

**RHB ENTREPRENEUR FUND**

**ANNUAL REPORT 2024**

For the financial year ended 31 October 2024

## GENERAL INFORMATION ABOUT THE FUND

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

Fund Name - RHB Entrepreneur Fund

Fund Category - Equity Fund

Fund Type - Growth

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

#### Objective of the Fund

The Fund aims to achieve long term\* capital appreciation through investments in securities of companies that possess entrepreneurial characteristics as determined by the Manager.

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

#### Strategy

The Fund seeks to achieve its objective through investments in a portfolio of securities issued by companies listed in Japan, and other Asian countries such as Hong Kong, China, South Korea, Taiwan, India, Indonesia, Thailand, Malaysia, Singapore and Philippines. The Fund's portfolio will consist of at least 50% of investments in securities of companies listed in Japan.

The Manager will identify a universe of companies that the Manager believes to possess entrepreneurial management characteristics. The Manager regards stock selection as the source of investment returns that contributes to the outperformance of the Fund's returns against its benchmark and will make its investment decisions based on the "bottom-up approach" emphasizing research and analysis on each individual company.

The Fund's investments in such companies are not industry or sector specific. This would accord the Fund a range of investment opportunities identified by the Manager as having entrepreneurial features based on company fundamentals.

The Fund will invest in securities of companies which have entrepreneurial characteristics as determined by the Manager. In making such a determination, the Manager will look at the companies which have:

- family involvement with at least 5% equity ownership by the family; and
- corporate governance.

For its qualitative analysis of a company, the Manager will focus on the management's display of leadership qualities and initiatives. The Manager will evaluate the management's capability of the company in terms of its pursuance of long term (generally refers to 5 to 7 years) shareholders' returns, consistency of management philosophy and timely and swift decision making.

The Manager will in its quantitative screenings, look at factors such as:

- the company's valuation;
- the company's growth potential;
- the company's financial soundness; and
- the company's financial indicators such as liquidity and credit criteria.

The Fund's portfolio will be structured as follows:

A minimum 70% of its Net Asset Value

- Investments in securities of companies that are listed on the stock exchanges of Japan and other Asian markets.

Balance of its Net Asset Value

- Investments in liquid assets including money market instruments and Deposits.

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

The risk management strategies and techniques employed by the Manager include diversification of the Fund's investments in terms of its exposure to various industries, sectors and asset classes/ type of investments (i.e. equity and money market instruments). Financial derivatives may also be used for hedging purposes where appropriate. Generally, the assets of the Fund will be invested over a medium to long term period<sup>1</sup> with disposal of the investments when necessary to control risk as well as to optimize capital gains. This is especially so when the full growth potential of an investment is deemed to have been reduced over a prolonged rise in equity value and other available equity investments with entrepreneurial characteristics may present cheaper valuations and better performance potential. The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. Adherence to the permitted investments and restrictions also helps the Manager to risk-manage the Fund's portfolio in terms of diversification. Moreover, the Manager in making its investment decisions shall at all times comply with the investment restrictions of the Fund and requirements as set out in the Deed.

Note: <sup>1</sup>medium to long term period here refers to a period between 3 to 7 years.

For investments in Japan and other Asian countries, the Manager in managing the principal risks such as country risk and currency risk will always take into consideration its evaluation of the historical developments and its prior experience in such countries. Investments in Japan and other Asian countries will be actively managed with constant review of the economic and political developments of the countries in which the Fund is invested in. The Manager has engaged the Investment Adviser to provide stock recommendations in relation to the Fund's investments in companies in Japan. Investments will ultimately be made based on risk-reward profiles.

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

### **Performance Benchmark**

Effective from 6 October 2017, the performance of the Fund is benchmarked against Tokyo Stock Price Index (RM).

Prior to 6 October 2017, the performance of the Fund was benchmarked against MSCI AC Asia Index (RM).

### **Permitted Investments**

The Fund may invest in securities listed on the Bursa Malaysia or any other market considered as an eligible market, securities not listed in or traded under the rules of an eligible market ("unlisted securities"), collective investment schemes, financial derivatives, structured products, liquid assets (including money market instruments and deposits) and any other investments permitted by the Securities Commission Malaysia from time to time.

### **Distribution Policy**

Consistent with the Fund's objective which aims to achieve capital growth over the long term, distributions will therefore be of secondary importance. Distributions, if any, after deduction of taxation and expenses will be reinvested.

## **MANAGER'S REPORT**

### **MARKET AND ECONOMIC REVIEW**

Global equities experienced notable volatility from October 2023 to October 2024 with historic market rallies in first half of year 2024 ("1H2024"). Global stock markets registered strong gains in first quarter of year 2024 ("1Q2024") amid a resilient United States ("US") economy and ongoing enthusiasm around Artificial Intelligence ("AI") continued to boost related companies amid some strong earnings and outlook statements.

At the beginning of the financial period under review, we saw gains in market supported by some well-received corporate earnings as well as ongoing expectations of rate cuts later this year. The pace of monetary policy easing was likely to be slower than had been expected at the end of last year, given resilient US economic data, but this did little to dampen appetite for equities.

The Standard and Poor ("S&P") 500 index was boosted by good corporate earnings, including from some of the so-called "Magnificent Seven" companies. Gains were led by the communication services, energy, information technology and financial sectors. Real estate registered a negative return while utilities also lagged.

The likely timing and extent of interest rates cuts remained a key focus for markets going into second quarter. There were worries at the start of the quarter that the US economy may be overheating, and strong economic data was greeted negatively by the market. However, hopes of a soft landing for the economy grew as the quarter progressed. Annual US inflation, as measured by the personal consumption expenditures index, eased slightly to 2.60% in May 2024 from 2.70% in April 2024. The US labour market remained strong with 272,000 jobs added in May 2024.

However, changing expectations for the path of US interest rates following early August 2024 weaker jobs data, shaped the second half of year 2024 ("2H2024") and contributed to the divergent sector performances. The non-farm payrolls report showed that 114,000 jobs were added in July 2024, well below the consensus expectation of 175,000, while the unemployment rate rose to 4.30%. This weaker jobs report sparked fears that the Federal Reserve ("Fed") may have left it too late to cut interest rates, and risked damaging the economy. Markets began to price in significant monetary policy easing by the end of the year. At the same time, doubts arose over the returns that companies may see from the significant investment being made into technologies such as AI. Both factors contributed to market volatility in early August 2024. Some resilient corporate earnings over the period helped to settle investor nerves while the Fed announced a 50 basis point ("bps") reduction to rates in September 2024 Federal Open Market Committee ("FOMC"). Moving forward, Investor attention will turn to the forthcoming Trump policies following his victory in November 2024 US election.

