

RHB DYNAMIC FUND

ANNUAL REPORT 2023

For the financial year ended 31 December 2023

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

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

Investment Objective, Policy and Strategy

Objective of the Fund

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

Strategy

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

- Minimum of 50% and up to 95% of NAV will be invested in equities.
- Minimum of 5% of NAV will be invested in fixed income securities and/or liquid assets.

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

The Fund seeks regular income and capital gain. To pursue this goal, the Fund invests primarily in Malaysian public listed companies with steady income and good growth potential. In analyzing companies, the Manager looks for businesses that demonstrate leadership in their respective sector with strong growth potential coupled with consistent dividend policy.

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

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

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

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

Performance Benchmark

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

Permitted Investments

The Fund may invest in securities of companies listed on Bursa Malaysia; unlisted securities including securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer; financial derivatives; collective investment schemes; structured products and warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market; Malaysian government securities, Cagamas bonds, Bank Negara Malaysia certificates, Malaysian treasury bills, bankers' acceptance and Government Investment Issue (GII); Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies and Bank Islam Malaysia Berhad including negotiable certificates of deposit, banker's acceptances and placements of money at call with discount houses; foreign investments traded in or under the rules of a foreign market approved by Securities Commission; unlisted fixed income securities; liquid assets (money market instruments and Deposits); and any other investments permitted by the Securities Commission from time to time.

Distribution Policy

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

Notification of Changes

In addition to the changes mentioned in the letter dated 30 August 2023, below are the remaining changes : -

General Amendment

All references to "interim report(s)", wherever they appear in the Master Prospectus, are hereby amended to "semi-annual report(s)".

Definitions

Business Day	A day (other than a Saturday, Sunday and public holiday) on which Bursa Malaysia is open for trading and/or banks in Kuala Lumpur are open for business; and the markets in which at least 50% of the Fund's Net Asset Value (in aggregate) is invested therein, are also open for trading.
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Deposits		Unless stated otherwise in this master prospectus, deposits refer to any deposits with a financial institution which are not embedded or linked to financial derivatives and where applicable these are current accounts, short term money market deposits and short term deposits with financial institutions.
Domestic Rating Agencies		Local credit assessment institutions that are recognised by the Securities Commission.
Eligible Market		An exchange, government securities market or an over-the-counter market that is regulated by a regulatory authority of that jurisdiction, that is open to the public or to a substantial number of market participants and on which financial instruments are regularly traded.
EPF-MIS		Employees Provident Fund – Members’ Investment Scheme.
FIMM		Federation of Investment Managers Malaysia.
financial institution(s)		(a) If the institution is in Malaysia – (i) licensed bank or licensed investment bank as defined under the Financial Services Act 2013; or (ii) licensed Islamic bank as defined under the Islamic Financial Services Act 2013; or (b) If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
Employees Provident Board	Fund	Deleted.
GST		Deleted.
IFD-i		Deleted.
Guidelines		Guidelines on Unit Trust Funds issued by the Securities Commission including all amendments and/or revision thereto issued by the Securities Commission and any other relevant guidelines issued by the Securities Commission.
IUTA(s)		Institutional Unit Trust Scheme Adviser(s).
RAM		Deleted.
US Person		A US Person as defined in Section 7701 (a) (30) of the Internal Revenue Code and includes an individual who is a citizen or resident of the United States of America.

Chapter 1 – Fund Information, Section 1.1 – RHB Dynamic Fund, Section 1.1.7 – Permitted Investments and Restrictions

The Fund may invest in securities of companies listed on Bursa Malaysia; unlisted securities including securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer; financial derivatives; collective investment schemes; structured products and warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market; Malaysian government securities, cagamas bonds, Bank Negara Malaysia certificates, Malaysian treasury bills, bankers’ acceptance and Government Investment Issue (GII); Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies and Bank Islam Malaysia Berhad including negotiable certificates of deposit, banker’s acceptances and placements of money at call with discount houses; foreign investments traded in or under the rules of a foreign market approved by Securities Commission; unlisted fixed income securities; liquid assets (money market instruments and Deposits); and any other investments permitted by the Securities Commission from time to time.

The acquisition of such permitted investments is subject to the following restrictions:

- a) The aggregate value of the Fund’s investments in transferable securities that are not traded or dealt in or under the rules of an Eligible Market (i.e. unlisted securities) must not exceed fifteen (15) per cent of the Fund’s Net Asset Value, subject to a maximum limit of ten (10) per cent of the Fund’s Net Asset Value in a single issuer, or any other limit as may be prescribed by the Securities Commission from time to time.
- b) The value of the Fund’s investments in ordinary shares issued by any single issuer must not exceed ten (10) per cent of the Fund’s Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- c) The value of the Fund’s investments in transferable securities (i.e. equities, fixed income securities and warrants) and money market instruments issued by any single issuer must not exceed fifteen (15) per cent of the Fund’s Net Asset Value (“single issuer limit”), or any other limit as may be prescribed by the Securities Commission from time to time. In determining the single issuer limit, the value of the Fund’s investments in instruments in paragraph (a) issued by the same issuer must be included in the calculation.
- d) The value of the Fund’s placement in Deposits with any single financial institution must not exceed twenty (20) per cent of the Fund’s Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- e) The aggregate value of the Fund’s investments in, or exposure to, a single issuer through transferable securities, money market instruments, Deposits, underlying assets of financial derivatives and counterparty exposure arising from the use of over-the-counter (“OTC”) financial derivatives must not exceed twenty-five (25) per cent of the Fund’s Net Asset Value (“single issuer aggregate limit”), or any other limit as may be prescribed by the Securities Commission from time to time. In determining the single issuer aggregate limit, the value of the Fund’s investments in instruments in paragraph (a) issued by the same issuer must be included in the calculation.

