expense	-	-

12. TOTAL EXPENSE RATIO ("TER")

	<u>2025</u> %	<u>2024</u> %
TER	1.66	1.66

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>2025</u>	<u>2024</u>
PTR (times)	<u>1.37</u>	<u>1.65</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>2025</u>		<u>2024</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	1,988	1,739	1,807	1,480
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>51,804</u>	<u>45,313</u>	<u>51,804</u>	<u>42,433</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 28 February 2025 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*	44,447,611	59.22	103,005	61.83
Affin Hwang Investment Bank Berhad	7,708,610	10.27	18,511	11.11
Maybank Investment Bank Berhad	5,104,023	6.80	15,273	9.17
KAF-Seagroatt & Campbell Securities Sdn Bhd	4,686,395	6.24	14,059	8.44
Bank Islam Malaysia Bhd	3,041,400	4.05	-	-
CIMB Investment Bank Berhad	2,325,686	3.10	6,977	4.19
Hong Leong Investment Bank Berhad	1,855,897	2.47	3,712	2.23
UOB Kay Hian Securities (M) Sdn Bhd	1,454,204	1.94	2,908	1.75
CIMB Bank Berhad	1,200,000	1.60	-	-
CIMB Islamic Bank Berhad	1,019,200	1.36	-	-
Others	2,207,026	2.95	2,150	1.28
	75,050,052	100.00	166,595	100.00

15. TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial year ended 29 February 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*	29,919,341	42.26	77,447	41.82
Affin Hwang Investment Bank Berhad	11,941,809	16.87	35,825	19.34
Maybank Investment Bank Berhad	7,578,314	10.70	22,746	12.28
CIMB Investment Bank Berhad	6,668,170	9.42	20,005	10.80
MIDF Amanah Investment Bank Berhad	4,292,410	6.06	12,880	6.95
UOB Kay Hian Securities (M) Sdn Bhd	1,964,884	2.78	3,945	2.13
KAF-Seagroatt & Campbell Securities Sdn Bhd	1,931,249	2.73	5,715	3.09
Nomura Securities Malaysia Sdn Bhd	1,684,130	2.38	3,368	1.82
Hong Leong Bank Berhad	1,664,810	2.35	-	-
Hong Leong Investment Bank Berhad	1,488,721	2.10	2,977	1.61
Others	1,666,235	2.35	304	0.16
	70,800,073	100.00	185,212	100.00

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

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2025</u> RM	<u>2024</u> RM
Financial assets		
Financial assets at FVTPL		
• Quoted Shariah-compliant investments	13,074,185	10,852,523
• Islamic collective investment scheme	389,545	549,139
• Unquoted sukuk	13,117,812	10,468,937
	<u>26,581,542</u>	<u>21,870,599</u>
Financial assets at amortised cost		
• Bank balances	542,604	3,137,919
• Amount due from brokers	341,413	998,052
• Dividend receivables	23,059	15,547
	<u>907,076</u>	<u>4,151,518</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to brokers	86,134	924,397
• Accrued management fee	31,931	28,676
• Amount due to Trustee	1,916	1,720
• Other payables and accruals	16,875	13,075
	<u>136,856</u>	<u>967,868</u>

**STATEMENT BY MANAGER
RHB MUDHARABAH 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 28 February 2025 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 April 2025

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 28 February 2025 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.

For and on behalf of
CIMB Islamic Trustee Berhad

Tok Puan Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
24 April 2025

REPORT OF THE SHARIAH ADVISER RHB MUDHARABAH FUND

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

We have acted as the Shariah Adviser of the Fund. Our responsibility is to ensure that the procedures and processes employed by RHB Asset Management Sdn Bhd (“the Manager”) and that the provisions of the Deeds are in accordance with Shariah principles.

To the best of our knowledge, after having made all reasonable enquiries, the Manager has operated and managed the Fund in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial year ended 28 February 2025.

In addition, we also confirm that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant.

I, Azizi Che Seman, hereby confirm that all members of the Shariah Committee have been consulted and made aware of all the Shariah issues in relation to this report.

For and on behalf of Shariah Committee of RHB Islamic Bank Berhad
(Company No: 200501003283)

Azizi Che Seman
Chairman
Shariah Committee of RHB Islamic Bank Berhad
24 April 2025

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Mudharabah Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 28 February 2025 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 28 February 2025, 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 14 to 52.

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 MUDHARABAH 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 MUDHARABAH 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 MUDHARABAH 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 April 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*)

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
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Fax: 06-292 2212
Penang Office	3rd Floor, 44 Lebuhr Pantai Georgetown, 10300 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

EXTERNAL INVESTMENT MANAGER	RHB Islamic International Asset Management Berhad
TRUSTEE	CIMB Islamic Trustee Berhad
SHARIAH ADVISER	RHB Islamic Bank 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 RHB Islamic Bank Berhad CIMB Bank Berhad CIMB Private Banking CIMB Islamic Bank Berhad Genexus Advisory Sdn Bhd HSBC Amanah Malaysia Berhad HSBC Bank Malaysia Berhad iFAST Capital Sdn Bhd Kenanga Investors Berhad OCBC Al-Amin Bank 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

RHB ♦ Asset Management

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