

**RHB KIDSAVE TRUST**

**ANNUAL REPORT 2022**

For the financial year ended 31 March 2022

## GENERAL INFORMATION ABOUT THE FUND

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

Fund Name : RHB KidSave Trust  
Fund Category : Balanced fund  
Fund Type : Income and growth fund

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

#### Objective of the Fund

The Fund aims to maximise total returns through a combination of long term\* growth of capital and current income^ consistent with the preservation of capital#.

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

^ The income is in the form of units.

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

#### Strategy

The asset allocation of the Fund will be as follows:

40% - 60% of - Investments in equities  
Net Asset Value

40% - 60% of - Investments in fixed income securities, money market  
Net Asset Value instruments, cash and deposits with financial institutions.

The actual asset allocation will be reviewed from time to time depending on economic and market conditions.

## **Performance Benchmark**

The performance of the Fund cannot be compared directly with any specific publicly available benchmark such as the FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”), the FTSE Bursa Malaysia EMAS Index nor the Kuala Lumpur Interbank Offered Rate (“KLIBOR”) as the Fund is a balanced fund where investment in equities and fixed income securities are each restricted to a maximum of 60%.

As such, a benchmark comprising 50% of the performance of the FBM KLCI and 50% of the 12-month KLIBOR is used for comparative purpose which is reflective of the Fund’s underlying investments.

## **Permitted Investments**

This Fund may invest in securities traded on Bursa Malaysia or any other market considered as an eligible market, unlisted securities, collective investment schemes, financial derivatives, structured products, liquid assets (including money market instruments and deposits with any financial institutions), participate in the lending of securities and any other investments permitted by the Securities Commission Malaysia from time to time.

## **Distribution Policy**

Consistent with the Fund’s objective of long term\* growth of capital and current income<sup>^</sup>, the Fund will distribute a substantial portion of its returns to unit holders. Distributions, if any, after deduction of taxation and expenses, are generally declared annually and will be reinvested.

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

<sup>^</sup>The income is in the form of units.

## **MANAGER’S REPORT**

### **FUND PERFORMANCE REVIEW**

For the financial year under review, the RHB Kidsave Trust Fund registered a return of 29.65%\* against its benchmark return of 1.44%\*. The fund improved substantially was arising from the MEX I Capital as it has been restructured and has mark to market value around par value.

The investment strategy and policy employed during the financial year under review were in line with the investment strategy and policy as stated in the prospectus. The Fund has achieved its objective for the financial year under review.

*\* Source: Lipper Investment Management (“Lipper IM”), 8 April 2022*

### **EQUITY MARKET REVIEW**

Second quarter of year 2021 (“2Q21”) saw Morgan Stanley Capital International (“MSCI”) Asia ex Japan grow 3.40%, marking the 5th straight quarter of expansion. Market performance during the month remained under pressure amid currency weakness, discussions of potential Federal Reserve (“Fed”) tapering, COVID-19 resurgence in various countries (especially India and Association of Southeast Asian Nations (“ASEAN”)), and slow vaccine roll-out. Asia ex-Japan currencies traded negative in June 2021. The United States (“US”) Dollar Index (“DXY) was up 2.90%, led by the hawkish tone by the US Fed which guided for two potential rate hikes in year 2023.

FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBMKLCI”) remained lackluster till first half of year 2021 (“1H21”). Glove stocks continued to drag Banking stocks failed to shine despite Bank Negara Malaysia (“BNM”) kept interest rates unchanged at 1.75% as well as concern on asset quality of their loan book due to prolong Movement Control Order (“MCO”).

FBMKLCI Index slumped on 8 July 2021 to close at 1,508 level as the resurgence of global infections sparked by the Delta variant undermine the growth outlook and compounded further by uncertainties in domestic politics and surging daily COVID-19 cases. The spread of the virus is threatening to hurt consumer confidence. The weak sentiment was also contributed by sharp corrections in China’s internet companies due to the Chinese government’s stricter regulations. Malaysia's Gross Domestic Product (“GDP”) was announced and the economy expanded by 16.10% on an annual basis Year-on-Year (“YoY”) in the 2Q21. Rebounding from a 0.50% contraction a quarter ago, the April 2021-June 2021 GDP growth was higher than the median estimate of +14.10%.

The heightened tensions in the domestic politics and higher new COVID-19 cases brought down the index to its lowest level for the year 2021 at 1,483 level on 4 August 2021. The uncertainties in the domestic politics ended on 16 August 2021 when Tan Sri Muhyiddin

Yassin resigned as the Prime Minister (“PM”). The Palace announced Dato Seri Ismail Sabri as the ninth PM of Malaysia from 20 August 2021. The FBMKLCI stabilised after touching the low of 1,483 level and staged a strong rally after the appointment of the new PM to close at 1,601 on 30 August 2021.

Global economy has started to show some weakness as China's manufacturing activity entered into contraction in August 2021, the first time in nearly one and a half years on COVID-19 containment measures. US jobs creation continues to show weaker than expected numbers. These have affected the sentiment of the local equity market in September 2021 despite the announcement of 12th Malaysia Plan.

Closer to the end of September 2021, sentiment was further dampened due to the concern over Chinese government crackdown on the real-estate sector and the debt crisis at developer China Evergrande Group and China energy crisis whilst domestically the sentiment was affected due to the news on the possible windfall tax on companies which generated supernormal profits due to the pandemic, capital gain tax on shares traded on Bursa Malaysia and the impact of bank’s earnings from the waiver of interest payments by the banks to the B50 from October 2021 to December 2021. Besides that, the rising US Treasury (“UST”) yield and concerns over US tapering and debt ceiling have also clouded the sentiment over the equity market towards the end of the quarter.

FBMKLCI index moved strongly in the month of October 2021 where on 26 October 2021, Brent Crude oil prices reached United States Dollar (“USD”) 86.40/barrel, following six consecutive weeks of rises. On 25 November 2021, South African scientists announced the discovery of the latest evolution of the COVID-19 virus, namely Omicron has sparked the concern of its wide spread around the world. At the same time, US Fed also on a hawkish sign on rate hike timing pushing ahead of expectation had made the equity market around the world consolidate.

FBMKLCI was weak till closer to the end of December 2021 and window dressing exercise at the end of last trading day in year 2021 has sent the index closing at 1,567 generated negative return of -3.67% YoY.

FBMKLCI fell 3.50% in January 2022 due to concerns over earnings risks, rising global interest rates, Environmental, Social, and Governance (“ESG”) and political risks. Foreign investors were the largest net buyers while local institutional investors were the largest net sellers in January 2022. In February 2022, FBMKLCI rebounded strongly mainly driven by strong commodities prices especially palm oil price after Crude Palm Oil (“CPO”) prices touched as high as RM8,000/ton following Russian and Ukraine escalated political tension on 24 February 2022. FBMKLCI closed lower in March 2022 by 1.30% at 1,587.

