

RHB ENTREPRENEUR FUND

ANNUAL REPORT 2016

**Incorporating The Audited
Financial Statements**

For the financial year ended 31 October 2016

RHB◆Asset Management

RHB Asset Management Sdn Bhd (174588-X)

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GENERAL INFORMATION ABOUT THE FUND

Commencement Date

RHB Entrepreneur Fund commenced operations on 14 October 2014.

Fund Category and Type

Fund Category - Equity

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 of between 5 – 7 years.*

Strategy

This 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.

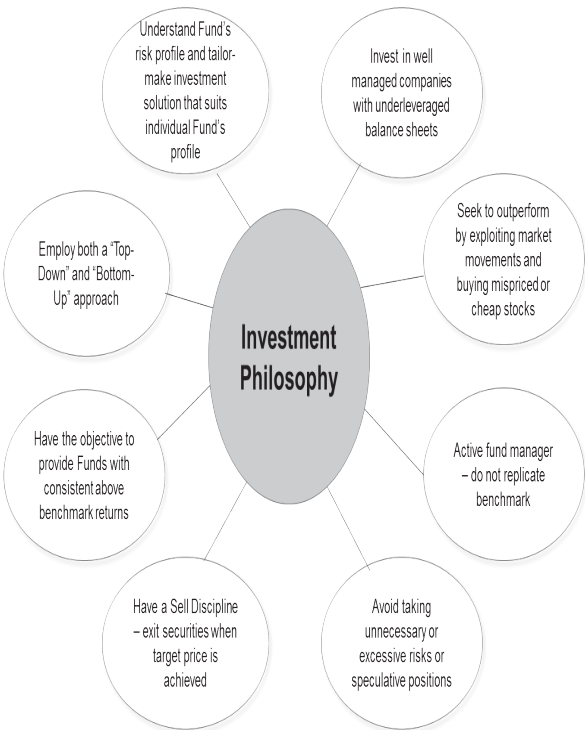
The Fund's portfolio will be structured as follows:

70% to 98% of
Net Asset Value - Investments in securities of companies that are listed on the stock exchanges of Japan and other Asian markets.

2% to 5% of
Net Asset Value - Investments in liquid assets including money market instruments and Deposits.

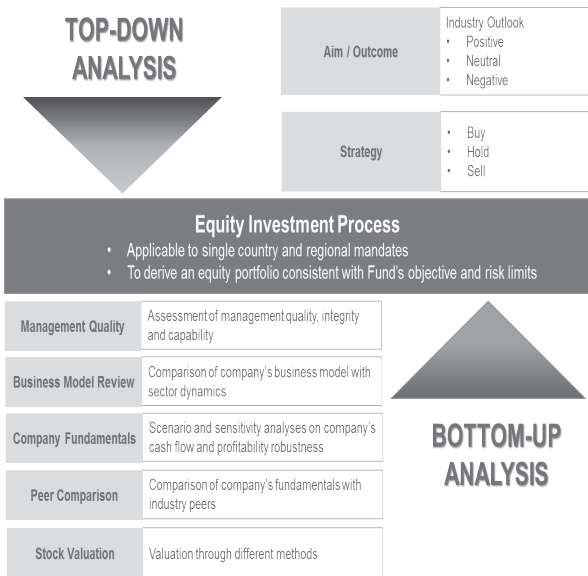
Investment Philosophy

Our investment philosophy describes the approach that the investment team will adhere to when constructing an equity or fixed income portfolio. The portfolio managers invest in well-managed companies with strong balance sheets that possess competitive advantages that should enable them to outperform their peers over economic cycles. The portfolio managers are active investors that make high conviction security selection decisions, but at the same time do not take unnecessary or excessive risks nor take speculative positions. The portfolio managers seek to outperform their peers and beat their benchmark by buying mispriced or cheap securities. Following our disciplined sell strategy, they would then exit positions when our target price is reached. Concurrently, the portfolio managers understand the Fund's risk profile and act within the Fund's mandate.



Investment Approach

Whenever the Fund invests in equities, the Manager’s investment approach will evolve around the following principles:-



Performance Benchmark

MSCI AC Asia Index (“MXAS Index”)(“RM”)

Investment Policies and Restrictions

This 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), participate in the lending of securities, and any other investments permitted by the Securities Commission from time to time.

Fund 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 REVIEW

Global equities suffered a volatile start to the year, as renewed fears about a slowdown in China and a further decline in oil prices initially led to a significant sell-off. While many equity markets subsequently recovered these losses after February 2016, helped in part by a recovery in oil, news that the United Kingdom (“UK”) had voted in favour of leaving the European Union (“EU”) led to further volatility at the end of June 2016.

United States (“US”) equities suffered the worst start to a year in decades, touching a 22-month low in mid-February 2016, before recovering to end the first half of the year with modest gains. The volatility in financial markets caused the Federal Reserve (“Fed”) to take a moderate stance on interest rates as the first quarter progressed, reducing the number of expected rate rises in year 2016 from four to two.

European equities fell sharply over the first half of year 2016. Peripheral markets, such as Greece, Italy and Spain, experienced some of the largest falls as political tensions grew and investors reacted to the UK’s shock decision to leave the EU. In contrast to euro-zone equities, UK stocks rallied. While the UK’s decision in favour of leaving the EU led to uncertainty, the global focus of many larger UK companies helped them to withstand the news.

Overall, equity markets in the Pacific ex Japan delivered slight gains during the financial year under review, although returns between individual countries varied considerably. Ongoing concerns over the pace of growth, both in China and globally, tended to weigh on investor sentiment, although monetary policy easing boosted certain markets.

Japanese equities sold off sharply during the first half of year 2016. Exporters, in particular, were affected by a sharp rise in the value of the Japanese Yen, which was seen as a safe haven. Emerging Market equities held up relatively well during the first six months of year 2016, and tended to outperform developed market equities. Higher commodity prices and a weaker United States Dollar (“USD”) helped them withstand escalating concerns over the global economy and the volatility caused by the UK’s vote.

Global equities rallied over July 2016 and August 2016, with markets continuing to recover from the sharp sell-off seen in the wake of the UK’s unexpected EU referendum result. Rising risk appetite boosted previously out-of-favour sectors, such as information technology and consumer discretionary, while rising metals prices bolstered materials companies. However, traditionally defensive sectors,

such as consumer staples, telecommunication services and utilities, lagged. Energy companies declined, reflecting the fall in oil prices.

Towards the end of the financial year under review, global equity markets experienced a broad-based downturn in October 2016. Hawkish comments from Fed officials coupled with better than expected 3rd Quarter US Gross Domestic Product (“GDP”) data increased the probability of a rate hike in December 2016, causing the USD to gain 3.1% during the month of October 2016. The Japanese stock market rallied in October 2016, with the Tokyo Price Index (“TOPIX”) and Nikkei Stock Average rising 5.31% and 5.93%, respectively. The Japan equity market has recovered strongly in the last three months of the financial year under review.