Over in China market, it began the year modestly lower as foreign investors remained cautious amid ongoing fears about the outlook for the Chinese economy. Stocks in Hong Kong also experienced sharp declines in the 1Q2024, with many investors looking to other markets as Beijing increases its control over the former British colony and amid ongoing fears over the state of China's post-pandemic economic recovery. Optimism started rearing its head in second quarter as low valuations for many Chinese stocks encouraged Asia-focused investors to cautiously return to the Chinese market following concerns about India's high valuations and Japan's continued currency weakness. Going into 2H2024, the China or Hong Kong market achieved solid gains and were amongst the best-performing markets in the Morgan Stanley Capital International All-Country ("MSCI AC") Asia Ex Japan Index, following a raft of stimulus measures by the Chinese government – ranging from rate cuts to fiscal support – in a bid to reverse a slowdown in the broader economy.

Japan equities have performed well compared to its regional peers, only lagging TAIEX and Hang Seng, with the TOPIX and Nikkei 225 up 16.00% and 18.00% respectively in calendar- Year-to-date ("YTD") 2024. This outperformance was mainly driven in 1H2024, where foreign investors played a leading role in driving the rally. This was fueled by increasing optimism over Japan's positive economic cycle, characterised by mild inflation and wage growth. This quarter marked a historic moment as the Nikkei reached its all-time high and surpassed the 40,000 Japanese Yen ("JPY") level. The Bank of Japan ("BoJ") also took significant actions at its March 2024 policy meeting, contributing to the new high for the Nikkei 225.

Corporate earnings in Japan have exceeded expectations, and there have been positive revisions for both the current and the next fiscal years. The weakening JPY has provided support, but more importantly, the inflationary environment is expected to boost earnings for many Japanese companies, especially those with pricing power (the ability to raise prices by more than inflation).

The BoJ's decision to overhaul its monetary policy measures, including lifting the negative interest rate policy, abandoning yield curve control ("YCC"), and ceasing the Exchange Traded Fund ("ETF") purchase programme, was supported by the significant progress made in the spring wage negotiations known as Shunto. The initial figures released by the unions exceeded 5.00%, surpassing the previous year's levels and reaching a 34-year high.

Third quarter of year 2024 ("3Q2024") brought historically high volatility to the Japanese stock market. The market reached a new high early in July 2024 as positive momentum persisted. However, the market then corrected sharply toward the end of July 2024 and a significant dislocation occurred in early August 2024 due to the combination of weaker US economic data and the BoJ action in raising interest rates. These changes to the interest rate picture caused a significant swing in the currency market and JPY carry trade unwinding effect. Over the quarter, the JPY has sharply strengthened against the US Dollar ("USD").

Japanese shares stabilised towards the end of August 2024 and into September 2024. The US Fed's 50 bps rate cut allayed fears around US economic slowdown. Japanese stocks were also supported by the expectation that Ms Sanae Takaichi, an expansionist, would win the Liberal Democratic Party ("LDP") leadership election. However, at the very end of Q32024, news came that Mr Ishiba had won the run-off against Ms Takaichi. This caused a significant fall in the market the following day. As a result, the quarterly return of TOPIX Total Return was negative 4.40% in local currency terms.

The JPY's strength also had material impacts on sector performance. Overall, domestically oriented sectors such as retailers, construction, and information & communication performed solidly while exporters such as auto and machinery suffered. Smaller companies held up well compared to large cap stocks.

The Association of Southeast Asian Nations ("ASEAN") markets, despite having a rather commendable year, underperformed global equities driven by a confluence of domestic economic developments, global market trends, and political factors. Notable underperformers in ASEAN region include Indonesia and Thailand, where investors recalibrated their assessments of growth and asset quality for banking sector, micro medium-sized enterprise ("SME")s as well as tourism recovery expectations.

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

During the year under review, the fund recorded a positive return of 2.14%\*, underperforming the benchmark TOPIX Index which registered return of 11.87%\*. The Net Asset Value per unit of the Fund was RM0.4152 (2023: RM0.4065) as at 31 October 2024.

The underperformance was due stock selection in Japan and country allocation. After registered strong performance in year 2023, Nikkei 225 and Topix continued its rallied in year 2024 as JPY weaknesses boost exports oriented companies which are mainly blue chip. However, the stocks in the portfolio are mainly domestic consumption names and small cap in nature and did not benefited from the big cap rally in Japan. In the 1H2024 of the financial year, the Portfolio Manager reduced exposure in China and use the proceeds to increase allocation in Japan.

Detractors to the fund performance are mainly technology related stocks as valuation were steep after the run up in year 2023. Concerns over exposure to China has also dampened investors interest on technology names. Towards the last week of September 2024, some of the China stocks rallied and help to improve the performance for the year.

The Fund has not achieved its objective in outperforming the benchmark during the period under review.

The Fund does not involve in any cross trade transaction during the period under review.

\* *Source: Lipper Investment Management (“Lipper IM”), 12 November 2024*

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

Moving forward, growth risks remained the primary concern for investors, despite signs of resilience, particularly in the US economy. Uncertainty was also heightened by the US election result and the potential implications of a policy shift on inflation and interest rates.

We expect more policy and tariff talks to weigh on global equity sentiment. Despite the challenges mentioned, we remain selectively bullish on certain countries and sectors as we see pockets of opportunities with growing consumer demand and reasonable valuations. Latest research suggest a higher chance of soft landing recession versus a hard landing recession. Though the US economy is generally healthy, investors are challenged by the flatness of credit curves and high valuations in many sectors.

Over in Japan, the BoJ left its policy rate unchanged at its 30 and 31 October 2024 meeting. The minutes from the BoJ October 2024 meeting highlight uncertainty over the global outlook but leave room for a December 2024 rate hike. BoJ highlighted downside risks in Europe, US, and point to slowing improvement in the Chinese economy. However, the tone was much more upbeat when describing the Japanese economy. Japan should see robust consumer spending and capex, given high levels of wage growth and prospects for further expansionary fiscal policy and monetary easing in the run-up to its July 2025 upper house election.

We also opine that optimism and strength of corporate profits may enable further large wage hikes, at least for large corporates. Overall, we are optimistic on further increases in income and continue to think that consumption would continue to rise because of previous wage rises and increasing consumer sentiment.