## BOND MARKET REVIEW

On local rates, the Malaysia Government Securities (“MGS”) market yield ended higher for the month of March 2022. MGS curve shifted bearish flattening as local bond sentiment remained jittery amid UST volatility. MGS 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-years rose by +47 basis points (“bps”), +10bps, +19bps, +18bps, +18bps, +25bps and 11bps respectively. The spread movements were more pronounced in the shorter end of the yield curve. Similarly, the overall yield in Malaysia Government Investment Issue (“MGII”) or the Islamic Sovereign Curve also ended higher for March 2022. 3years, 5, years, 7 years, 10 years, 15 years, 20 years and 30 years saw yield rose by +15bps, +9bps, +21bps, +23bps, +26bps, +23bps and +14bps respectively.

Local bond yields generally ended higher for the month of March 2022 in anticipation of the US Federal Open Market Committee (“FOMC”) meeting, which saw the Fed raise rates for the first time since year 2018 and led to a surge in global bond yields. Furthermore, the ongoing Russia-Ukraine conflict may continue to drive some safe-haven demand for bonds. The local market in the month of March 2022 was also driven higher amid a global bond sell-off, as UST yields surged on hawkish comments by the Fed’s Powell and market expectations of more aggressive rate hikes.

Benchmark	MGS			GII		
	31 March 2022	28 February 2022	Change (bps)	31 March 2022	28 February 2022	Change (bps)
3-Year	3.18%	2.71%	+47bps	2.97%	2.83%	+15bps
5-Year	3.39%	3.29%	+10bps	3.52%	3.43%	+9bps
7-Year	3.78%	3.59%	+19bps	3.83%	3.62%	+21bps
10-Year	3.85%	3.67%	+18bps	3.97%	3.74%	+23bps
15-Year	4.24%	4.06%	+18bps	4.36%	4.10%	+26bps
20-Year	4.44%	4.20%	+25bps	4.51%	4.28%	+23bps
30-Year	4.50%	4.39%	+11bps	4.59%	4.45%	+14bps

Source: Bloomberg, Hong Leong Report

In terms of government bond auctions in March 2022, there were three auctions conducted, as below:

04 March 2022: The 15-years MGS 04/37 reopened at an expected Ringgit Malaysia (“RM”) 3.0 billion, with no private placement, and was awarded at an average yield of 4.064%. Demand was decent, recording a bid-to-cover (“BTC”) ratio of 1.986 times (“x”), but below the Year-to-date (“YTD”) average BTC of 2.143x.

17 March 2022: The 20-years GII 09/41 reopened at a larger-than-expected RM5.0 billion, of which RM2.5 billion was privately placed and was awarded at an average yield of 4.401%. Overall, the demand was decent, recording a BTC ratio of 1.884x on a slightly larger auction size of RM2.5 billion than our RM2.0 billion estimate.

30 March 2022: The 3-years MGS 03/25 reopened at a slightly larger-than-expected RM5.5 billion, with no private placement, and was awarded at an average yield of 3.239%. Demand was decent for the new benchmark 3-years MGS, recording a bid-to-cover BTC ratio of 1.666x. This was considerably stronger than the previous of the 3-years MGS which saw a weak BTC of 1.158x in December 2021.

The summary for the March 2022 government bond auctions results as:

Bond Securities	Auction Date	Auction Size (RM' Bill)	Average Yield (%)	BTC Ratio (Times)	High (%)	Low (%)
15-yr Reopening of MGS 04/37 4.762%	04-Mar-22	3.00	4.064	1.986	4.078	4.048
20-yr Reopening of MGII 09/41 4.417%	17-Mar-22	5.00	4.401	1.884	4.427	4.375
3-yr Reopening of MGS 03/25 3.882%	30-Mar-22	5.50	3.239	1.666	3.255	3.210

Next auction is the reopening of 10-years GII 10/32 New Issue which will become the new 10-years GII benchmark bond. The new issuance is expected with an auction size of RM4.5 billion without private placement.

### Ringgit Corporate Bond

In the month of March 2022, there were two highlights of new issuances. Firstly, Perbadanan Tabung Pendidikan Tinggi Nasional (“PTPTN”) raised MYR1.5 billion from Government Guaranteed (“GG”) notes with 5-years (MYR400 million), 7-years (MYR600 million), 13years (MYR150 million) and 15years (MYR350 million) tenors. Final yields of 3.49% for 5-years, 3.73% for 7-years, 4.11% for 13-years and 4.31% for 15-years were 2bps-5bps tighter than the lowest end of initial price guidance and gave around 20bps -25bps spread over MGS at pricing day end.

In addition, Kuala Lumpur Kepong Berhad (“KLK”) raised an upsized MYR2 billion on the back of MYR7 billion order book over an initial MYR1.5billion target size. Final yields were 10bps tighter than the bottom end of initial price guidance at 4.17% for the 10-years (MYR1.5billion) and 4.55% for the 15-years (MYR0.5 billion), giving 50bps spread over closing MGS on pricing day. The limited new issue concession may have been due to KLK’s solid credit profile and strong financial results for 1QFY9/22 with Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”) almost doubling YoY to MYR1.2 billion. Relative to the AA1 composite curve, KLK new 10-years and 15-years bonds were 13bps and 6bps tighter respectively.

## **ECONOMIC REVIEW AND OUTLOOK**

We continue to see an uptick in February 2022 domestic headline inflation measured by the Consumer Price Index (“CPI”) of +2.20% YoY compared with consensus of +2.50%, driven mainly by the increase in food inflation. The increase in food inflation, which is the largest contributor to the overall weight of CPI, continued to be a major contributor to the country's inflation.

The 3.70% increase in food and non-alcoholic beverages group was largely due to an increase in the component for food at home which increased 4.10% compared to the same month of the preceding year,” he said in a statement, adding that the increase was mainly for raw cooking materials such as chicken (14.20%) and eggs (13.50%).

BNM expects that Malaysia’s headline inflation will remain manageable this year 2022, averaging between 2.20% and 3.20% compared to 2.50% last year 2021. BNM believes that higher fuel prices, underpinned the higher headline inflation in year 2021, is projected to moderate this year. High input costs from rising non-energy commodity prices, however, are expected to exert some pressures on selected fresh food prices, particularly in the first half of year 2022 (“1H22”). Of note, for the second half of year 2022 (“2H22”), the base effect from electricity prices is projected to contribute to a temporary spike in headline inflation, particularly in the third quarter (“3Q”).

In term of GDP, BNM has projected Malaysia’s economy to grow by between 5.30% and 6.30% in year 2022. This projection is slightly lower than the government’s official forecast of a 5.50% to 6.50% growth in the nation’s GDP for the year 2022. The recovery for the Malaysian economy is expected to gain momentum this year 2022. This is underpinned by several factors including continued expansion in external demand, full upliftment of containment measures, reopening of international borders and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand.

## **EQUITY MARKET OUTLOOK & STRATEGY**

Malaysia’s economy is still undergoing its recovery phase and it is not overheating. Looking ahead, we expect the Malaysian economy to continue on its recovery trajectory supported by the reopening of the economy and high vaccination rates. Export would also be supported by increasing global chip sales. The global structural growth in chip demand alongside the ongoing acceleration in digitalisation and proliferation of secular technology trends like 5G, artificial intelligence, cloud computing, the Internet of Things, robotics, and vehicle electrification. Hence, as the economy improves the earnings from the economic reopening sectors, the oil & gas and plantations sectors are expected to improve in year 2022. The index has been ignoring the corporate earnings upgrade since the start of year 2022. We expect higher earnings growth due to the strong oil price and palm oil prices and higher consumption spending. We are positive on the equity market,



cyclical sector positioning with focus on service-related sector which will be benefiting from high commodities prices, reopening and economy recovery cycle.