REVIEW OF FUND PERFORMANCE DURING THE YEAR

The Fund decreased by 1.70%* during the financial year under review, underperforming the benchmark of MSCI AC Asia Index which increased 2.54%*. The underperformance was mainly due to country exposure where the Fund overweight Japan market. Japan’s market was one of the worst performing market in Asia during the financial year under review.

The Fund was overweight in equities with about 95% invested in equities during the financial year under review. During the financial year, the Fund overweight Japan market and underweight ASEAN market. ASEAN countries like Philippines, Thailand and Indonesia have performed well during the financial year under review.

Going forward, we are building up exposure in North Asia and will increase more allocation into Hong Kong/China market as we believe the region is still cheap relative to ASEAN which are facing slower growth.

* Source: *Lipper Investment Management (“Lipper IM”)*

MARKET OUTLOOK AND STRATEGY GOING FORWARD

With Mr. Trump's victory clouding visibility for the direction of the global economy, investors will likely need to brace for global weakness in stock prices and sharp dollar depreciation as global financial markets move into risk-off mode. Areas of greatest impact for the US economy are increased fiscal spending, an issue with clear bipartisan support and the more negative uncertainty associated with Trump's trade policy. On international trade, we perceive greater uncertainty as a result of Trump's ability to unilaterally act on tariffs without Congressional approval. This is a far ranging as withdrawals from trade agreements like North Atlantic Free Trade Agreement ("NAFTA") or as tactical as his much-talked about China tariffs.

Besides, market developments will hinge on the Brexit negotiations. The future set-up is still uncertain. However, one thing is clear, for now, both British and European stocks will remain volatile. While it seems that the markets have somewhat recovered from the shock triggered by the referendum result, the relief might be due to the fact that many market participants expect the UK to remain in the EU after all.

In view of the looming uncertainties in Europe, the emerging markets might become more attractive again. The economic data have recently tended to stabilise, and China's foreign exchange reserves have increased again. Nevertheless, the emerging markets' capital accounts have deteriorated, so some caution is warranted.

As for Japan, we believe a potential recovery in Japan's exports, aided by a cheaper currency, would likely contribute to economic growth – albeit at an uneven pace – in the months ahead. Furthermore, the Government plans to cut the corporate tax rate to promote private investment.

The fund will adopt a bottom up approach to identify growth stocks and would only buy on dip.

PERFORMANCE REVIEW

During the financial year under review, the Fund registered a loss of 1.70%* as compared to the benchmark gain of 2.54%*. The Fund has not achieved its investment objective during the financial year under review.

* Source: Lipper IM

PERFORMANCE DATA

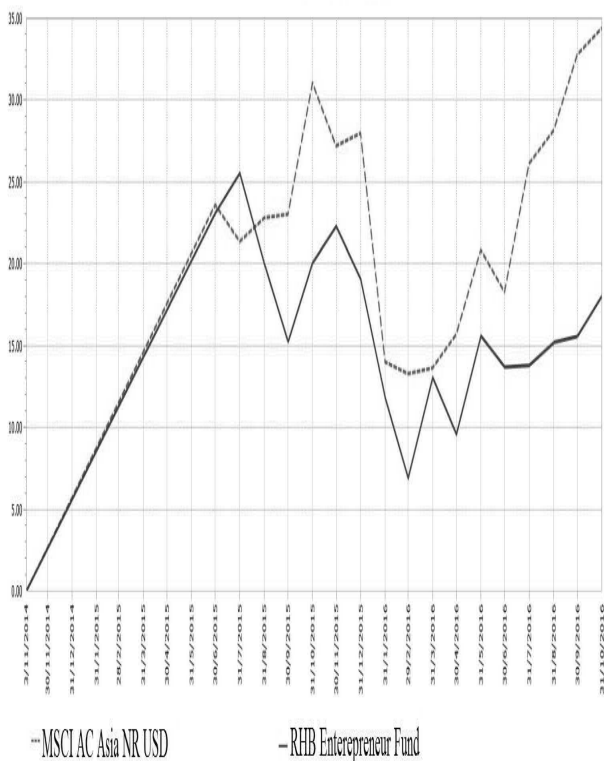
	Total Return				
	1-month %	3-month %	6-month %	9-month %	12-month %
RHB Entrepreneur Fund	2.13	3.69	7.67	5.53	(1.70)
MSCI AC Asia Index	1.22	6.56	16.14	17.86	2.54

	Average total Return
	1 Year (31.10.2015- 31.10.2016) %
RHB Entrepreneur Fund	(1.69)
MSCI AC Asia Index	2.54

	Total Return for the financial year/period ended 31 October	
	2016 %	2015** %
RHB Entrepreneur Fund		
- Capital Return	(1.70)	20.04
- Income Return	-	-
- Total Return	(1.70)	20.04
MSCI AC Asia Index	2.54	31.04

** For the period since last day of Initial Offer Period of the Fund

**Performance of RHB Entrepreneur Fund
for the period from 3 November 2014** to 31 October 2016
Cumulative Return Over The Year (%)**



**** For the period since last day of Initial Offer Period of the Fund**

Source: Lipper IM

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.

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

Fund Size	As at 31 October	
	2016	2015
Net Asset Value (RM million)	92.12	108.61
Units In Circulation (million)	156.13	180.97
Net Asset Value Per Unit (RM)	0.5900	0.6002

Historical Data	Financial Year/Period Ended 31 October	
	2016	2015
Unit Prices		
NAV Price - Highest (RM)	0.6147	0.6455
- Lowest (RM)	0.5010	0.4942
Distribution and Unit Split	-	-
Others		
Management Expense Ratio (MER) (%) #	2.02	2.10
Portfolio Turnover Ratio (PTR) (times) ##	0.43	1.41

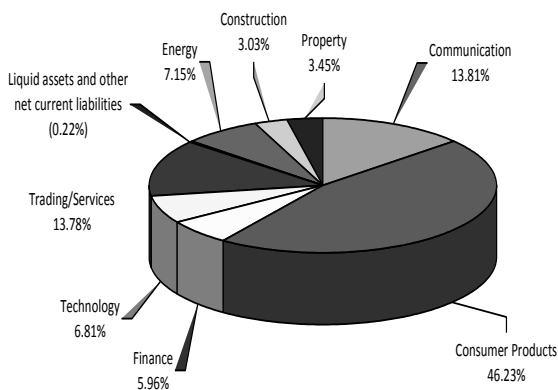
The MER for the financial year was lower compared with previous financial period due to lower expenses incurred for the financial year under review (refer to Note 13).

The PTR for the financial year was lower compared with previous financial period due to lesser investment activities during the financial year under review (refer to Note 14).

DISTRIBUTION

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

PORTFOLIO STRUCTURE AS AT 31 October 2016



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

Sectors	As at 31 October	
	2016 %	2015 %
Equities		
Communication	13.81	7.77
Construction	3.03	-
Consumer Products	46.23	39.03
Energy	7.15	-
Finance	5.96	3.93
Property	3.45	-
Technology	6.81	9.99
Trading/Services	13.78	18.08
	<hr/>	<hr/>
	100.22	78.80
Liquid assets and other net current (liabilities)/assets		
	(0.22)*	21.20
	<hr/>	<hr/>
	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.