The Japanese equity market has nearly recovered in US dollar terms from the sharp sell-off in early August 2024, but increased market volatility could occur due to ongoing forex volatility. We may see continued market choppiness due to ongoing concerns about the narrowing of the interest rate differential between Japan and other developed economies which will likely have continued implications for the JPY. As we anticipate further strengthening of the JPY – which has historically weighed on Japanese equity performance – corporate earnings and other cyclical or structural drivers of equity valuation will be even more important in delivering gains that overcome the downside drag from yen appreciation. However, this does not change our positive outlook for Japanese equities over both the medium and long term. We remain selective on gainers from the regulatory reforms of the past year which may drive corporate governance improvements, better capital efficiency, and

higher shareholder return, and we expect the gradual shift from a deflationary period to an inflationary one to drive a transformation of the Japanese economy.

In China, Chinese stocks may be poised to climb again, even after gains from an immense rally in September 2024 faded. Recent Chinese policy announcements suggest the government is determined to support the stock market at the same time that the outlook for earnings growth is moderately improving. The last few recoveries in China's equities were short-lived and weren't accompanied by policy follow-through. But there are signs this cycle could be more enduring. The government appears determined to have a significant impact — unveiling more than 10 key measures and papers since late September 2024, spanning monetary and fiscal policy and property and equity markets. This has positively surprised investors, along with efforts that have changed the policy narrative. We remain invested in China as the magnitude, breadth, and comprehensiveness of this easing package is arguably the most significant in recent history and may suggest a more sustained equities upcycle.

In Japan, we think that since real rates remain sufficiently negative and core inflation remains above target, the BoJ will continue to raise interest rates. We think the next BoJ's December 2024 meeting is far enough away that some uncertainty about Trump's likely policy direction will have cleared, allowing a 10 bps rate hike.

In terms of strategy, we continued to stay invested in China and Japan over the rest of the Asia countries. China's valuation remains compelling in view of stimulus despite the volatility and Japan continues to see cherry-picking opportunities from long term economy transformation.

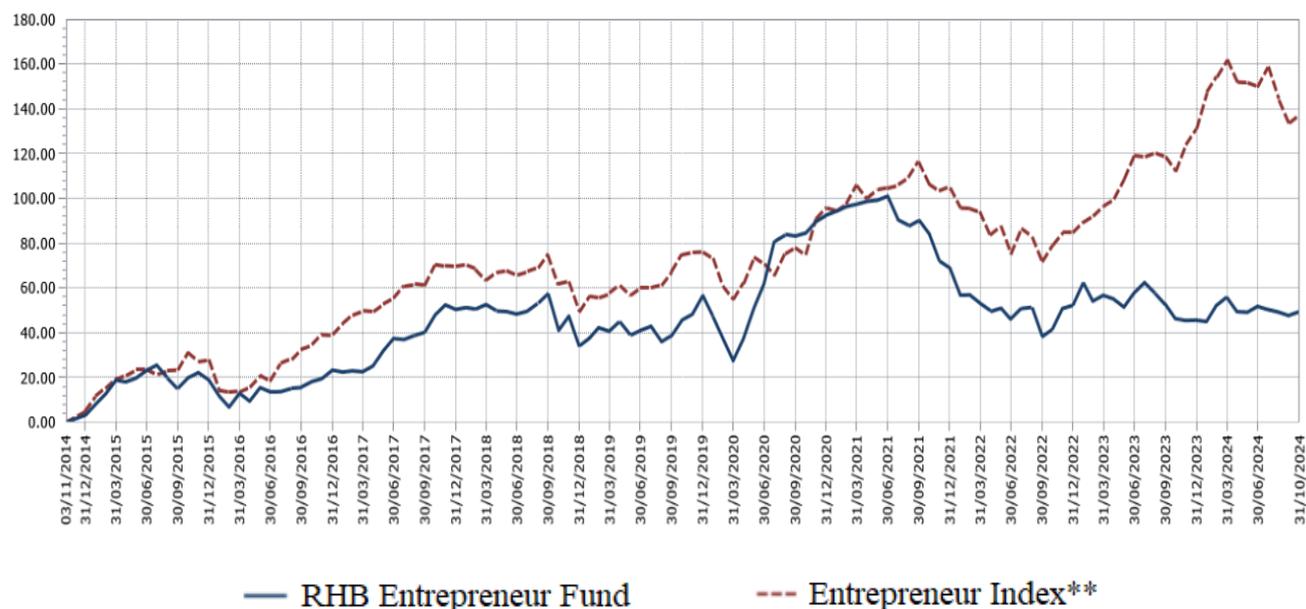
## PERFORMANCE DATA

	<b>Annual Total Returns</b>				
	<b>Financial Year Ended 31 October</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
RHB Entrepreneur Fund					
- Capital Return	2.14	3.20	(30.22)	(9.02)	17.03
- Income Return	-	-	10.30	9.67	7.96
- Total Return	2.14	3.20	(23.03)	(0.22)	26.35
Entrepreneur Index**	11.87	18.49	(13.29)	18.22	(0.20)

	<b>Average Annual Returns</b>			
	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Since inception</b>
	<b>31.10.2023-</b>	<b>31.10.2021-</b>	<b>31.10.2019-</b>	<b>03.11.2014*-</b>
	<b>31.10.2024</b>	<b>31.10.2024</b>	<b>31.10.2024</b>	<b>31.10.2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
RHB Entrepreneur Fund	2.14	(6.73)	0.45	4.08
Entrepreneur Index**	11.87	4.75	6.28	9.02

\* *Being the last day of the Initial Offer Period*

**Performance of RHB Entrepreneur Fund  
for the year from 3 November 2014\* to 31 October 2024  
Cumulative Return Over The Year (%)**



\* *Being the last day of Initial Offer Period*

Source: Lipper IM, 12 November 2024

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

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

\*\* Effective from 6 October 2017, the Fund’s composite benchmark (Entrepreneur Index) is changed from MSCI AC Asia Index (“MXAS Index”) (RM) to Tokyo Stock Price Index (“TOPIX”) (RM). 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 3 November 2014 to 5 October 2017	MSCI AC Asia Index (“MXAS Index”) (RM)
From 6 October 2017 onwards	Tokyo Stock Price Index (“TOPIX”) (RM)

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

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

<b>Fund Size</b>	<b>As at 31 October</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Net Asset Value (RM million)	32.20	33.02	32.83*
Units In Circulation (million)	77.56	81.24	83.33
Net Asset Value Per Unit (RM)	0.4152	0.4065	0.3939*