## **BOND MARKET OUTLOOK AND STRATEGY**

Locally, BNM maintained its overnight policy rate (“OPR”) at 1.75% in its second monetary policy committee (“MPC”) meeting for the year of 2022. The rate has been kept at 1.75%, as being the lowest on record since July 7, 2020. The MPC has considered the current stance of monetary policy to be appropriate and accommodative. The BNM believed that despite the recent moderation in economic activity due to the Omicron-driven COVID-19 resurgences, the overall recovery trajectory remains on track. However, BNM said the unfolding developments surrounding the military conflict in Ukraine have emerged as a key risk to global growth and trade prospects, commodity prices, and financial market conditions.

The stance of monetary policy will continue to be determined by new data and their implications on the overall outlook for inflation and domestic growth. The expected reopening of international borders would also provide further support to economic recovery. The global growth outlook will also continue to be affected by developments surrounding COVID-19, risks of prolonged global supply disruptions, and heightened financial market volatility amid adjustments in monetary policy in major economies. All six economists polled expect BNM to keep its policy rate unchanged at 1.75%, based on Bloomberg survey.

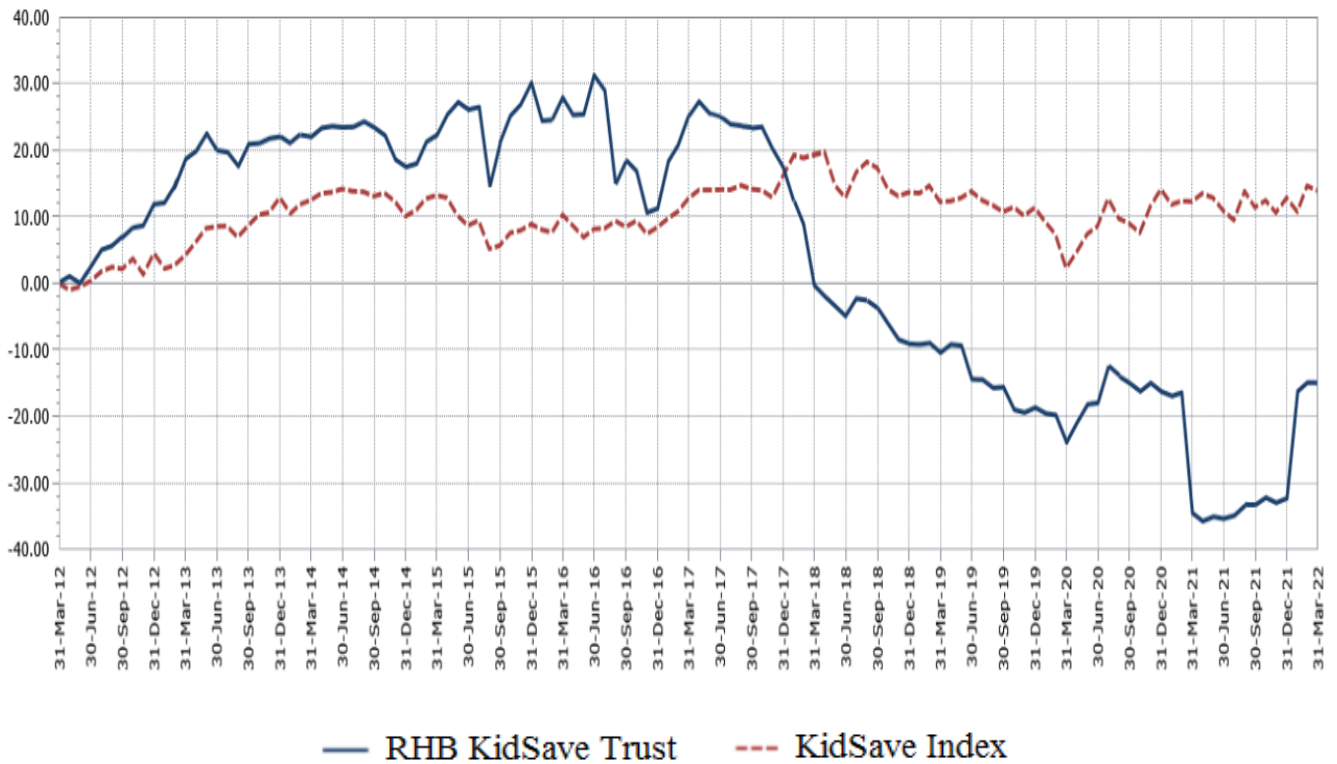
MYR bonds are a haven from the Russia/ Ukraine conflict as Malaysia is one of the few economies with a positive oil trade balance. 10-year correlation between US and Malaysia 10-year benchmarks dropped closed to zero in recent trading sessions, signalling “no interdependence” in addition to having sizable foreign central bank ownership. Furthermore, MYR bonds offer attractive real yields relative to the other Asia Pacific markets within the FTSE World Government Bond Index (“WGBI”). We still remain constructive on the bond market as we still see opportunities within the government and corporate credit securities market, albeit with some volatility coming from Omicron variant and its impact from various global economies. We believe the eventual rise in policy interest rate should be gradual as the Malaysia’s inflation data still appears transient in nature especially from a core inflation reading perspective. Fixed income would still give a comfortable yield against fixed deposits where fixed deposits are highly dependent to changes in policy rates.

## PERFORMANCE DATA

	<b>Annual Total Returns Financial Year Ended 31 March</b>				
	<b>2022 %</b>	<b>2021 %</b>	<b>2020 %</b>	<b>2019 %</b>	<b>2018 %</b>
RHB KidSave Trust					
- Capital Return	29.65	(13.81)	(15.06)	(10.13)	(20.35)
- Income Return	-	-	-	-	-
- Total Return	29.65	(13.81)	(15.06)	(10.13)	(20.35)
KidSave Index	1.44	9.79	(8.89)	(5.89)	5.80

	<b>Average Annual Returns</b>			
	<b>1 Year 31.03.2021 – 31.03.2022 %</b>	<b>3 Years 31.03.2019 – 31.03.2022 %</b>	<b>5 Years 31.03.2017 – 31.03.2022 %</b>	<b>10 Years 31.03.2012 – 31.03.2022 %</b>
RHB KidSave Trust	29.65	(1.72)	(7.43)	(1.62)
KidSave Index	1.44	0.49	0.21	1.31

**Performance of RHB KidSave Trust  
for the period from 31 March 2012 to 31 March 2022  
Cumulative Return Over The Period (%)**



Source: Lipper IM, 8 April 2022

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.