* The excess over 100% of total investments is attributable to hedging on forward contract, which has not yet been mature as the end of the financial year.

FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE

As at 31 October 2016, the Fund's units in circulation stood at 156.13 million units with a total of 953 accounts.

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	68	7.14	189	0.12
5,001 to 10,000	58	6.09	452	0.29
10,001 to 50,000	333	34.94	9,677	6.20
50,001 to 500,000	469	49.21	66,340	42.49
500,001 and above	25	2.62	79,463	50.90
Total	953	100.00	156,121	100.00

*Excluding Manager's stock

REBATES AND SOFT COMMISSION

Dealings on investments of the Fund through brokers or dealers will be on terms which are best available for the Fund. Any rebates from brokers or dealers will be directed to the account of the Fund.

The Fund Manager may only receive soft commission in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments.

During the financial year under review, the soft commission received from the brokers had been retained by the Manager as the goods and services provided were of demonstrable benefit to the unitholders.

RHB ENTREPRENEUR FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2016

	<u>Note</u>	<u>2016</u> RM	<u>2015</u> RM
ASSETS			
Financial assets at fair value through profit or loss (“FVTPL”)	5	92,335,915	85,585,058
Amount due from Manager		46,262	1,477,870
Forward foreign currency contracts	7	286,590	-
Deposits with a licensed financial institution	6	-	16,375,382
Bank balance	6	1,571,110	6,486,230
Dividend receivable		315,053	366,948
		<hr/>	<hr/>
TOTAL ASSETS		94,554,930	110,291,488
		<hr/>	<hr/>
LIABILITIES			
Amount due to Manager		2,263,745	245,776
Accrued management fee		153,267	169,498
Amount due to Trustee		5,109	5,650
Other payables and accruals	8	13,155	20,763
Forward foreign currency contracts	7	-	1,236,894
		<hr/>	<hr/>
TOTAL LIABILITIES		2,435,276	1,678,581
		<hr/>	<hr/>
NET ASSET VALUE		92,119,654	108,612,907
		<hr/> <hr/>	<hr/> <hr/>
UNITHOLDERS’ FUNDS			
Unitholders’ capital		79,392,630	94,446,458
Retained earnings		12,727,024	14,166,449
		<hr/>	<hr/>
		92,119,654	108,612,907
		<hr/> <hr/>	<hr/> <hr/>
UNITS IN CIRCULATION	9	156,126,000	180,969,000
		<hr/> <hr/>	<hr/> <hr/>
NET ASSET VALUE PER UNIT		0.5900	0.6002
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

RHB ENTREPRENEUR FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

		Financial period from 14.10.2014 (date of inception) to 31.10.2015	
	<u>Note</u>	<u>2016</u> RM	<u>RM</u>
INVESTMENT INCOME			
Dividend Income		1,358,154	1,093,415
Interest income from deposits with licensed financial institutions		216,313	285,905
Net gain on financial assets at FVTPL	5	5,589,925	27,630,666
Net foreign currency exchange (loss)/gain		(414,586)	499,617
Net fair value loss on forward foreign currency contracts at FVTPL	7	(5,761,084)	(12,498,446)
		<u>988,722</u>	<u>17,011,157</u>
EXPENSES			
Management fee	10	(1,822,476)	(1,578,756)
Trustee's fee	11	(60,749)	(52,625)
Audit fee		(6,000)	(7,000)
Tax agent's fee		(1,319)	(9,000)
Transaction costs		(239,040)	(545,612)
Other expenses		(161,804)	(114,498)
		<u>(2,291,388)</u>	<u>(2,307,491)</u>
(Loss)/profit before taxation		(1,302,666)	14,703,666
Taxation	12	(136,759)	(537,217)
(Loss)/profit after taxation and total comprehensive (loss)/income for the financial year/period		<u>(1,439,425)</u>	<u>14,166,449</u>
(Loss)/profit after taxation is made up as follows:			
Realised amount		(4,444,267)	(3,043,953)
Unrealised amount		3,004,842	17,210,402
		<u>(1,439,425)</u>	<u>14,166,449</u>

The accompanying notes are an integral part of the financial statements.

RHB ENTREPRENEUR FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

	<u>Unitholders'</u> <u>capital</u> RM	<u>Retained</u> <u>earnings</u> RM	<u>Total net</u> <u>asset value</u> RM
Balance as at date of inception	-	-	-
Movement in net asset value:			
Total comprehensive income for the financial period	-	14,166,449	14,166,449
Creation of units arising from applications	156,842,222	-	156,842,222
Cancellation of units	(62,395,764)	-	(62,395,764)
Balance as at 31 October 2015	<u>94,446,458</u>	<u>14,166,449</u>	<u>108,612,907</u>
Balance as at 1 November 2015	94,446,458	14,166,449	108,612,907
Movement in net asset value:			
Total comprehensive loss for the financial year	-	(1,439,425)	(1,439,425)
Creation of units arising from applications	22,914,750	-	22,914,750
Cancellation of units	(37,968,578)	-	(37,968,578)
Balance as at 31 October 2016	<u>79,392,630</u>	<u>12,727,024</u>	<u>92,119,654</u>

The accompanying notes are an integral part of the financial statements.

RHB ENTREPRENEUR FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

	<u>Note</u>	<u>2016</u> RM	Financial period from 14.10.2014 (date of inception) to 31.10.2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		45,346,718	93,707,285
Purchase of investments		(46,746,690)	(152,198,893)
Dividends received		1,273,290	726,467
Interest received from deposits with a licensed financial institution		216,313	285,905
Management fee paid		(1,838,707)	(1,409,258)
Trustee's fee paid		(61,290)	(46,975)
Payment for other fees and expenses		(176,731)	(655,347)
Net realised foreign exchange loss		(371,383)	460,614
Net realised loss on foreign currency contracts		(7,284,568)	(11,261,552)
Net cash used in operating activities		<u>(9,643,048)</u>	<u>(70,391,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		24,346,358	155,364,352
Payment for cancellation on units		(35,950,609)	(62,149,988)
Net cash (used in)/generated from financing activities		<u>(11,604,251)</u>	<u>93,214,364</u>
Net (decrease)/increase in cash and cash equivalents		(21,247,299)	22,822,610
Foreign currency translation differences		(43,203)	39,002
Cash and cash equivalents at the beginning of the financial year/date of inception		<u>22,861,612</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year/period		<u>1,571,110</u>	<u>22,861,612</u>
Cash and cash equivalents comprise:			
Deposits with a licensed financial institution	6	-	16,375,382
Bank balance	6	1,571,110	6,486,230
		<u>1,571,110</u>	<u>22,861,612</u>

The accompanying notes are an integral part of the financial statements.

RHB ENTREPRENEUR FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

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 and as modified via its first supplemental deed dated 25 February 2015 and second supplemental deed dated 3 August 2015 (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 under Part 12 of the Deed. The principal activity of the Fund is to invest in ‘Permitted Investments’ as defined under Seventh Schedule of the Deed.