<b>Historical Data</b>	<b>Financial Year Ended 31 October</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Unit Prices</b>			
NAV - Highest (RM)	0.4385	0.4620	0.5776*
- Lowest (RM)	0.3431	0.4003	0.3882*
<b>Distribution and Unit Split</b>			
Gross Distribution Per Unit (Sen)	-	-	4.0000
Net Distribution Per Unit (Sen)	-	-	4.0000
Distribution Date	-	-	25.10.2022
NAV before distribution (cum)	-	-	0.4275
NAV after distribution (ex)	-	-	0.3882
Unit Split	-	-	-
<b>Others</b>			
Total Expense Ratio (TER) (%) #	1.95	1.93	1.97
Portfolio Turnover Ratio (PTR) (times) ##	0.65	0.51	0.84

\* *The figures quoted are ex-distribution*

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

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

## **DISTRIBUTION**

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

## PORTFOLIO STRUCTURE

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

<b>Sectors</b>	<b>As at 31 October</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
<b>Equities</b>			
Consumer Products & Services	50.16	62.25	44.33
Energy	-	0.08	13.45
Health Care	-	-	4.45
Industrial Products & Services	12.32	8.42	13.09
Material	-	-	3.40
Property	1.76	3.10	0.92
Technology	18.56	9.20	8.42
Telecommunication & Media	11.68	9.61	7.84
TSR/Warrants/Call Warrants	-	-	0.15
	<hr/>	<hr/>	<hr/>
	94.48	92.66	96.05
Forward foreign currency contracts	2.85	0.52	0.58
Liquid assets and other net current assets	2.67	6.82	3.37
	<hr/>	<hr/>	<hr/>
	100.00	100.00	100.00

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

## SECURITIES FINANCING TRANSACTIONS

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

## CROSS TRADE

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

## SOFT COMMISSION

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

**RHB ENTREPRENEUR FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 OCTOBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>ASSETS</b>			
Bank balances	5	407,801	3,054,380
Deposits with licensed financial institutions	5	447,112	510,042
Investments	6	30,422,609	30,598,040
Amount due from Manager		409	22,259
Dividend receivables		64,613	92,588
Tax recoverable		26,872	34,387
Forward foreign currency contracts	7	917,572	172,051
<b>TOTAL ASSETS</b>		<u>32,286,988</u>	<u>34,483,747</u>
<b>LIABILITIES</b>			
Amount due to brokers		-	1,346,671
Amount due to Manager		-	41,637
Accrued management fee		48,727	51,200
Amount due to Trustee		1,624	1,707
Other payables and accruals		32,766	22,146
<b>TOTAL LIABILITIES</b>		<u>83,117</u>	<u>1,463,361</u>
<b>NET ASSET VALUE</b>		<u>32,203,871</u>	<u>33,020,386</u>
<b>EQUITY</b>			
Unit holders' capital		26,119,043	27,635,512
Retained earnings		6,084,828	5,384,874
		<u>32,203,871</u>	<u>33,020,386</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	8	<u>77,558,281</u>	<u>81,239,281</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.4152</u>	<u>0.4065</u>

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

**RHB ENTREPRENEUR FUND**  
**STATEMENT OF INCOME AND EXPENSES**  
**FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>INCOME</b>			
Dividend income		407,411	464,426
Interest income from deposits with licensed financial institutions		4,865	14,480
Net realised loss on disposal		(1,865,045)	(1,142,088)
Net unrealised gain on changes in fair value		3,217,488	2,405,475
Net foreign currency exchange loss		(1,761,892)	(255,647)
Net gain on forward foreign currency contracts	7	1,524,721	432,470
		<u>1,527,548</u>	<u>1,919,116</u>
<b>EXPENSES</b>			
Management fee	9	(590,336)	(638,280)
Trustee's fee	10	(19,678)	(21,276)
Audit fee		(6,800)	(6,800)
Tax agent's fee		(6,620)	(3,800)
Tax agent's fee – overprovision of prior year		-	4,771
Transaction costs		(89,473)	(105,359)
Other expenses		(60,013)	(61,930)
		<u>(772,920)</u>	<u>(832,674)</u>
Net income before taxation		754,628	1,086,442
Taxation	11	(54,674)	(16,796)
Net income after taxation		<u>699,954</u>	<u>1,069,646</u>
Net income after taxation is made up as follows:			
Realised amount		(2,925,265)	(1,331,964)
Unrealised amount		3,625,219	2,401,610
		<u>699,954</u>	<u>1,069,646</u>

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

**RHB ENTREPRENEUR FUND**  
**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

	<b>Unit holders' capital</b>	<b>Retained earnings</b>	<b>Total net asset value</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance as at 1 November 2022	28,509,995	4,315,228	32,825,223
Movement in net asset value:			
Net Income after taxation	-	1,069,646	1,069,646
Creation of units arising from applications	1,459,248	-	1,459,248
Cancellation of units	(2,333,731)	-	(2,333,731)
Balance as at 31 October 2023	<u>27,635,512</u>	<u>5,384,874</u>	<u>33,020,386</u>
Balance as at 1 November 2023	27,635,512	5,384,874	33,020,386
Movement in net asset value:			
Net income after taxation	-	699,954	699,954
Creation of units arising from applications	1,078,297	-	1,078,297
Cancellation of units	(2,594,766)	-	(2,594,766)
Balance as at 31 October 2024	<u>26,119,043</u>	<u>6,084,828</u>	<u>32,203,871</u>

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

**RHB ENTREPRENEUR FUND  
STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		19,757,051	18,414,930
Purchase of investments		(21,081,972)	(14,963,323)
Dividends received		426,914	381,708
Interest received from deposits with licensed financial institutions		4,865	14,480
Management fee paid		(592,809)	(637,063)
Trustee's fee paid		(19,761)	(21,235)
Payment for other fees and expenses		(62,813)	(38,179)
Net realised foreign exchange loss		-	(248,581)
Net realised gain on forward foreign currency contracts		779,200	451,600
Tax paid		(47,159)	(49,257)
Net cash (used in)/ generated from operating activities		<u>(836,484)</u>	<u>3,305,080</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		1,100,147	1,449,504
Cash paid for units cancelled		(2,636,403)	(2,443,352)
Net cash used in financing activities		<u>(1,536,256)</u>	<u>(993,848)</u>
Net (decrease)/increase in cash and cash equivalents		(2,372,740)	2,311,232
Foreign currency translation differences		(336,769)	15,159
Cash and cash equivalents at the beginning of the financial year		<u>3,564,422</u>	<u>1,238,031</u>
Cash and cash equivalents at the end of the financial year	5	<u>854,913</u>	<u>3,564,422</u>

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

**RHB ENTREPRENEUR FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

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

The RHB Entrepreneur Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 24 March 2014 as modified via its first supplemental deed dated 25 February 2015, second supplemental deed dated 3 August 2015 and third supplemental deed dated 27 June 2022 (collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and TMF Trustees Malaysia Berhad (“the Trustee”).