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

<b>Fund Size</b>	<b>As at 31 March</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net Asset Value (RM million)	46.89	42.19	59.24
Units In Circulation (million)	132.86	155.00	187.59
Net Asset Value Per Unit (RM)	0.3529	0.2722	0.3158

<b>Historical Data</b>	<b>Financial Year Ended 31 March</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Unit Prices</b>			
NAV - Highest (RM)	0.3546	0.3661	0.3786
- Lowest (RM)	0.2268	0.2722	0.3058
<b>Distribution and Unit Split</b>	-	-	-
<b>Others</b>			
Management Expense Ratio (MER) (%) #	1.63	1.59	1.59
Portfolio Turnover Ratio (PTR) (times) ##	0.35	0.37	0.46

# The MER 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 lesser compared with the previous financial year due to lower average net asset value 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 March</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>
<b>Equities</b>			
Consumer Products	3.86	6.14	6.33
Energy	1.54	1.67	3.36
Financial Services	10.41	14.29	4.39
Health Care	-	1.81	3.77
Industrial Products	2.47	8.12	4.90
Materials	1.43	1.62	-
Plantation	2.36	4.76	1.14
Technology	2.80	1.71	-
Telecommunications & Media	3.99	9.42	1.51
Transportation & Logistics	1.67	1.95	2.77
Utilities	-	-	2.98
	<u>30.53</u>	<u>51.49</u>	<u>31.15</u>
<b>Unquoted fixed income securities</b>	57.73	41.41	54.79
<b>Liquid assets and other net current assets</b>	<u>11.74</u>	<u>7.10</u>	<u>14.06</u>
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

## BREAKDOWN OF UNIT HOLDINGS BY SIZE

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	1,072	36.43	2,184	1.64
5,001 to 10,000	573	19.47	4,235	3.19
10,001 to 50,000	1,030	35.00	22,052	16.60
50,001 to 500,000	240	8.15	24,350	18.33
500,001 and above	28	0.95	80,034	60.24
Total	2,943	100.00	132,855	100.00

\* Excluding Manager's stock

## SOFT COMMISSION

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 are of demonstrable benefit to the unit holders.

**RHB KIDSAVE TRUST**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
<b>ASSETS</b>			
Bank balances	5	1,894,373	173,494
Deposits with licensed financial institutions	5	3,687,900	2,582,297
Investments	6	41,387,760	39,194,333
Amount due from brokers		-	435,212
Dividend receivables		21,145	124,756
Tax recoverable		-	15,137
<b>TOTAL ASSETS</b>		<u>46,991,178</u>	<u>42,525,229</u>
<b>LIABILITIES</b>			
Amount due to brokers		-	224,455
Amount due to Manager		24,611	30,215
Accrued management fee		61,124	64,817
Amount due to Trustee		2,445	2,593
Other payables and accruals		11,750	12,066
<b>TOTAL LIABILITIES</b>		<u>99,930</u>	<u>334,146</u>
<b>NET ASSET VALUE</b>		<u>46,891,248</u>	<u>42,191,083</u>
<b>EQUITY</b>			
Unit holders' capital		130,080,582	136,401,554
Accumulated losses		(83,189,334)	(94,210,471)
		<u>46,891,248</u>	<u>42,191,083</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	7	<u>132,859,000</u>	<u>154,999,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.3529</u>	<u>0.2722</u>

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

**RHB KIDSAVE TRUST**  
**STATEMENT OF INCOME AND EXPENSES**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
<b>INCOME/(LOSS)</b>			
Dividend income		510,027	717,416
Interest income from deposits with licensed financial institutions		57,684	68,115
Interest income from unquoted fixed income securities		725,717	2,205,302
Net gain/(loss) on investments	6	10,498,024	(7,540,879)
Net foreign currency exchange loss		(2,808)	(2,292)
		<u>11,788,644</u>	<u>(4,552,338)</u>
<b>EXPENSES</b>			
Management fee	8	(618,830)	(893,738)
Trustee's fee	9	(24,754)	(35,751)
Audit fee		(8,750)	(8,750)
Tax agent's fee		(3,000)	(3,000)
Transaction cost		(78,439)	(124,614)
Other expenses		(33,734)	(9,685)
		<u>(767,507)</u>	<u>(1,075,538)</u>
Net income/(loss) before taxation		11,021,137	(5,627,876)
Taxation	10	-	-
Net income/(loss) after taxation		<u>11,021,137</u>	<u>(5,627,876)</u>
Net income/(loss) after taxation is made up as follow:			
Realised amount		(9,146,700)	(5,851,133)
Unrealised amount		20,167,837	223,257
		<u>11,021,137</u>	<u>(5,627,876)</u>

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



**RHB KIDSAVE TRUST**  
**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	<b>Unit holders’ capital RM</b>	<b>Accumulated losses RM</b>	<b>Total net asset value RM</b>
Balance as at 1 April 2020	147,819,330	(88,582,595)	59,236,735
Movement in net asset value:			
Net loss after taxation	-	(5,627,876)	(5,627,876)
Creation of units arising from applications	61,885	-	61,885
Cancellation of units	(11,479,661)	-	(11,479,661)
Balance as at 31 March 2021	<u>136,401,554</u>	<u>(94,210,471)</u>	<u>42,191,083</u>
Balance as at 1 April 2021	136,401,554	(94,210,471)	42,191,083
Movement in net asset value:			
Net income after taxation	-	11,021,137	11,021,137
Creation of units arising from applications	2,356,819	-	2,356,819
Cancellation of units	(8,677,791)	-	(8,677,791)
Balance as at 31 March 2022	<u>130,080,582</u>	<u>(83,189,334)</u>	<u>46,891,248</u>

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

**RHB KIDSAVE TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from redemption of investments		1,150,353	671,000
Proceeds from sale of investments		14,444,249	19,533,861
Purchase of investments		(6,934,087)	(16,028,762)
Dividends received		585,323	693,251
Interest received from deposits in licensed financial institutions		57,684	68,115
Interest received from unquoted fixed income securities		526,583	1,890,063
Management fee paid		(622,523)	(905,658)
Trustee's fee paid		(24,902)	(36,227)
Payment for other fees and expenses		(29,077)	(27,183)
Net cash generated from operating activities		<u>9,153,603</u>	<u>5,858,460</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		2,356,819	61,885
Cash paid for units cancelled		(8,683,395)	(11,460,445)
Net cash used in financing activities		<u>(6,326,576)</u>	<u>(11,398,560)</u>
Net increase/(decrease) in cash and cash equivalents		2,827,027	(5,540,100)
Foreign currency translation differences		(545)	(3,419)
Cash and cash equivalents at the beginning of the financial year		<u>2,755,791</u>	<u>8,299,310</u>
Cash and cash equivalents at the end of the financial year	5	<u>5,582,273</u>	<u>2,755,791</u>

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

**RHB KIDSAVE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

The RHB KidSave Trust (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 1 April 1999 as modified via its First Supplemental Deed dated 24 December 2007, Supplemental Master Deed dated 1 June 2009, Second Supplemental Master Deed dated 4 September 2013, Third Supplemental Master Deed dated 2 March 2015, and Fourth Supplemental Master Deed dated 25 May 2015 and Fifth Supplemental Master Deed dated 11 December 2018 (hereinafter referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund commenced operations on 10 May 1999 and will continue its operations until terminated according to the conditions provided in the Deed.

The principal activity of the Fund is to invest in Permitted Investments as set out in the Deeds which includes securities of companies quoted on Bursa Malaysia, foreign securities, unlisted securities, units or shares in other collective investment schemes, futures contracts, liquid assets and any other form of investments which the relevant authorities may approve from time to time.

All investments will be subject to the 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 maximise total returns through a combination of long term growth of capital and current income consistent with the preservation of capital.