All investments will be subject to the Securities Commission Malaysia’s (“SC”) Guidelines on Unit Trust Funds, SC 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 16 December 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, except as disclosed in this summary of significant 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 revenues and expenses during the financial year. It also requires the Manager to exercise its 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.

- (a) The new standards and amendments to published standards which are relevant to the Fund but not yet effective and have not been early adopted are as follows:
- (i) Financial year beginning on/after 1 November 2016
 - Amendments to MFRS 101 “Presentation of Financial Statements Disclosure Initiative”
 - Annual Improvements to MFRS 2012 – 2014 Cycle
 - (ii) Financial year beginning on/after 1 November 2017
 - Amendments to MFRS 107 “Statement of Cash Flows - Disclosure Initiative” (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

- (a) The new standards and amendments to published standards which are relevant to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(iii) Financial year beginning on/after 1 November 2018

- MFRS 15 “Revenue from Contracts with Customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

- (a) The new standards and amendments to published standards which are relevant to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(iii) Financial year beginning on/after 1 November 2018 (continued)

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The above standards and amendments to published standards are not expected to have a significant impact on the Fund's financial statements.

2.2 Financial assets

Classification

Financial assets are designated as fair value through profit or loss when they are managed and their performance are evaluated on a fair value basis.

The Fund designates its investments in quoted investments as financial assets at fair value through profit or loss at inception.

Derivatives are financial assets/liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Classification (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise cash and cash equivalents, amount due from Manager and dividend receivable which are all due within 12 months.

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. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value.

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as expenses.

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

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of currency translation are recognised in profit or loss in the financial year in which they arise.

Quoted investments outside Malaysia are valued at the market price available on the respective foreign stock exchange at the close of the business day of the respective foreign stock exchanges, where the last market traded price falls within the bid-ask spread. In circumstances where the last traded market 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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.

Derivative investment is a currency forward contract. 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 profit or loss 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.

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

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

For assets carried at amortised cost, the Fund assesses at the end of the financial year/period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Impairment of financial assets (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent financial year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

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 139 "Financial Instruments: Recognition and Measurement", are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

A financial liability is de-recognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Unitholder's capital

The unitholders' 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 assets value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations 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 profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year/period if unitholder exercises the right to put the unit 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 unitholders with the total number of outstanding units.

2.5 Income recognition

Dividend income from quoted investments is recognised when the Fund's right to receive payment is established.

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

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

2.6 Taxation

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

Tax on dividend income from foreign quoted investments is based on the tax regime of the respective countries that the Fund invests in.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a licensed financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.8 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, which is the Fund’s presentation and functional currency.

2.9 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 profit or loss.

2.10 Segmental information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The operating results are regularly reviewed by the Manager and the Investment Committee. The Investment Committee assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to the investment segment based on the recommendation by the Investment & Security Selection Committee.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Derivative financial instruments

The Fund's derivative financial instruments comprise unquoted forward 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 exchange 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 held for trading 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 management risk, stock market risk, price risk, interest rate risk, currency risk, country risk, liquidity risk, credit risk, regulatory risk, non-compliance 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 Guidelines on Unit Trust Funds.

Management risk

Poor management of the Fund may jeopardise the investment of each unitholder. Therefore, it is important for the Manager to set the investment policies and appropriate strategies to be in line with the investment objective before any investment activities can be considered. However, there can be no guarantee that these measures will produce the desired results.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Stock 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 fixed income securities. The market price of securities owned by a unit trust fund might go down or up, sometimes rapidly or unpredictably.

Price risk

Price risk is the risk that the fair value of an investment of the Fund will fluctuate because of changes in market prices (other than those arising from interest rate risk).

The Fund's overall exposure to price risk was as follows:

	<u>2016</u> RM	<u>2015</u> RM
Financial assets at fair value through profit or loss	<u>92,335,915</u>	<u>85,585,058</u>

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk (continued)

The table below summarises the sensitivity of the Fund's (loss)/profit after tax and net asset value to movements in prices of investments. The analysis is based on the assumption that the price of the investments fluctuates by 5% with all other variables held constant.

	<u>Change in price of investments</u> %	<u>Market value</u> RM	<u>Impact on (loss)/profit after tax and net asset value</u> RM
<u>2016</u>	-5	87,719,119	(4,616,796)
	0	92,335,915	-
	+5	96,952,711	4,616,796
<u>2015</u>	-5	81,305,805	(4,279,253)
	0	85,585,058	-
	+5	89,864,311	4,279,253

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

The Fund is exposed to currency risk. Fluctuation in foreign exchange rates will affect the value of the Fund's foreign investments when converted into the base currency of the Fund i.e. RM and subsequently the value of unitholders' investments.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

The following table sets out the foreign currency risk concentration of the Fund at the end of the reporting period.

	Financial assets at fair value through <u>profit or loss</u> RM	Forward foreign currency <u>contracts</u> RM	Bank <u>Balances</u> RM	Dividend <u>receivable</u> RM	<u>Total</u> RM
<u>2016</u>					
HKD	16,485,221	-	-	-	16,485,221
IDR	3,439,960	-	-	1,288	3,441,248
JPY	66,331,800	286,590	-	313,765	66,932,155
KRW	1,883,515	-	-	-	1,883,515
PHP	2,112,879	-	-	-	2,112,879
USD	-	-	296,283	-	296,283
	<u>90,253,375</u>	<u>286,590</u>	<u>296,283</u>	<u>315,053</u>	<u>91,151,301</u>
<u>2015</u>					
HKD	7,699,703	-	-	-	7,699,703
JPY	68,365,424	(1,236,894)	-	366,948	67,495,478
THB	1,237,161	-	-	-	1,237,161
TWD	3,351,270	-	-	-	3,351,270
USD	-	-	6,483,240	-	6,483,240
	<u>80,653,558</u>	<u>(1,236,894)</u>	<u>6,483,240</u>	<u>366,948</u>	<u>86,266,852</u>

The table below summarises the sensitivity of the Fund's (loss)/profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables remain constant. Any increase/decrease in foreign exchange rate will result in a corresponding decrease/increase in the net assets attributable to unitholders by approximately 5%. Disclosures below are shown in absolute terms, changes and impact could be positive or negative.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

The following table sets out the foreign currency risk concentrations of the Fund.

	<u>Change in foreign exchange rate</u> %	<u>Impact on (loss)/profit after tax/ net asset value</u> RM
<u>2016</u>		
HKD	5	824,261
IDR	5	172,062
JPY	5	3,346,608
KRW	5	94,176
PHP	5	105,644
USD	5	14,814
		<u>4,557,565</u>
<u>2015</u>		
HKD	5	384,985
JPY	5	3,374,774
THB	5	61,858
TWD	5	167,564
USD	5	324,162
		<u>4,313,343</u>

Country risk

The Fund invests in foreign markets. The foreign investments portion of the Fund may be affected by risks specific to the country that the Fund invests in. Such risks include changes in the country's economic fundamentals, social and political stability, currency movements and foreign investment policies. These factors may have an impact on the prices of the securities that the Fund invested in and ultimately lower the net asset value. Such risk can be diversified by investing in different countries.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

Liquidity risk exists when particular investments are difficult to sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price. 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.