The Fund was launched on 14 October 2014 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.

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 achieve long term capital appreciation through investments in securities of companies that possess entrepreneurial characteristics as determined by the Manager.

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

These financial statements were authorised for issue by the Manager on 23 December 2024.

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

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

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

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

(a) Standards and amendments to existing standards effective 1 November 2023

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

(b) New standards, amendments and interpretations effective after 1 November 2023 and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 November 2023. None of these is expected to have a significant effect on the financial statements of the Fund, except the following set out below:

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

The amendment is effective for the annual financial reporting period beginning on or after 1 November 2024.

The amendment shall be applied retrospectively.

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

### **2.2 Financial assets**

#### Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (“FVTPL”), and
- those to be measured at amortised cost.

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

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

#### Recognition and measurement

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

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

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

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

#### Recognition and measurement (continued)

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

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.

Quoted investments 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 year exceeding 14 days, or such shorter year as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

Derivative investments are forward foreign currency contracts. Financial derivative position will be “marked to market” at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in the statement of income and expenses when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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

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

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

#### 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, amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals are recognised initially at fair value plus directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method.

The Fund's policies on derivative instruments are stated in Note 2.2 and Note 2.11.

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 investments is recognised when the Fund's right to receive payment is established. Dividend income is received from financial assets measured at FVTPL.

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

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

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

Realised gains or losses on forward foreign currency contracts are measured by the net settlement amount as per the forward foreign currency contracts.

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

### **2.6 Taxation**

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

### **2.7 Cash and cash equivalents**

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

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

### **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.

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.

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

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

### **2.10 Foreign currency translation**

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

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

### **2.11 Derivative financial instruments**

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivative financial instruments are initially recognised at fair value on the date derivative contracts are entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and the nature of the item being hedged. Derivative financial instruments that do not qualify for hedge accounting are classified as FVTPL and accounted for in accordance with the accounting policy set out in Note 2.2.

## **3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

### Market risk

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

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

#### Price risk

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

The Fund is exposed to equity security (other than those arising from interest rate risk) price risk for its investments of RM30,422,609 (2023: RM30,598,040) in equity securities.

The sensitivity analysis is based on the assumption that the price of the quoted securities investments fluctuate by +/-(-) 5% with all other variables held constant, the impact on statement of income and expenses and net asset value is +/-(-) RM1,521,130 (2023: RM1,529,902).

#### Interest rate risk

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

#### Currency risk

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

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

The analysis is based on the assumption that the foreign exchange rate fluctuates by +/-(-) 5%, with all other variables remain constants, the impact on statement of income and expenses and net asset value is +RM946,576/-RM927,720 (2023: +RM988,411/-RM940,913).

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

#### Currency risk (continued)

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

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Other financial assets/ (liabilities)*</u> RM	<u>Total</u> RM
<b><u>2024</u></b>					
Hong Kong Dollar	4,079,674	-	-	-	4,079,674
Japanese Yen	25,718,243	-	917,572	63,363	26,699,178
Taiwan Dollar	-	-	-	(11,977)	(11,977)
United States Dollar	-	371,665	-	-	371,665
	<u>29,797,917</u>	<u>371,665</u>	<u>917,572</u>	<u>51,386</u>	<u>31,138,540</u>
<b><u>2023</u></b>					
Hong Kong Dollar	8,329,526	-	-	-	8,329,526
Indonesian Rupiah	-	-	-	(4)	(4)
Japanese Yen	21,322,791	-	172,051	(1,254,079)	20,240,763
Korean Won	627,723	-	-	-	627,723
Taiwan Dollar	-	-	-	(3,252)	(3,252)
United States Dollar	-	2,999,542	-	-	2,999,542
	<u>30,280,040</u>	<u>2,999,542</u>	<u>172,051</u>	<u>(1,257,335)</u>	<u>32,194,298</u>

\* Comprise of dividend receivables, amount due to brokers, and other payables and accruals.

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

#### Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits with reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

	<b><u>Cash and cash equivalents</u></b> RM	<b><u>Forward foreign currency contracts</u></b> RM	<b><u>Other financial assets*</u></b> RM	<b><u>Total</u></b> RM
<b><u>2024</u></b>				
AAA	854,913	455,185	-	1,310,098
Aa2	-	214,391	-	214,391
AA3	-	247,996	-	247,996
Others	-	-	65,022	65,022
	<u>854,913</u>	<u>917,572</u>	<u>65,022</u>	<u>1,837,507</u>
<b><u>2023</u></b>				
AAA	3,564,422	87,376	-	3,651,798
Aa2	-	34,492	-	34,492
AA3	-	50,183	-	50,183
Others	-	-	114,847	114,847
	<u>3,564,422</u>	<u>172,051</u>	<u>114,847</u>	<u>3,851,320</u>

\* Comprise of amount due from Manager and dividend receivables.

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

#### Liquidity risk

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

Liquidity risk exists when particular investments are difficult to sell. As such, the Fund may not be able to sell 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.

	<b>Less than <u>1 month</u> RM</b>	<b>Between 1 <u>month to 1 year</u> RM</b>
<b><u>2024</u></b>		
Accrued management fee	48,727	-
Amount due to Trustee	1,624	-
Other payables and accruals	-	32,766
	50,351	32,766
<b><u>2023</u></b>		
Amount due to brokers	1,346,671	-
Amount due to Manager	41,637	-
Accrued management fee	51,200	-
Amount due to Trustee	1,707	-
Other payables and accruals	-	22,146
	1,441,215	22,146

### **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 RM26,119,043 (2023: RM27,635,512) and retained earnings of RM6,084,828 (2023: RM5,384,874). 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)

##### 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 and financial liabilities at fair value through profit or loss (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<b><u>2024</u></b>				
<b>Financial assets at FVTPL:</b>				
- Quoted investments	30,422,609	-	-	30,422,609
- Forward foreign currency contracts	-	917,572	-	917,572
	<u>30,422,609</u>	<u>917,572</u>	<u>-</u>	<u>31,340,181</u>
<b><u>2023</u></b>				
<b>Financial assets at FVTPL:</b>				
- Quoted investments	30,598,040	-	-	30,598,040
- Forward foreign currency contracts	-	172,051	-	172,051
	<u>30,598,040</u>	<u>172,051</u>	<u>-</u>	<u>30,770,091</u>

#### 4. FAIR VALUE ESTIMATION (CONTINUED)

##### Fair value hierarchy (continued)

Investments in active listed equities, i.e. quoted investments whose values are based on quoted market prices in active markets are classified within Level 1, include active listed equities. The Fund does not adjust the quoted 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 as Level 2. This includes forward foreign currency contracts. 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 and financial liabilities are stated in Note 2.2.