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 26 May 2022.

## **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 the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, except those 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 income 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. There were no areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) Standards and amendments to existing standards effective 1 April 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2021 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 April 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

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

#### Recognition and measurement

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Financial assets (continued)

#### Recognition and measurement (continued)

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

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

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

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

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with SC as per the SC Guidelines on Unit Trust Funds.

Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income security differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) Records its basis for using a non-BPA price;
- (ii) Obtains necessary internal approvals to use the non-BPA price; and
- (iii) Keeps an audit trail of all decisions and basis for adopting the market price.

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

#### Recognition and measurement (continued)

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

#### Impairment of financial assets

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

#### Significant increase in credit risk

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

#### Definition of default and credit-impaired financial assets

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

#### Write-off

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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". These 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 deposits with licensed financial institutions and unquoted fixed income securities are recognised on an accrual basis using the effective interest method.

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

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

Realised gain or loss on sale of unquoted fixed income securities are measured by the difference between disposal proceeds and the carrying amount of investments (adjusted for accretion of discount or amortisation of premium).

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

### **2.6 Taxation**

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

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

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

### **2.8 Amount due from/to brokers**

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.8 Amount due from/to brokers (continued)**

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

### **2.9 Presentation and functional currency**

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

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.
- The Fund’s investments are significantly 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.

### **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 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.

#### Price risk

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

The Fund is exposed to equity securities (other than those arising from interest rate risk) price risk for its investments of RM14,317,961 (2021: RM21,722,007) in equity securities.

The Fund is exposed to price risk arising from interest rate risk in relation to its investments of RM27,069,799 (2021: RM17,472,326) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate risk and the related sensitivity analysis are disclosed in "Interest rate risk" below.

The sensitivity analysis is based on the assumption that the price of the quoted securities investment fluctuate by +/- 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/- RM715,898 (2021: RM1,086,100).

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

#### Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

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

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

<u>% Change in interest rate</u>	<b>Impact on profit or loss and net asset value</b>	
	<u>2022</u>	<u>2021</u>
	<b>RM</b>	<b>RM</b>
+1%	(85,633)	(157,168)
- 1%	85,929	159,687

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

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

#### 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 +/- RM214,651 (2021: RM104,036).

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

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Amount due to brokers</u> RM	<u>Total</u> RM
<b><u>2022</u></b>				
Hong Kong Dollar	1,465,211	-	-	1,465,211
Indonesian Rupiah	669,871	6	-	669,877
Korean Won	-	106	-	106
Singapore Dollar	330,530	-	-	330,530
United States Dollar	-	1,827,280	-	1,827,280
	<u>2,465,612</u>	<u>1,827,392</u>	-	<u>4,293,004</u>
<b><u>2021</u></b>				
Hong Kong Dollar	1,493,698	-	(224,455)	1,269,243
Indonesian Rupiah	706,278	6	-	706,284
Korean Won	-	112	-	112
Singapore Dollar	-	105,079	-	105,079
	<u>2,199,976</u>	<u>105,197</u>	<u>(224,455)</u>	<u>2,080,718</u>

### 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. For investments in fixed income securities, risk is minimised by spreading its maturity profile. The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits with reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

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

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets*</u> RM	<u>Total</u> RM
<b><u>2022</u></b>				
AAA	-	5,582,273	-	5,582,233
A2	24,586,622	-	-	24,586,622
A	1,206,297	-	-	1,206,297
B	1,276,880	-	-	1,276,880
Other	-	-	21,145	21,145
	<u>27,069,799</u>	<u>5,582,273</u>	<u>21,145</u>	<u>32,673,217</u>
<b><u>2021</u></b>				
AAA	-	2,755,791	-	2,755,791
AA3	-	-	33,585	33,585
A	3,709,311	-	-	3,709,311
C	7,211,420	-	-	7,211,420
C3	6,551,595	-	-	6,551,595
Other	-	-	526,383	526,383
	<u>17,472,326</u>	<u>2,755,791</u>	<u>559,968</u>	<u>20,788,085</u>

\* Comprise of amount due from brokers 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 such illiquid investments at an advantageous time or price to meet its liquidity requirements. Unit trust funds with principal investment strategies that involve securities or securities with substantial market and/or credit risk tend to have the greater exposure to liquidity risk. As part of its risk management, the Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

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

	<b>Less than 1 month RM</b>	<b>Between 1 month to 1 year RM</b>
<b><u>2022</u></b>		
Amount due to Manager	24,611	-
Accrued management fee	61,124	-
Amount due to Trustee	2,445	-
Other payables and accruals	-	11,750
	88,180	11,750
<b><u>2021</u></b>		
Amount due to brokers	224,455	-
Amount due to Manager	30,215	-
Accrued management fee	64,817	-
Amount due to Trustee	2,593	-
Other payables and accruals	-	12,066
	322,080	12,066

### **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 RM130,080,582 (2021: RM136,401,554) and accumulated losses of RM83,189,334 (2021: RM94,210,471). 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 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 liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each financial year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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

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



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

##### Fair value hierarchy

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<b><u>2022</u></b>				
<b>Financial assets at fair value through profit or loss (“FVTPL”)</b>				
- Quoted investments	14,317,961	-	-	14,317,961
- Unquoted fixed income securities	-	27,069,799	-	27,069,799
	<u>14,317,961</u>	<u>27,069,799</u>	-	<u>41,387,760</u>
<b><u>2021</u></b>				
<b>Financial assets at fair value through profit or loss (“FVTPL”)</b>				
- Quoted investments	21,722,007	-	-	21,722,007
- Unquoted fixed income securities	-	17,472,326	-	17,472,326
	<u>21,722,007</u>	<u>17,472,326</u>	-	<u>39,194,333</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.

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

##### Fair value hierarchy (continued)

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The Fund's policies on valuation of these financial assets are stated in Note 2.2.

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2022</u> RM	<u>2021</u> RM
Bank balances	1,894,373	173,494
Deposits with licensed financial institutions	3,687,900	2,582,297
	<u>5,582,273</u>	<u>2,755,791</u>

#### 6. INVESTMENTS

	<u>2022</u> RM	<u>2021</u> RM
Investments:		
Quoted investments - local	11,852,348	19,522,031
Quoted investments - foreign	2,465,613	2,199,976
Unquoted fixed income securities - local	27,069,799	17,472,326
	<u>41,387,760</u>	<u>39,194,333</u>
	<u>2022</u> RM	<u>2021</u> RM
Net gain/(loss) on investments comprised:		
- Net realised loss on disposal	(7,227,436)	(7,333,534)
- Net unrealised gain/(loss) on changes in fair value	17,725,460	(207,345)
	<u>10,498,024</u>	<u>(7,540,879)</u>