	Less than <u>1 month</u> RM	Between <u>1 month</u> to <u>1 year</u> RM
<u>2016</u>		
Amount due to Manager	2,263,745	-
Accrued management fee	153,267	-
Amount due to Trustee	5,109	-
Other payables and accruals	-	13,155
	<u>2,422,121</u>	<u>13,155</u>
<u>2015</u>		
Forward foreign currency contracts	1,233,111	3,783
Amount due to Manager	245,776	-
Accrued management fee	169,498	-
Amount due to Trustee	5,650	-
Other payables and accruals	-	20,763
	<u>1,654,035</u>	<u>24,546</u>

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the possibility that the issuer of a security will not be able to make timely payments of interest or principal repayment on the maturity date. This may lead to a default in the payment of principal and interest and ultimately a reduction in the value of the Fund.

The credit risk arising from placements of deposit in a licensed financial institution is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and relevant foreign stock exchange. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

The following table sets out the credit risk concentrations of the Fund.

	Cash and cash equivalents	Other financial assets*	Total
	RM	RM	RM
<u>2016</u>			
- AAA	1,571,110	-	1,571,110
Other	-	361,315	361,315
	<hr/> 1,571,110	361,315	<hr/> 1,932,425 <hr/>
<u>2015</u>			
- AAA	6,486,230	-	6,486,230
- AA-	16,375,382	-	16,375,382
Other	-	1,844,818	1,844,818
	<hr/> 22,861,612	1,844,818	<hr/> 24,706,430 <hr/>

* Comprise amount due from Manager and dividend receivable.

The financial assets of the Fund are neither past due nor impaired.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Regulatory risk

Any changes in national policies and regulations may have an effect on the capital markets in which the Fund is investing. If this occurs, there is a possibility that the unit price of the Fund may be adversely affected.

Non-compliance risk

This is the risk of the Manager not complying with the internal policies, the Deeds of the Fund, all applicable laws or guidelines issued by the regulators. This may occur as a result of system failure or the inadvertence of the Manager. The magnitude of such risk and its impact on the Fund and/or unitholders are dependent on the nature and severity of the non-compliance. Non-compliance may adversely affect the Fund especially if the investment of the Fund has to be disposed at a lower price to rectify the non-compliance.

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. 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 unitholders. 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 unitholders 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 liabilities traded in 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.

4 FAIR VALUE ESTIMATION (CONTINUED)

The fair value of financial assets and 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.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equities, debt securities and other debt instruments for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

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

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

4 FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

4 FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (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>2016</u>				
Financial assets at fair value through profit or loss:				
- Quoted investments	92,335,915	-	-	92,335,915
Derivative financial instruments:				
- Forward foreign currency contract	-	286,590	-	286,590
	<u>92,335,915</u>	<u>286,590</u>	<u>-</u>	<u>92,622,505</u>
<u>2015</u>				
Financial assets at fair value through profit or loss:				
- Quoted investments	85,585,058	-	-	85,585,058
Derivative financial instruments:				
- Forward foreign currency contract	-	(1,236,894)	-	(1,236,894)
	<u>85,585,058</u>	<u>(1,236,894)</u>	<u>-</u>	<u>84,348,164</u>

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. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

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. Level 2 instruments include 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 are stated in Note 2.2.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2016</u> RM	<u>2015</u> RM
Financial assets designated as FVTPL:		
- unquoted investments - local	2,082,540	4,931,500
- unquoted investments - foreign	90,253,375	80,653,558
	<u>92,335,915</u>	<u>85,585,058</u>
		Financial period from 14.10.2014 (date of inception) to 31.10.2015
	<u>2016</u> RM	<u>2015</u> RM
Net gain on financial assets at FVTPL comprised:		
- net realised gain on sale of financial assets at FVTPL	4,065,364	9,222,373
- net unrealised gain on changes in fair values	1,524,561	18,408,293
	<u>5,589,925</u>	<u>27,630,666</u>

Financial assets designated as FVTPL as at 31 October 2016 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> as at 31.10.2016 RM	<u>Fair value as at 31.10.2016 expressed as a percentage of value of the Fund</u> %
QUOTED INVESTMENTS - LOCAL				
<u>Malaysia</u>				
Consumer Products				
Karex Bhd	853,500	1,454,565	2,082,540	2.26
		<u>1,454,565</u>	<u>2,082,540</u>	<u>2.26</u>
TOTAL QUOTED INVESTMENTS - LOCAL		<u>1,454,565</u>	<u>2,082,540</u>	<u>2.26</u>

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 31 October 2016 are as follows:
(continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> <u>as at</u> <u>31.10.2016</u> RM	<u>Fair value as</u> <u>at 31.10.2016</u> <u>expressed as</u> <u>a percentage</u> <u>of value of</u> <u>the Fund</u> %
QUOTED INVESTMENTS - FOREIGN				
<u>Hong Kong</u>				
Consumer Products				
BYD Company Ltd	76,000	1,706,778	2,099,242	2.28
Tencent Holdings Ltd	30,000	2,167,637	3,343,838	3.63
Yue Yuen Industrial Holding	200,000	2,620,167	3,200,856	3.47
		<u>6,494,582</u>	<u>8,643,936</u>	<u>9.38</u>
Energy				
GCL-Poly Energy Holdings Ltd	5,000,000	3,549,029	2,843,400	3.09
Xinyi Solar Holdings Ltd	2,400,000	4,146,702	3,743,539	4.06
		<u>7,695,731</u>	<u>6,586,939</u>	<u>7.15</u>
Finance				
Sun Hung Kai Properties Ltd	20,000	908,959	1,254,346	1.36
TOTAL HONG KONG		<u>15,099,272</u>	<u>16,485,221</u>	<u>17.89</u>
<u>Indonesia</u>				
Consumer Products				
Kino Indonesia	2,220,000	2,595,005	2,416,159	2.62

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 31 October 2016 are as follows:
(continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> as at 31.10.2016 RM	<u>Fair value as</u> at 31.10.2016 expressed as a percentage of value of the Fund %
<u>Indonesia (continued)</u>				
Finance				
Ciputra Development TBK PT	2,012,345	787,900	1,023,801	1.11
TOTAL INDONESIA		<u>3,382,905</u>	<u>3,439,960</u>	<u>3.73</u>
<u>Japan</u>				
Communication				
GMO Internet Inc	70,000	3,987,902	3,924,558	4.26
Softbank Corp	18,000	3,691,385	4,742,032	5.15
Usen Corporation	160,000	2,095,092	2,164,393	2.35
		<u>9,774,379</u>	<u>10,830,983</u>	<u>11.76</u>
Consumer Products				
Fast Retailing Co Ltd	4,000	4,598,250	5,659,983	6.14
FP Corporation	14,000	1,549,769	3,161,993	3.43
Kusuri No Aoki Co Ltd	10,000	1,320,673	2,138,854	2.32
Nitori Holdings	6,000	1,295,279	3,009,560	3.27
Paramount Bed Holdings	29,100	3,453,451	4,644,826	5.04
Rohto Pharmaceutical Company	40,100	1,812,074	2,950,677	3.20
Saizeriya Co Ltd	30,000	2,904,731	3,314,825	3.60
Tosho Co Ltd	20,000	2,371,595	3,631,264	3.94
		<u>19,305,822</u>	<u>28,511,982</u>	<u>30.94</u>