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2024</u> RM	<u>2023</u> RM
Bank balances	407,801	3,054,380
Deposits with licensed financial institutions	447,112	510,042
	<u>854,913</u>	<u>3,564,422</u>

#### 6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Quoted investments - local	624,692	318,000
- Quoted investments - foreign	29,797,917	30,280,040
	<u>30,422,609</u>	<u>30,598,040</u>

## 6. INVESTMENTS (CONTINUED)

Investments as at 31 October 2024 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
<b>QUOTED INVESTMENTS – LOCAL</b>				
<b><u>MALAYSIA</u></b>				
<b>Consumer Products &amp; Services</b>				
99 Speed Mart Retail Holdings Berhad	264,700	515,279	624,692	1.94
<b>TOTAL MALAYSIA</b>		<b>515,279</b>	<b>624,692</b>	<b>1.94</b>
<b>TOTAL QUOTED INVESTMENTS - LOCAL</b>		<b>515,279</b>	<b>624,692</b>	<b>1.94</b>
<b>QUOTED INVESTMENTS – FOREIGN</b>				
<b><u>HONG KONG</u></b>				
<b>Consumer Products &amp; Services</b>				
BYD Co Ltd	10,000	1,149,447	1,660,555	5.16
<b>Property</b>				
Longfor Group Holdings Ltd	80,000	559,839	568,304	1.76
<b>Telecommunications &amp; Media</b>				
Tencent Holdings Ltd	8,000	1,434,437	1,850,815	5.75
<b>TOTAL HONG KONG</b>		<b>3,143,723</b>	<b>4,079,674</b>	<b>12.67</b>
<b><u>JAPAN</u></b>				
<b>Consumer Products &amp; Services</b>				
Anycolor Inc	9,000	588,060	553,659	1.72
Bengo4.com Inc	6,000	664,042	503,171	1.56
Bushiroad Inc	60,000	657,250	586,318	1.82
Fast Retailing Co Ltd	1,600	1,514,346	2,315,099	7.19
Genda Inc	10,000	425,040	744,327	2.31
Kose Corporation	2,000	530,730	474,426	1.47
Kotobuki Spirits Co Ltd	25,000	1,521,955	1,496,868	4.65

## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
<b>QUOTED INVESTMENTS – FOREIGN</b>				
<b>(CONTINUED)</b>				
<b><u>JAPAN (CONTINUED)</u></b>				
<b>Consumer Products &amp; Services</b>				
<b>(continued)</b>				
Open House Group Co Ltd	6,000	737,980	962,624	2.99
Pan Pacific International Holdings Corporation	20,000	1,718,977	2,180,120	6.77
Rizap Group Inc	120,000	1,232,725	833,189	2.59
Rohto Pharmaceutical Co Ltd	18,000	1,074,837	1,754,325	5.45
TKP Corporation	18,000	703,094	636,206	1.98
Toyo Gosei Co Ltd	4,000	920,331	824,045	2.56
		<u>12,289,367</u>	<u>13,864,377</u>	<u>43.06</u>
<b>Industrial Products &amp; Services</b>				
Nidec Corp	20,000	2,042,655	1,866,960	5.80
Nippon Parking Development Co Ltd	140,000	1,067,256	888,049	2.76
SBS Holdings Inc	9,000	729,916	639,807	1.99
SMC Corporation	300	682,795	571,574	1.77
		<u>4,522,622</u>	<u>3,966,390</u>	<u>12.32</u>
<b>Technology</b>				
Change Holdings Inc	20,000	930,098	706,325	2.19
Disco Corporation	300	391,987	388,478	1.21
DMG Mori Co Ltd	7,000	903,855	587,032	1.82
Kanamoto Co Ltd NPV	8,000	673,510	629,520	1.95
Keyence Corporation	1,000	1,963,527	1,976,109	6.14
Obic Co Ltd	2,500	115,471	355,805	1.10
Rorze Corporation	20,000	1,723,969	1,335,502	4.15
		<u>6,702,417</u>	<u>5,978,771</u>	<u>18.56</u>

## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
<b>QUOTED INVESTMENTS – FOREIGN (CONTINUED)</b>				
<b><u>JAPAN (CONTINUED)</u></b>				
<b>Telecommunications &amp; Media</b>				
SoftBank Group Corporation	7,000	1,987,595	1,908,705	5.93
<b>TOTAL JAPAN</b>		<b>25,502,001</b>	<b>25,718,243</b>	<b>79.87</b>
<b>TOTAL QUOTED INVESTMENTS – FOREIGN</b>		<b>28,645,724</b>	<b>29,797,917</b>	<b>92.54</b>
<b>TOTAL INVESTMENTS</b>		<b>29,161,003</b>	<b>30,422,609</b>	<b>94.48</b>

Investments as at 31 October 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
<b>QUOTED INVESTMENTS – LOCAL</b>				
<b><u>MALAYSIA</u></b>				
<b>Property</b>				
UEM Sunrise Berhad	400,000	303,160	318,000	0.96
<b>TOTAL MALAYSIA</b>		<b>303,160</b>	<b>318,000</b>	<b>0.96</b>
<b>TOTAL QUOTED INVESTMENTS - LOCAL</b>		<b>303,160</b>	<b>318,000</b>	<b>0.96</b>

## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
<b>QUOTED INVESTMENTS – FOREIGN</b>				
<b><u>HONG KONG</u></b>				
<b>Consumer Products &amp; Services</b>				
Alibaba Group Holding Ltd	30,000	1,406,697	1,461,313	4.43
BYD Co Ltd	17,000	1,954,060	2,455,784	7.44
EC Healthcare	420,000	1,386,199	626,146	1.90
Geely Automobile Holdings Ltd	100,000	1,001,244	539,740	1.64
Li Ning Co Ltd	60,000	1,672,920	876,240	2.65
Meituan	3,800	330,221	255,740	0.77
		<u>7,751,341</u>	<u>6,214,963</u>	<u>18.83</u>
<b>Property</b>				
Longfor Group Holdings Ltd	102,060	1,010,918	706,738	2.14
<b>Telecommunications &amp; Media</b>				
Tencent Holdings Ltd	8,000	1,434,437	1,407,825	4.26
<b>TOTAL HONG KONG</b>		<b><u>10,196,696</u></b>	<b><u>8,329,526</u></b>	<b><u>25.23</u></b>
<b><u>JAPAN</u></b>				
<b>Consumer Products &amp; Services</b>				
Airtrip Corporation	15,000	1,325,719	847,223	2.57
Fast Retailing Co Ltd	1,800	1,703,639	1,868,133	5.66
Genda Inc	8,000	463,780	463,670	1.40
Hikari Tsushin Inc	1,000	762,087	679,538	2.06
Kose Corporation	3,000	1,459,255	934,161	2.83
Kotobuki Spirits Co Ltd	8,000	499,406	501,136	1.52
Kyoritsu Maintenance Co Ltd	8,000	1,397,292	1,446,832	4.38
Nitori Holdings Co Ltd	2,000	902,088	1,031,565	3.12
Open House Group Co Ltd	6,000	737,980	929,352	2.81
Pan Pacific International Holdings Corporation	27,000	2,320,619	2,466,563	7.47
Rohto Pharmaceutical Co Ltd	18,000	1,074,837	1,975,627	5.98

## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
<b>QUOTED INVESTMENTS – FOREIGN</b>				
<b>(CONTINUED)</b>				
<b><u>JAPAN (CONTINUED)</u></b>				
<b>Consumer Products &amp; Services (continued)</b>				
Round One Corporation	25,000	466,860	426,676	1.29
Saizeriya Co Ltd	4,000	335,892	769,431	2.33
		<u>13,449,454</u>	<u>14,339,907</u>	<u>43.42</u>
<b>Industrial Products &amp; Services</b>				
Nippon Parking Development Co Ltd	140,000	1,067,256	937,273	2.84
Park24 Co Ltd	13,000	775,615	690,948	2.09
SBS Holdings Inc	6,000	505,640	502,770	1.53
SMC Corporation	300	682,795	647,604	1.96
		<u>3,031,306</u>	<u>2,778,595</u>	<u>8.42</u>
<b>Technology</b>				
Change Holdings Inc	8,000	381,469	382,704	1.16
Keyence Corporation	400	796,457	731,085	2.21
Konami Group Corporation	4,000	1,022,408	974,864	2.95
Obic Co Ltd	500	115,471	349,591	1.06
		<u>2,315,805</u>	<u>2,438,244</u>	<u>7.38</u>
<b>Telecommunications &amp; Media</b>				
SoftBank Group Corporation	7,000	1,987,595	1,347,384	4.08
Vision Inc	10,000	471,523	418,661	1.27
		<u>2,459,118</u>	<u>1,766,045</u>	<u>5.35</u>
<b>TOTAL JAPAN</b>		<b><u>21,255,683</u></b>	<b><u>21,322,791</u></b>	<b><u>64.57</u></b>
<b><u>KOREA</u></b>				
<b>Energy</b>				
SK Innovation Co Ltd	65	1,963	27,989	0.08

## 6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
<b>QUOTED INVESTMENTS – FOREIGN (CONTINUED)</b>				
<b><u>KOREA (CONTINUED)</u></b>				
<b>Technology</b>				
Samsung SDI Co Ltd	400	796,420	599,734	1.82
<b>TOTAL KOREA</b>		<b>798,383</b>	<b>627,723</b>	<b>1.90</b>
<b>TOTAL QUOTED INVESTMENTS – FOREIGN</b>		<b>32,250,762</b>	<b>30,280,040</b>	<b>91.70</b>
<b>TOTAL INVESTMENTS</b>		<b>32,553,922</b>	<b>30,598,040</b>	<b>92.66</b>

## 7. FORWARD FOREIGN CURRENCY CONTRACTS

As at 31 October 2024, there were four (2023: four) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM12,405,000 (2023: RM12,924,800). The forward foreign currency contracts entered into are for hedging against the currency exposure arising from the investment in the quoted investments denominated in Japanese Yen (“JPY”).

As the Fund has not adopted hedge accounting, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of income and expenses.

Net gain on forward foreign currency contracts is as follows:

	<u>2024</u> RM	<u>2023</u> RM
Net gain on forward foreign currency contracts:		
- Net realised gain on forward foreign currency contracts	779,200	451,600
- Net unrealised gain/(loss) on forward foreign currency contracts	745,521	(19,130)
	<u>1,524,721</u>	<u>432,470</u>

## 7. FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

Forward foreign currency contracts as at 31 October 2024 are as follows:

<u>Counterparties</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
Affin Hwang Investment Bank Berhad	100,214,391	(100,000,000)	214,391	0.67
CIMB Bank Berhad	100,207,189	(100,000,000)	207,189	0.64
J.P. Morgan Chase Bank Berhad	100,247,996	(100,000,000)	247,996	0.77
United Overseas Bank (Malaysia) Berhad	100,247,996	(100,000,000)	247,996	0.77
<b>TOTAL FORWARD FOREIGN CURRENCY CONTRACTS</b>	<b>400,917,572</b>	<b>(400,000,000)</b>	<b>917,572</b>	<b>2.85</b>

Forward foreign currency contracts as at 31 October 2023 are as follows:

<u>Counterparties</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
Affin Hwang Investment Bank Berhad	100,050,183	(100,000,000)	50,183	0.15
CIMB Bank Berhad	100,055,005	(100,000,000)	55,005	0.17
J.P. Morgan Chase Bank Berhad	100,034,492	(100,000,000)	34,492	0.10
United Overseas Bank (Malaysia) Berhad	100,032,371	(100,000,000)	32,371	0.10
<b>TOTAL FORWARD FOREIGN CURRENCY CONTRACTS</b>	<b>400,172,051</b>	<b>(400,000,000)</b>	<b>172,051</b>	<b>0.52</b>

## 8. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At the beginning of the financial year	81,239,281	83,331,281
Creation of units arising from applications during the financial year	2,610,000	3,332,000
Cancellation of units during the financial year	(6,291,000)	(5,424,000)
At the end of the financial year	<u>77,558,281</u>	<u>81,239,281</u>

## 9. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.80% (2023: 1.80%) 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, the Trustee's fee provided in the financial statements is 0.06% (2023: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

## 11. TAXATION

(a) Tax charge for the financial year

	<u>2024</u> RM	<u>2023</u> RM
Current taxation	-	89,379
Under/(over) provision of tax in prior year	54,674	(72,583)
	<u>54,674</u>	<u>16,796</u>