## 6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2022 are as follows:

<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 - LOCAL</b>				
<b><u>MALAYSIA</u></b>				
<b>Consumer Products</b>				
British American Tobacco				
Malaysia Bhd	36,800	506,199	457,792	0.98
PPB Group Bhd	50,000	935,356	855,000	1.82
		1,441,555	1,312,792	2.80
<b>Energy</b>				
Yinson Holdings Bhd				
	150,000	783,660	720,000	1.54
<b>Financial Services</b>				
CIMB Group Holdings Bhd				
	125,934	530,244	671,228	1.43
Hong Leong Bank Bhd	76,700	1,146,061	1,549,340	3.30
Public Bank Bhd	498,500	2,237,164	2,327,995	4.97
		3,913,469	4,548,563	9.70
<b>Industrial Products</b>				
Petronas Chemicals Group				
Bhd	120,700	963,215	1,158,720	2.47
<b>Plantation</b>				
Kuala Lumpur Kepong Bhd				
	44,000	1,002,056	1,108,800	2.36
<b>Technology</b>				
Frontken Corporation Bhd				
	213,600	490,578	647,208	1.38
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd				
	107,300	396,660	406,667	0.87
Telekom Malaysia Bhd	238,200	1,086,209	1,164,798	2.48
		1,482,869	1,571,465	3.35

## 6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2022 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 - LOCAL</b>				
<b>(CONTINUED)</b>				
<b><u>MALAYSIA (CONTINUED)</u></b>				
<b>Transportation &amp; Logistics</b>				
Westports Holdings Bhd	196,200	831,286	784,800	1.67
<b>TOTAL QUOTED INVESTMENTS</b>		<b>10,908,688</b>	<b>11,852,348</b>	<b>25.27</b>
<b>- LOCAL</b>				
<b>QUOTED INVESTMENTS - FOREIGN</b>				
<b><u>HONG KONG</u></b>				
<b>Consumer Products</b>				
BYD Co Ltd	4,000	539,124	481,652	1.03
JD.com Inc	119	19,105	14,942	0.03
		558,229	496,594	1.06
<b>Technology</b>				
Xinyi Solar Holdings Ltd	90,000	811,480	667,423	1.42
<b>Telecommunications &amp; Media</b>				
Tencent Holdings Ltd	1,500	433,321	301,194	0.64
<b>TOTAL HONG KONG</b>		<b>1,803,030</b>	<b>1,465,211</b>	<b>3.12</b>
<b><u>INDONESIA</u></b>				
<b>Materials</b>				
PT Vale Indonesia Tbk	342,400	420,018	669,872	1.43
<b>TOTAL INDONESIA</b>		<b>420,018</b>	<b>669,872</b>	<b>1.43</b>

## 6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2022 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</b>				
<b>- FOREIGN (CONTINUED)</b>				
<b><u>SINGAPORE</u></b>				
<b>Financial Services</b>				
Oversea-Chinese Banking Corp Ltd	8,600	315,651	330,530	0.71
<b>TOTAL SINGAPORE</b>		<b>315,651</b>	<b>330,530</b>	<b>0.71</b>
<b>TOTAL QUOTED INVESTMENTS</b>		<b>2,538,699</b>	<b>2,465,613</b>	<b>5.26</b>
<b>- FOREIGN</b>				

<u>Name of Counter</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
<b>UNQUOTED FIXED INCOME SECURITIES</b>					
<b>- LOCAL</b>					
Alpha Circle Sdn Bhd- 5.45% (23/02/2022)	B	639,000	637,360	637,961	1.36
Alpha Circle Sdn Bhd- 5.45% (19/11/2021)	B	255,647	257,104	255,232	0.55
Alpha Circle Sdn Bhd- 5.60% (18/11/2022)	B	384,000	391,792	383,687	0.82
MEX I Capital Bhd -2.60% (21/01/2037)	A2*	5,318,537	4,325,517	5,340,429	11.39
MEX I Capital-2.60% (21/01/2038)	A2*	13,984,615	11,371,656	14,035,887	29.93
MEX I Capital Bhd-2.60% (21/01/2039)	A2*	3,088,844	2,461,624	3,099,149	6.61

## 6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2022 are as follows: (continued)

<u>Name of Counter</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
<b>UNQUOTED FIXED INCOME SECURITIES</b>					
<b>- LOCAL (CONTINUED)</b>					
MEX I Capital-2.60% (23/01/2040)	A2*	2,104,703	1,657,128	2,111,157	4.50
MEX II Sdn Bhd-5.70% (29/04/2027)	D**	5,000,000	5,200,803	-	-
MEX II Sdn Bhd-6.20% (29/04/2032)	D**	6,000,000	6,352,649	-	-
MEX II Sdn Bhd-6.40% (28/04/2034)	D**	5,400,000	5,808,550	-	-
WCT Holdings Bhd-6.00% (28/09/2026)	A	1,200,000	1,200,632	1,206,297	2.57
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL</b>			<b>39,664,815</b>	<b>27,069,799</b>	<b>57.73</b>
<b>TOTAL INVESTMENTS</b>			<b>53,112,202</b>	<b>41,387,760</b>	<b>88.26</b>

## 6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2021 are as follows:

<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 - LOCAL</b>				
<b><u>MALAYSIA</u></b>				
<b>Consumer Products</b>				
Genting Bhd	320,400	1,257,052	1,611,612	3.82
PPB Group Bhd	52,800	987,737	976,800	2.32
		<u>2,244,789</u>	<u>2,588,412</u>	<u>6.14</u>
<b>Financial Services</b>				
AMMB Holdings Bhd	240,300	821,243	704,079	1.67
CIMB Group Holdings Bhd	380,900	1,413,761	1,653,106	3.92
Hong Leong Bank Bhd	70,400	1,025,480	1,316,480	3.12
Public Bank Bhd	561,000	2,517,651	2,356,200	5.58
		<u>5,778,135</u>	<u>6,029,865</u>	<u>14.29</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	40,300	235,210	359,879	0.86
Top Glove Corporation Bhd	88,900	461,663	401,828	0.95
		<u>696,873</u>	<u>761,707</u>	<u>1.81</u>
<b>Industrial Products</b>				
Cahaya Mata Sarawak Bhd	344,700	663,823	751,446	1.78
Petronas Chemicals Group Bhd	271,200	2,164,240	2,169,600	5.14
SLP Resources Bhd	597,960	1,435,719	505,276	1.20
		<u>4,263,782</u>	<u>3,426,322</u>	<u>8.12</u>
<b>Plantation</b>				
IOI Corporation Bhd	168,200	751,221	704,758	1.67
Kuala Lumpur Kepong Bhd	56,800	1,293,563	1,302,992	3.09
		<u>2,044,784</u>	<u>2,007,750</u>	<u>4.76</u>
<b>Technology</b>				
Frontken Corporation Bhd	142,400	490,578	723,392	1.71

## 6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2021 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 - LOCAL</b>				
<b>(CONTINUED)</b>				
<b><u>MALAYSIA (CONTINUED)</u></b>				
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	419,000	1,548,935	1,529,350	3.62
Telekom Malaysia Bhd	266,100	1,083,000	1,631,193	3.87
		2,631,935	3,160,543	7.49
<b>Transportation &amp; Logistics</b>				
Westports Holdings Bhd	196,200	831,286	824,040	1.95
<b>TOTAL QUOTED INVESTMENTS - LOCAL</b>		<b>18,982,162</b>	<b>19,522,031</b>	<b>46.27</b>
<b>QUOTED INVESTMENTS - FOREIGN</b>				
<b><u>HONG KONG</u></b>				
<b>Materials</b>				
Jiangxi Copper Company Ltd	86,000	778,076	681,025	1.62
<b>Telecommunications &amp; Media</b>				
Tencent Holdings Ltd	2,500	744,822	812,673	1.93
<b>TOTAL HONG KONG</b>		<b>1,522,898</b>	<b>1,493,698</b>	<b>3.55</b>
<b><u>INDONESIA</u></b>				
<b>Energy</b>				
PT Wintermar Offshore Marine Tbk	26,363,500	7,523,143	706,278	1.67
<b>TOTAL INDONESIA</b>		<b>7,523,143</b>	<b>706,278</b>	<b>1.67</b>