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 31 October 2016 are as follows:
(continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> as at 31.10.2016 RM	<u>Fair value as</u> at 31.10.2016 expressed as a percentage of value of the Fund %
Japan (continued)				
Construction				
Maeda Kosen Co. Ltd	60,000	2,493,908	2,789,290	3.03
Finance				
Suruga Bank	20,000	1,405,010	2,047,075	2.22
Property				
Next Co Ltd	90,000	2,993,617	3,174,762	3.45
Trading/Services				
Fuji Seal International	18,000	1,917,777	3,113,709	3.38
H.I.S Company Ltd	20,000	2,714,516	2,288,894	2.48
Informart Corporation	80,300	2,681,834	3,995,751	4.34
Sundrug	10,000	1,523,842	3,300,061	3.58
		8,837,969	12,698,415	13.78
Technology				
Obic Co Ltd	16,000	2,547,620	3,486,013	3.78
Otsuka Corporation	14,000	1,652,176	2,793,280	3.03
		4,199,796	6,279,293	6.81
TOTAL JAPAN		49,010,501	66,331,800	71.99

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 31 October 2016 are as follows:
(continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> as at <u>31.10.2016</u> RM	<u>Fair value as</u> at 31.10.2016 expressed as a percentage of value of <u>the Fund</u> %
<u>South Korea</u>				
Communication				
Naver Corp	600	1,463,150	1,883,515	2.05
		<hr/>	<hr/>	<hr/>
TOTAL SOUTH KOREA		1,463,150	1,883,515	2.05
		<hr/>	<hr/>	<hr/>
<u>Philippine</u>				
Consumer Products				
Universal Robina	60,000	1,042,264	946,764	1.03
		<hr/>	<hr/>	<hr/>
Finance				
SM Prime Holdings Inc	500,000	950,404	1,166,115	1.27
		<hr/>	<hr/>	<hr/>
TOTAL PHILIPPINES		1,992,668	2,112,879	2.30
		<hr/>	<hr/>	<hr/>
TOTAL QUOTED				
INVESTMENTS - FOREIGN		70,948,496	90,253,375	97.96
		<hr/>	<hr/>	<hr/>
TOTAL INVESTMENTS		72,403,061	92,335,915	100.22
			<hr/> <hr/>	<hr/> <hr/>
ACCUMULATED				
UNREALISED				
GAIN		19,932,854		
		<hr/>		
TOTAL FINANCIAL				
ASSETS AT FVTPL		92,335,915	<hr/> <hr/>	

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 31 October 2015 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> <u>as at</u> <u>31.10.2015</u> RM	<u>Fair value as</u> <u>at 31.10.2015</u> <u>expressed as</u> <u>a percentage</u> <u>of value of</u> <u>the Fund</u> %
QUOTED INVESTMENTS - LOCAL				
<u>Malaysia</u>				
Consumer Products				
Karex Bhd	569,000	1,454,565	1,991,500	1.83
Trading/Services				
Yinson Holdings Bhd	1,000,000	2,750,000	2,940,000	2.71
TOTAL QUOTED				
INVESTMENTS - LOCAL		4,204,565	4,931,500	4.54
QUOTED INVESTMENTS - FOREIGN				
<u>Hong Kong</u>				
Consumer Products				
Yue Yuen Industrial Holding	250,000	3,275,209	3,925,058	3.61
Purapharm Corporation Ltd	370,000	852,325	1,014,284	0.93
Tencent Holdings Ltd	34,000	2,319,492	2,760,361	2.54
TOTAL HONG KONG				
		6,447,026	7,699,703	7.08

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 31 October 2015 are as follows:
(continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> as at <u>31.10.2015</u> RM	<u>Fair value as</u> <u>at 31.10.2015</u> <u>expressed as</u> <u>a percentage</u> <u>of value of</u> <u>the Fund</u> %
QUOTED INVESTMENTS - FOREIGN (CONTINUED)				
<u>Japan</u>				
Communication				
F@N Communication				
Incorporation	60,000	2,087,658	1,856,288	1.71
GMO Internet Inc	60,000	3,417,976	3,680,535	3.39
Softbank Corp	12,000	2,619,455	2,903,842	2.67
		<u>8,125,089</u>	<u>8,440,665</u>	<u>7.77</u>
Consumer Products				
Aoki Holdings	70,000	2,701,074	3,693,351	3.40
FP Corporation	24,800	2,745,305	4,383,745	4.04
Gulliver International	100,000	2,744,832	4,375,486	4.03
Kusuri No Aoki Co Ltd	16,000	2,113,077	3,298,169	3.04
Nitori Holdings	10,000	2,158,798	3,378,630	3.11
Paramount Bed Holdings	24,100	2,427,149	3,337,652	3.07
Rakuten Incorporation	60,000	3,233,147	3,604,703	3.32
Rohto Pharmaceutical Company	40,100	1,812,074	2,860,991	2.63
Saizeriya Co Ltd	26,000	2,483,985	2,544,617	2.34
		<u>22,419,441</u>	<u>31,477,344</u>	<u>28.98</u>
Finance				
Suruga Bank	50,000	3,512,524	4,268,680	3.93

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 31 October 2015 are as follows:
(continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> as at <u>31.10.2015</u> RM	<u>Fair value as</u> <u>at 31.10.2015</u> <u>expressed as</u> <u>a percentage</u> <u>of value of</u> <u>the Fund</u> %
QUOTED INVESTMENTS - FOREIGN (CONTINUED)				
<u>Japan (continued)</u>				
Trading/Services				
Fuji Seal International	24,000	2,557,037	3,524,598	3.25
H.I.S Company Ltd	24,000	3,273,414	3,494,692	3.22
Informart Corporation	80,300	2,681,834	3,276,231	3.02
Sundrug	14,800	2,255,286	3,382,760	3.11
Yumeshin Holdings	120,000	2,762,155	3,003,385	2.77
		<u>13,529,726</u>	<u>16,681,666</u>	<u>15.37</u>
Technology				
Obic Co Ltd	20,000	3,184,525	4,571,297	4.21
Otsuka Corporation	14,000	1,652,177	2,925,772	2.69
		<u>4,836,702</u>	<u>7,497,069</u>	<u>6.90</u>
TOTAL JAPAN		<u>52,423,482</u>	<u>68,365,424</u>	<u>62.95</u>
<u>Taiwan</u>				
Technology				
Largan Precision Co Ltd	10,000	3,229,688	3,351,270	3.09
TOTAL TAIWAN		<u>3,229,688</u>	<u>3,351,270</u>	<u>3.09</u>