## 11. TAXATION (CONTINUED)

### (b) Numerical reconciliation of income tax expense

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

	<u>2024</u> RM	<u>2023</u> RM
Net income before taxation	<u>754,628</u>	<u>1,086,442</u>
Tax calculated at a statutory income tax rate of 24%	181,111	260,746
Tax effects of:		
- Income not subject to tax	(366,612)	(355,683)
- Expenses not deductible for tax purposes	41,926	44,578
- Restriction on tax deductible expenses	143,575	139,738
- Under/(over) provision of tax in prior year	<u>54,674</u>	<u>(72,583)</u>
Tax expense	<u>54,674</u>	<u>16,796</u>

## 12. TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	<u>1.95</u>	<u>1.93</u>

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

## 13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.65</u>	<u>0.51</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:

	<b>2024</b>		<b>2023</b>	
	<b>Units</b>	<b>RM</b>	<b>Units</b>	<b>RM</b>
The Manager	5,711	2,371	5,822	2,367
RHB Capital Nominees (Tempatan) Sdn Bhd	1,463,543	607,663	2,154,933	875,980

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 is 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 31 October 2024 are as follows:

<b>Brokers/Financial <u>institutions</u></b>	<b>Value of <u>trades</u> RM</b>	<b>Percentage of total <u>trades</u> %</b>	<b>Brokerage <u>fees</u> RM</b>	<b>Percentage of total brokerage <u>fees</u> %</b>
Maybank Investment Bank Berhad	14,767,601	34.72	24,827	34.25
Instinet Europe Limited	14,214,561	33.42	21,321	29.42
RHB Investment Bank Berhad*	4,015,086	9.44	9,411	12.98
CGS-CIMB Future Sdn Bhd	3,575,806	8.41	5,538	7.64
Affin Hwang Investment Bank Berhad	3,370,496	7.92	5,056	6.98
MIDF Amanah Investment Bank Berhad	990,000	2.33	2,970	4.10
KAF Equities Sdn Bhd	912,478	2.14	1,987	2.74
CGS-CIMB Securities (Hong Kong) Ltd	462,034	1.09	924	1.27
Hong Leong Investment Bank Berhad	223,620	0.53	447	0.62
	<u>42,531,682</u>	<u>100.00</u>	<u>72,481</u>	<u>100.00</u>

## 15. TRANSACTIONS BY THE FUND (CONTINUED)

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

<b>Brokers/Financial institutions</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
Affin Hwang Investment Bank Berhad	11,115,205	31.95	18,287	28.09
Maybank Investment Bank Berhad	6,744,248	19.39	13,726	21.09
CGS-CIMB Securities Sdn Bhd	4,699,460	13.51	8,598	13.21
RHB Investment Bank Berhad*	4,338,456	12.47	12,030	18.48
Macquarie Securities Australia Ltd	4,213,902	12.11	6,321	9.71
Instinet Japan Ltd	2,132,925	6.13	3,199	4.92
KAF Equities Sdn Bhd	852,438	2.45	1,279	1.96
UOB Kay Hian Securities (M) Sdn Bhd	421,660	1.21	843	1.30
MIDF Amanah Investment Bank Berhad	269,100	0.78	807	1.24
	<u>34,787,394</u>	<u>100.00</u>	<u>65,090</u>	<u>100.00</u>

\* Included in transactions by the Fund are trades 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>2024</u> RM	<u>2023</u> RM
<b>Financial assets</b>		
Financial assets at FVTPL		
• Quoted investments	30,422,609	30,598,040
• Forward foreign currency contracts	917,572	172,051
	<u>31,340,181</u>	<u>30,770,091</u>
Financial assets at amortised cost		
• Bank balances	407,801	3,054,380
• Deposits with licensed financial institutions	447,112	510,042
• Amount due from Manager	409	22,259
• Dividend receivables	64,613	92,588
	<u>919,935</u>	<u>3,679,269</u>
Financial liabilities at amortised cost		
• Amount due to brokers	-	1,346,671
• Amount due to Manager	-	41,637
• Accrued management fee	48,727	51,200
• Amount due to Trustee	1,624	1,707
• Other payables and accruals	32,766	22,146
	<u>83,117</u>	<u>1,463,361</u>

**STATEMENT BY MANAGER  
RHB ENTREPRENEUR FUND**

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

On behalf of the Manager,

Chin Yoong Kheong  
Director

Ng Chze How  
Director

23 December 2024

## TRUSTEE'S REPORT

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

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

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

For **TMF Trustees Malaysia Berhad**  
Registration No: 200301008392 (610812-W)

**NORHAYATI BINTI AZIT**  
DIRECTOR – FUND SERVICES

Kuala Lumpur  
23 December 2024

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

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

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 October 2024, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 45.

### 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 ENTREPRENEUR 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 ENTREPRENEUR 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 ENTREPRENEUR 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  
23 December 2024

## CORPORATE INFORMATION

### MANAGER

RHB Asset Management Sdn Bhd

### REGISTERED OFFICE

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

### PRINCIPAL AND BUSINESS OFFICE

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

Email Address: rhbam@rhbgroup.com

Tel: 03-9205 8000

Fax: 03-9205 8100

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

### BOARD OF DIRECTORS

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

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

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

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

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

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

### INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

### CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

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

### SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

## **BRANCH OFFICE**

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

Kota Bharu Office	Ground Floor, No 3486-G Jalan Sultan Ibrahim 15050 Kota Bharu, Kelantan Tel: 09-740 6891 Fax: 09-740 6890
Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu Sabah Tel: 088-528 686/ 088-528 692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Fax: 06-292 2212
Penang Office	3rd Floor, 44 Lebuh Pantai 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

<b>TRUSTEE</b>	TMF Trustees Malaysia Berhad
<b>BANKER</b>	RHB Bank Berhad
<b>AUDITOR</b>	PricewaterhouseCoopers PLT
<b>TAX ADVISER</b>	PricewaterhouseCoopers Taxation Services Sdn Bhd
<b>DISTRIBUTORS</b>	RHB Asset Management Sdn Bhd RHB Bank Berhad RHB Investment Bank Berhad Areca Capital Sdn Bhd Genexus Advisory Sdn Bhd iFAST Capital Sdn Bhd OCBC Bank (M) Berhad Phillip Mutual Berhad UOB Kay Hian Securities (M) Sdn Bhd

## **RHB** ♦ Asset Management

RHB Asset Management Sdn Bhd 198801007231 (174588-X)

Head Office

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RHB Centre, Jalan Tun Razak,  
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<https://rhbgroup.com/myinvest>