## 6. INVESTMENTS (CONTINUED)

Investments as at 31 March 2021 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</b>					
<b>- FOREIGN (CONTINUED)</b>					
<b>TOTAL QUOTED INVESTMENTS</b>					
<b>- FOREIGN</b>					
		<b>9,046,041</b>	<b>2,199,976</b>	<b>5.22</b>	
<u>Name of Counter</u>	<u>Rating</u>	<u>Nominal</u> <u>Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
<b>UNQUOTED FIXED INCOME</b>					
<b>SECURITIES - LOCAL</b>					
Alpha Circle Sdn Bhd- 5.45% (23/02/2022)	A	639,000	651,627	657,159	1.56
Alpha Circle Sdn Bhd- 5.45% (19/11/2021)	A	1,406,000	1,433,726	1,443,539	3.42
Alpha Circle Sdn Bhd- 5.60% (18/11/2022)	A	384,000	391,767	396,321	0.94
MEX I Capital Bhd (f.k.a Bright Focus Bhd)- 2.50% (24/01/2030)	C3*	20,200,000	16,023,713	5,577,433	13.22
MEX I Capital Bhd (f.k.a Bright Focus Bhd)- 2.50% (22/01/2031)	C3*	4,000,000	3,070,508	974,162	2.31
MEX II Sdn Bhd-5.70% (29/04/2027)	C**	5,000,000	5,345,303	2,784,616	6.60
MEX II Sdn Bhd-6.20% (29/04/2032)	C**	6,000,000	6,527,950	2,404,734	5.70
MEX II Sdn Bhd-6.40% (28/04/2034)	C**	5,400,000	5,971,024	2,022,070	4.79
WCT Holdings Bhd- 6.00% (28/09/2026)	A	1,200,000	1,200,415	1,212,292	2.87
<b>TOTAL UNQUOTED FIXED INCOME</b>					
<b>SECURITIES - LOCAL</b>					
			<b>40,616,033</b>	<b>17,472,326</b>	<b>41.41</b>
<b>TOTAL INVESTMENTS</b>					
			<b>68,644,236</b>	<b>39,194,333</b>	<b>92.90</b>

## 6. INVESTMENTS (CONTINUED)

### \* MEX I Capital Berhad (“MEX I Capital”) RM1.126 billion Sukuk Musharakah

The restructuring of the Sukuk Musharakah (“Existing Sukuk”) involving its redemption via an exchange with a new Sukuk Musharakah of RM1.126 billion in nominal value (“New Sukuk”), was completed on 21 January 2022.

RAM Ratings has assigned a rating of A2 to the New Sukuk on 19 January 2022, with a stable outlook premised on the cash flow generation of the Expressway vis-à-vis Sukuk payment obligations and the more restrictive covenants in place to govern the transaction.

In approving the restructuring on 13 October 2021, Sukukholders had agreed that any prevailing claims against the Issuer, Maju Expressway Sdn Bhd (“MESB”) and/or Maju Holdings Sdn Bhd (“Maju Holdings”) shall be nullified once the Existing Sukuk is exchanged with the New Sukuk. Upon the completion of the restructuring, the Sukukholders via the Trustee have withdrawn the notice of appeal for the claims on 18 February 2022.

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

On 18 October 2019, MARC had downgraded the rating of MEX II Sdn Bhd’s (“MEX II”) RM1.3 billion Sukuk Murabahah Programme from AA- to A whilst maintaining the rating on a negative outlook premised on rising completion risk and increased uncertainty with regard to completion and associated tolling date of the 16.8-km Lebuhraya KLIA (MEX Extension) project. MARC further placed MEX II’s ratings on MARCWatch Negative on 22 May 2020 due to the lack of construction progress at the Expressway.

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

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

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

## 6. INVESTMENTS (CONTINUED)

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

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

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

On 24 August 2021, Sukukholders voted to approve the deferment of Sukuk obligations falling due on 27 August 2021 and 29 October 2021 to 31 December 2021 to buy more time for the proposed restructuring. On 3 January 2022, the Trustee formally declared an Event of Default when MEX II failed to remit the deferred amount on due date of 31 December 2021 upon which the Dissolution Amount of RM1,378,113,337.59 became immediately due and payable to Sukukholders. Resolutions for the Trustee to declare an Event of Default and to subsequently appoint a receiver were passed by Sukukholders earlier. Sukukholders had also earlier formally rejected MEX II’s request to extend the deferment period beyond 31 December 2021 as well as rejected the company’s restructuring proposal.

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

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

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

## 6. INVESTMENTS (CONTINUED)

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

On 29 April 2022, Notice of Appeals were filed by the Issuer against the High Court’s decision and the High Court has fixed the JM Appeal for case management on 22 June 2022. On 10 May 2022, the Issuer served Notice of Motion to preserve its assets until full and final disposal of the Appeal. The Sukuk Trustee is expected to file an Affidavit in Reply by 31 May 2022.

## 7. UNITS IN CIRCULATION

	<u>2022</u> Units	<u>2021</u> Units
At beginning of the financial year	154,999,000	187,589,000
Creation of units arising from applications during the financial year:	8,440,000	190,000
Cancellation of units during the financial year	<u>(30,580,000)</u>	<u>(32,780,000)</u>
At end of the financial year	<u>132,859,000</u>	<u>154,999,000</u>

## 8. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.50% (2021: 1.50%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

## 9. TRUSTEE’S FEE

In accordance with the Prospectus, the Trustee’s fee provided in the financial statements is 0.06% (2021: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

## 10. TAXATION

(a) Tax charge for the financial year

	<u>2022</u> RM	<u>2021</u> RM
Current taxation	<u>-</u>	<u>-</u>

## 10. TAXATION

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

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

	<u>2022</u> RM	<u>2021</u> RM
Net income/(loss) before taxation	<u>11,021,137</u>	<u>(5,627,876)</u>
Tax calculated at a statutory income tax rate of 24%	2,645,073	(1,350,690)
Tax effects of:		
- (Income not subject to tax)/loss not deductible for tax purposes	(2,829,275)	1,092,561
- Expenses not deductible for tax purposes	33,583	41,532
- Restriction on tax deductible expenses	<u>150,619</u>	<u>216,597</u>
Tax expense	<u>-</u>	<u>-</u>

## 11. MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2022</u> %	<u>2021</u> %
MER	<u>1.63</u>	<u>1.59</u>

The MER 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.

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

	<u>2022</u>	<u>2021</u>
PTR (times)	<u>0.35</u>	<u>0.37</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.

### 13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

	<u>2022</u>		<u>2021</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	4,473	1,579	6,350	1,728
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>1,649,291</u>	<u>582,035</u>	<u>2,120,656</u>	<u>577,243</u>

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

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

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

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.