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 31 October 2015 are as follows:
(continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> <u>as at</u> <u>31.10.2015</u> RM	<u>Fair value as</u> <u>at 31.10.2015</u> <u>expressed as</u> <u>a percentage</u> <u>of value of</u> <u>the Fund</u> %
QUOTED INVESTMENTS - FOREIGN (CONTINUED)				
<u>Thailand</u>				
Consumer Products				
Carabao Group - IPO	262,600	872,004	1,237,161	1.14
		<hr/>	<hr/>	<hr/>
TOTAL THAILAND		872,004	1,237,161	1.14
		<hr/>	<hr/>	<hr/>
TOTAL QUOTED				
INVESTMENTS - FOREIGN		62,972,200	80,653,558	74.26
		<hr/>	<hr/>	<hr/>
TOTAL INVESTMENTS		67,176,765	85,585,058	78.80
			<hr/> <hr/>	<hr/> <hr/>
ACCUMULATED				
UNREALISED				
GAIN		18,408,293		
		<hr/>		
TOTAL FINANCIAL				
ASSETS AT FVTPL		85,585,058		
		<hr/> <hr/>		

6 CASH AND CASH EQUIVALENTS

	<u>2016</u> RM	<u>2015</u> RM
Deposits with a licensed financial institution	-	16,375,382
Bank balance	1,571,110	6,486,230
	<u>1,571,110</u>	<u>22,861,612</u>

Deposits with a licensed financial institution include interest receivable of nil (2015: RM3,543).

	<u>2016</u>	<u>2015</u>
Weighted average effective interest rate	-	3.95%
Average maturity	-	2 days

7 FORWARD FOREIGN CURRENCY CONTRACTS

As at 31 October 2016, there were seven (2015: Fifteen) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM64,136,747 (2015: RM64,808,272).

The forward foreign currency contracts entered into are for hedging against the currency exposure arising from the investment in the quoted investments denominated in 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 profit or loss:

	<u>2016</u> RM	Financial period from 14.10.2014 (date of inception) to 31.10.2015 RM
Realised loss on forward currency contracts	(7,284,568)	(11,261,552)
Unrealised gain/(loss) on forward currency contracts	1,523,484	(1,236,894)
Net fair value loss on forward foreign currency	<u>(5,761,084)</u>	<u>(12,498,446)</u>

8 OTHER PAYABLES AND ACCRUALS

	<u>2016</u> RM	<u>2015</u> RM
Audit fee payable	6,000	7,000
Tax agent's fee payable	3,800	9,000
Sundry payables and accruals	3,355	4,763
	<u>13,155</u>	<u>20,763</u>

9 UNITS IN CIRCULATION

	<u>2016</u> Units	<u>2015</u> Units
At the beginning of the financial year/date of inception	180,969,000	-
Creation of units arising from applications during the financial year/period	40,263,000	286,161,000
Cancellation of units during the financial year/period	<u>(65,106,000)</u>	<u>(105,192,000)</u>
At the end of the financial year/period	<u>156,126,000</u>	<u>180,969,000</u>

10 MANAGEMENT FEE

In accordance with the Deed, the Manager shall be entitled to a fee at a rate agreed between the Manager and the Trustee which the rate shall not exceed 2.50% per annum of the net asset value of the Fund.

The management fee provided in the financial statements is 1.80% (2015: 1.80%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year/period.

There will be no further liability to the Manager in respect of management fee other than the amount recognised above.

11 TRUSTEE'S FEE

In accordance with the Deed, the Trustee shall be entitled to a fee at a rate agreed between the Manager and the Trustee which the rate shall not exceed 0.15% per annum of the net asset value of the Fund, calculated on a daily basis for the financial year/period ended.

The Trustee's fee provided in the financial statements is 0.06% (2015: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year/period.

There will be no further liability to the Trustee in respect of Trustee's fee other than the amount recognised above.

12 TAXATION

(a) Tax charge for the financial year/period

	Financial period from 14.10.2014 (date of inception)	
	<u>2016</u>	<u>to 31.10.2015</u>
	RM	RM
Current taxation		
- foreign tax	136,759	537,217
	<u><u>136,759</u></u>	<u><u>537,217</u></u>

12 TAXATION (CONTINUED)

(b) Numerical reconciliation of income tax expense

The numerical reconciliation between the (loss)/profit before taxation multiplied by the Malaysian statutory income tax rate and the tax expense of the Fund is as follows:

	2016	Financial period from 14.10.2014 (date of inception) to 31.10.2015
	RM	RM
(Loss)/profit before taxation	(1,302,666)	14,703,666
Tax calculated at a tax rate of 24% (2015:25%)	(312,640)	3,675,917
Tax effects of:		
- Income not subject to tax	(237,293)	(4,252,789)
- Expenses not deductible for tax purposes	110,379	180,433
- Restriction on tax deductible expenses for unit trust funds	439,554	396,439
Foreign tax in other countries	136,759	537,217
Tax expense	136,759	537,217

13 MANAGEMENT EXPENSE RATIO (“MER”)

	Financial period from 14.10.2014 (date of inception)	
	<u>2016</u>	<u>to 31.10.2015</u>
	%	%
MER	2.02	2.10

Management expense ratio includes management fee, Trustee’s fee, audit fee, tax agent’s fee and other administrative expenses which is calculated as follows:

$$\text{MER} = \frac{(A + B + C + D + E)}{F} \times 100$$

A = Management fee

B = Trustee’s fee

C = Audit fee

D = Tax agent’s fee

E = Other expenses excluding GST on transaction costs

F = Average net asset value of the Fund for the financial year/period, calculated on a daily basis

The average net asset value of the Fund for the financial year/period, calculated on a daily basis is RM101,195,208 (2015: RM83,868,641).

14 PORTFOLIO TURNOVER RATIO

	<u>2016</u>	<u>Financial period from 14.10.2014 (date of inception) to 31.10.2015</u>
The portfolio turnover ratio for the financial year/period (times)	0.43	1.41

The portfolio turnover ratio is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year/period} + \text{total disposal for the financial year/period}) \div 2}{\text{Average net asset value of the Fund for the financial year/period calculated on a daily basis}}$$

where:

total acquisition for the financial year/period	= RM46,625,640 (2015: RM152,198,894)
total disposal for the financial year/period	= RM41,399,344 (2015: RM84,683,144)

15 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
RHB Asset Management Sdn Bhd	The Manager
RHB Investment Bank Berhad	Holding company of the Manager
RHB Bank Berhad	Ultimate holding company of the Manager
RHB Securities Hong Kong Ltd	Related company of the Manager
RHB Securities (Thailand) PCL	Related company of the Manager

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

The number of units held by the Manager is as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	4,530	2,673	87,556	52,551

The units are held beneficially by the Manager for booking purposes and were transacted at the prevailing market price.