## 14. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 31 March 2022 are as follows:

<u>Brokers/Financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
RHB Investment Bank Bhd*	8,398,120	40.48	23,027	42.82
Maybank Investment Bank Bhd	5,443,785	26.24	11,991	22.30
Affin Hwang Investment Bank Bhd	1,882,348	9.07	5,647	10.50
KAF Equities Sdn Bhd	1,866,835	9.00	5,131	9.54
CGS-CIMB Securities Sdn Bhd	1,154,892	5.57	3,135	5.83
MIDF Amanah Investment Bank Bhd	848,823	4.09	2,547	4.73
Macquarie Capital Securities (M) Sdn Bhd	516,057	2.49	1,032	1.92
CLSA Securities Malaysia Sdn Bhd	235,110	1.13	470	0.87
Instinet Pacific Ltd	215,789	1.04	432	0.80
Hong Leong Investment Bank Bhd	156,203	0.75	312	0.58
Other	29,146	0.14	58	0.11
	<u>20,747,108</u>	<u>100.00</u>	<u>53,782</u>	<u>100.00</u>

#### 14. TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial year ended 31 March 2021 are as follows:

<u>Brokers/Financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
RHB Investment Bank Bhd*	14,229,042	39.27	41,843	42.06
Maybank Investment Bank Bhd	8,813,621	24.32	26,441	26.58
KAF Equities Sdn Bhd	3,212,024	8.86	9,636	9.69
CGS-CIMB Securities Sdn Bhd	2,766,709	7.64	8,300	8.34
UOB Kay Hian Securities (M) Sdn Bhd	1,226,144	3.38	2,452	2.46
CLSA Securities Malaysia Sdn Bhd	1,103,821	3.05	2,208	2.22
Malayan Banking Bhd	1,023,700	2.83	-	-
Alliance Investment Bank Bhd	1,008,271	2.78	2,016	2.03
Affin Hwang Investment Bank Bhd	896,620	2.47	2,690	2.70
Macquarie Bank Limited Hong Kong	502,319	1.39	1,005	1.01
Others	1,451,466	4.01	2,903	2.91
	<u>36,233,737</u>	<u>100.00</u>	<u>99,494</u>	<u>100.00</u>

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



## 15. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2022</u> RM	<u>2021</u> RM
<b>Financial assets</b>		
Financial assets at fair value through profit or loss (“FVTPL”)		
• Quoted investments	14,317,961	21,722,007
• Unquoted fixed income investments	27,069,799	17,472,326
	<u>41,387,760</u>	<u>39,194,333</u>
Financial assets at amortised cost		
• Bank balances	1,894,373	173,494
• Deposits with licensed financial institutions	3,687,900	2,582,297
• Amount due from brokers	-	435,212
• Dividend receivables	21,145	124,756
	<u>5,603,418</u>	<u>3,315,759</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
• Amount due to brokers	-	224,455
• Amount due to Manager	24,611	30,215
• Accrued management fee	61,124	64,817
• Amount due to Trustee	2,445	2,593
• Other payables and accruals	11,750	12,066
	<u>99,930</u>	<u>334,146</u>

**STATEMENT BY MANAGER  
RHB KIDSAVE TRUST**

We, Dato' Darawati Hussain and Chin Yoong Kheong, 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 March 2022 and of its financial performance and cash flows for the financial year then ended and comply with the provisions of the Deeds.

On behalf of the Manager,

Dato' Darawati Hussain  
Director

Chin Yoong Kheong  
Director

26 May 2022

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF RHB KIDSAVE TRUST ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 March 2022 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.

Notwithstanding the above, the value of investment in the debenture of MEX I Capital Bhd amounting to 52.43% of Fund's NAV (as at 31 March 2022) and total value of investment in Maju Holdings Sdn Bhd (comprises of MEX II Sdn Bhd and MEX I Capital Bhd) amounting to 52.43% have inadvertently exceeded the investment spread limits as prescribed in paragraph (5) and (10) respectively under Schedule B\* of SC Guidelines on Unit Trust Funds. The Management Company will continue to monitor the position until rectified.

For HSBC (Malaysia) Trustee Bhd

Yap Lay Guat  
Manager, Investment Compliance Monitoring

26 May 2022

\*Paragraph (5) The value of a fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the fund's NAV, and (10) The value of a fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the fund's NAV.

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB KIDSAVE TRUST

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of RHB KidSave Trust (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2022 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 March 2022, 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 14 to 48.

### 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 KIDSAVE TRUST (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 KIDSAVE TRUST (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 KIDSAVE TRUST (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  
26 May 2022

## **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: www.rhbgroup.com

### **BOARD OF DIRECTORS**

Mr Yap Chee Meng (*Independent Non-Executive Chairman*)

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

Ms Ong Yin Suen (*Managing Director / Chief Executive Officer*)

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

YBhg Datuk Seri Dr Govindan A/L Kunchambo

(*Independent Non-Executive Director*)

Encik Mohd Rashid Bin Mohamad (*Non-Independent Non-Executive Director*)

(*Appointed with effect from 11 August 2021*)

### **INVESTMENT COMMITTEE MEMBERS**

Mr Yap Chee Meng (*Independent Chairman*)

YBhg Dato' Darawati Hussain

Puan Sharifatu Laila Syed Ali

### **CHIEF EXECUTIVE OFFICER**

Ms Ong Yin Suen

### **SECRETARIES**

Encik Azman Shah Md Yaman (LS No. 0006901)

Cik Hasnita Sulaiman (MAICSA No. 7060582)



## **BRANCH OFFICE**

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Batu Pahat Office	53, 53-A and 53-B Jalan Sultanah 83000 Batu Pahat, Johor Tel: 07-438 0271/ 07-438 0988 Fax: 07-438 0277
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93100 Kuching, Sarawak  
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75000 Melaka  
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10300 Georgetown, Penang  
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Jalan Todak 2  
Seberang Jaya  
13700 Perai, Penang  
Tel: 04-386 6670 Fax: 04-386 6528

<b>TRUSTEE</b>	HSBC (Malaysia) Trustee Berhad
<b>BANKER</b>	RHB Bank Berhad
<b>AUDITORS</b>	PricewaterhouseCoopers PLT
<b>TAX ADVISER</b>	PricewaterhouseCoopers Taxation Services Sdn Bhd
<b>DISTRIBUTORS</b>	RHB Asset Management Sdn Bhd RHB Bank Bhd RHB Investment Bank Bhd Affin Bank Bhd Alliance Bank Bhd AmBank (M) Bhd AmInvestment Bank Bhd Apex Investment Services Bhd Areca Capital Sdn Bhd CIMB Bank Bhd CIMB Private Banking CIMB Wealth Advisors Bhd Citibank Bhd Genexus Advisory Sdn Bhd Hong Leong Bank Bhd HSBC Bank Malaysia Bhd iFAST Capital Sdn Bhd Kenanga Investors Bhd Malayan Banking Bhd Manulife Asset Management (Malaysia) Sdn Bhd OCBC Bank (Malaysia) Bhd Phillip Mutual Bhd Standard Chartered Bank Malaysia Bhd United Overseas Bank (Malaysia) Bhd UOB Kay Hian Securities (M) Sdn Bhd

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