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

16 TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 31 October 2016 are as follows:

<u>Broker/ financial institution</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Hong Leong Invesment Bank Bhd	26,843,847	21.76	-	-
Affin Hwang Investment Bank Bhd	25,495,257	20.67	47,931	24.95
Macquarie Bank Ltd Hong Kong Branch	14,484,362	11.74	32,357	16.84
Boci Securities Ltd	12,915,962	10.47	25,832	13.44
Instinet Europe Ltd	12,540,155	10.17	25,080	13.05
Affin Bank Bhd	5,747,000	4.66	-	-
RHB Investment Bank Bhd*	5,716,952	4.63	11,434	5.95
RHB Securities Hong Kong Ltd	3,814,083	3.09	8,692	4.52
J.P. Morgan Securities (Asia Pacific) Ltd	3,422,629	2.77	7,888	4.11
CIMB Securities Ltd Taiwan Branch	3,083,826	2.50	9,251	4.81
Others*	9,280,064	7.54	23,676	12.33
	<u>123,344,137</u>	<u>100.00</u>	<u>192,141</u>	<u>100.00</u>

16 TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial period ended 31 October 2015 are as follows:

<u>Broker/ financial institution</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> %
CIMB Bank Bhd	73,529,010	19.25	-	-
Instinet Pacific Ltd	50,357,930	13.19	100,343	20.80
Hong Leong Investment Bank Bhd	36,544,016	9.57	-	-
Macquarie Capital Securities Ltd	36,178,137	9.48	73,139	15.16
J.P. Morgan Securities (Asia Pacific) Ltd	29,976,202	7.85	49,131	10.18
Public Bank Bhd	25,297,686	6.63	-	-
RHB Securities Hong Kong Ltd*	22,266,832	5.83	55,940	11.60
BNP Paribas Malaysia Bhd	17,965,207	4.71	29,777	6.17
Okasan International (Asia) Ltd	17,809,125	4.66	26,714	5.54
Macquarie Capital Securities (Malaysia) Sdn Bhd	12,685,119	3.32	28,700	5.95
Others*	59,213,709	15.51	118,656	24.60
	<u>381,822,973</u>	<u>100.00</u>	<u>482,400</u>	<u>100.00</u>

*Included in transactions by the Fund are trades with the holding company of the Manager, RHB Investment Bank Bhd and the related company of the Manager, RHB Securities Hong Kong Ltd and RHB Securities (Thailand) PLC. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

17 SEGMENT INFORMATION

The Investment & Security Selection Committee of the Manager recommends strategic resource allocations of the Fund to the Investment Committee of the Manager (collectively referred to as “Committee”). The Investment Committee of the Manager will then endorse the strategic decision recommended by the Investment & Security Selection Committee for adoption on behalf of the Fund. The operating segments are determined based on the recommendation by the Investment & Security Selection Committee and reviewed by the Investment Committee.

The internal reporting provided to the Committee for the Fund’s assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS. The Committee considers the business from both a geographic and investment perspective. Geographically, the Committee considers the performance of investments in Malaysia and outside Malaysia.

The reportable operating segments derive their income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within each portfolio. These returns consist of interest, dividends and gains on the appreciation in the value of investments and are derived from and outside Malaysia.

There were no changes in the reportable segments during the financial year.

STATEMENT BY MANAGER

We, Patrick Chin Yoke Chung and Abdul Aziz Peru Mohamed, 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 financial statements set out on pages 12 to 54 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as of 31 October 2016 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

On behalf of the Manager

PATRICK CHIN YOKE CHUNG
DIRECTOR

ABDUL AZIZ PERU MOHAMED
DIRECTOR

Kuala Lumpur
16 December 2016

TRUSTEE'S REPORT

We have acted as Trustee of RHB Entrepreneur Fund (“the Fund”) for the financial year ended 31 October 2016. To the best of our knowledge, RHB Asset Management Sdn Bhd (“the Management Company”), has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission Malaysia’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For TMF Trustees Malaysia Berhad
(Company No: 610812-W)

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
16 December 2016

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB ENTREPRENEUR FUND

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of RHB Entrepreneur Fund on pages 12 to 54, which comprise the statement of financial position as at 31 October 2016 of the Fund, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 17.

Manager's Responsibility for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to 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 are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of financial statements that give a true and fair view 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 Manager's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
RHB ENTREPRENEUR FUND**

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31 October 2016 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur

16 December 2016

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

PRINCIPAL AND REGISTERED OFFICE

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

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: www.rhbgroup.com

BOARD OF DIRECTORS

Mr Patrick Chin Yoke Chung (*Independent Non-Executive Chairman*)

Encik Abdul Aziz Peru Mohamed (*Senior Independent Non-Executive Director*)

Ms Ong Yin Suen (*Managing Director*)

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

Dr. Ngo Get Ping (*Independent Non-Executive Director*)

(*Appointed on 11 May 2016*)

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Khairussaleh Ramli (*Chairman*) (*Appointed on 11 May 2016*)

Mr Patrick Chin Yoke Chung (*Appointed on 11 May 2016*)

Mr Ong Seng Pheow (*Appointed on 11 May 2016*)

YBhg Datuk Haji Faisal Siraj (*Appointed on 30 September 2016*)

CHIEF EXECUTIVE OFFICER

Mr Ho Seng Yee

SECRETARY

Encik Azman Shah Md Yaman (LS No. 0006901)

BRANCH OFFICE

Kuala Lumpur Office	B-9-6, Megan Avenue 1 No. 189, Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-2171 2755 Fax: 03-2770 0022
Sri Petaling Office	No. 53-1 & 53-2 Jalan Radin Tengah Bandar Baru Sri Petaling 57000 Kuala Lumpur Tel: 03-9054 2470 Fax: 03-9054 0934
Penang Office	64-D, Level 5, Lebuah Bishop 10200 Penang Tel: 04-264 5639 / 04-263 4848 Fax: 04-264 5640 / 04-262 8844
Butterworth Office	2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai, Penang Tel: 04-390 0022 Fax: 04-390 0023
Ipoh Office	4 th Floor, 21-25 Jalan Seenivasagam, Greentown 30450 Ipoh, Perak Tel: 05-242 4311 Fax: 05-242 4312
Johor Bahru Office	2nd Floor, 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru, Johor Tel: 07-358 3587 Fax: 07-358 3581
Kuantan Office	B 32-34, 2nd Floor, Lorong Tun Ismail 8 Sri Dagangan II 25000 Kuantan, Pahang Tel: 09-517 3611 Fax: 09-517 3612
Kota Bharu Office	No 3953-H, 1st Floor Jalan Kebun Sultan 15350 Kota Bharu, Kelantan Tel: 09-741 8539 Fax: 09-741 8540

Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu, Sabah Tel: 088-528 686/692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211 Fax: 06-292 2212
Batu Pahat Office	53, 53-A and 53-B Jalan Sultanah 83000 Batu Pahat, Johor Tel: 07-438 0271 Fax: 07-438 0277
Miri Office	Lot 1268, First Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri, Sarawak Tel: 085-422 788 Fax: 085-415 243
Kuching Office	Lot 172, Section 49, K.T.L.D Jalan Chan Chin Ann 93100 Kuching, Sarawak Tel: 082-245 611 Fax: 082-242 712
TRUSTEE	TMF Trustees Malaysia Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd
DISTRIBUTORS	Areca Capital Sendirian Berhad iFast Capital Sendirian Berhad OCBC Bank (Malaysia) Berhad Phillip Mutual Berhad RHB Bank Berhad RHB Investment Bank Berhad