- f) The value of the Fund's investments in units or shares of a collective investment scheme must not exceed twenty (20) per cent of the Fund's Net Asset Value, provided that the collective investment scheme complies with paragraphs (r)(i), (ii) and (iii), excluding collective investment scheme that invests in real estate, or any other limit as may be prescribed by the Securities Commission from time to time.
- g) The value of the Fund's investments in units or shares of a collective investment scheme that invests in real estate pursuant to paragraph (r)(iii) must not exceed fifteen (15) per cent of the Fund's Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- h) The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed twenty (20) per cent of the Fund's Net Asset Value ("group limit"), or any other limit as may be prescribed by the Securities Commission from time to time. In determining the group limit, the value of the Fund's investments in instruments in paragraph (a) issued by the issuers within the same group of companies must be included in the calculation.
- i) The single issuer limit in paragraph (c) may be raised to thirty-five (35) per cent of the Fund's Net Asset Value if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency, or any other limit as may be prescribed by the Securities Commission from time to time. Where the single issuer limit is increased to thirty-five (35) per cent of the Fund's Net Asset Value, the single issuer aggregate limit in paragraph (e) may be raised, subject to the group limit in paragraph (h) not exceeding thirty-five (35) per cent of the Fund's Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- j) The single financial institution limit in paragraph (d) does not apply to placements of Deposits arising from:
- (i) subscription monies received prior to the commencement of investment by the Fund;
 - (ii) liquidation of investments prior to the termination of the Fund, where the placement of Deposits with various financial institutions would not be in the best interests of Unit Holders; or
 - (iii) monies held for the settlement of redemption or other payment obligations, where the placement of Deposits with various financial institutions would not be in the best interest of Unit Holders.
- k) The Fund's investments in shares or securities equivalent to shares must not exceed ten (10) per cent of the shares or securities equivalent to shares, as the case may be, issued by any single issuer, or any other limit as may be prescribed by the Securities Commission from time to time.
- l) The Fund's investments in fixed income securities must not exceed twenty (20) per cent of the fixed income securities issued by a single issuer, or any other limit as may be prescribed by the Securities Commission from time to time. This limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of fixed income securities in issue cannot be determined.
- m) The Fund's investments in money market instruments must not exceed ten (10) per cent of the instruments issued by any single issuer, or any other limit as may be prescribed by the Securities Commission from time to time. This limit does not apply to money market instruments that do not have a pre-determined issue size.
- n) The Fund's investments in collective investment scheme must not exceed twenty-five (25) per cent of the units or shares in the collective investment scheme, or any other limit as may be prescribed by the Securities Commission from time to time.
- o) The counterparty of an OTC financial derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories). Subject to the aggregate limit as stipulated in the Guidelines, the maximum exposure of the Fund to the counterparty must not exceed ten (10) per cent of the Fund's Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC financial derivative. The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC financial derivative transactions entered into with the same counterparty.
- p) The Fund's exposure to the underlying assets (vide the financial derivatives) must not exceed the investment limits and restrictions applicable to such underlying assets as stipulated in the Guidelines, or any other limit as may be prescribed by the Securities Commission from time to time.
- q) The Fund's global exposure from its financial derivatives positions must not exceed the Fund's Net Asset Value at all times, or any other limit as may be prescribed by the Securities Commission from time to time.
- r) The Fund may invest in other collective investment scheme that fall within the following categories:
- (i) a collective investment scheme authorised or recognised by the Securities Commission; or
 - (ii) a collective investment scheme that meets the following criteria:
 - the collective investment scheme is constituted and regulated in a jurisdiction where the laws and practices provide the level of investor protection that is at least equivalent to that offered in Malaysia;
 - the rules on investments, borrowing and lending are substantially similar to the requirements in the Guidelines. This would exclude hedge funds;

- the assets of the collective investment scheme are managed by an entity which is approved, authorised or licensed by a securities regulator to conduct fund management activities; and
 - the business of the collective investment scheme is reported in semi-annual and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; or
- (iii) a collective investment scheme that meets the following criteria:
- the collective investment scheme invests in permissible investments under the Guidelines, physically-backed metal exchange traded funds that comply with the Guidelines, or real estate;
 - the collective investment scheme meets the criteria imposed on transferable securities as prescribed under the Guidelines;
 - the units or shares in the collective investment scheme are listed for quotation and traded on a stock exchange that is an Eligible Market; and
 - the collective investment scheme is not an inverse or leveraged product.

The limits and restrictions mentioned herein must be complied with at all times based on the most up-to-date value of the Fund's investments. The Manager must notify the Securities Commission, within seven (7) Business Days, of any breach of investment limits and restrictions with the steps taken to rectify and prevent such breach from recurring. However, any breach as a result of (a) appreciation or depreciation in value of the Fund's investments; (b) repurchase of Units or payment made from the Fund; (c) change in capital of a corporation in which the Fund has invested in; or (d) downgrade in or cessation of a credit rating, need not be reported to the Securities Commission but must be rectified as soon as practicable within three (3) months from the date of the breach unless otherwise specified in the Guidelines. The three (3) -month period may be extended if it is in the best interest of the Unit Holders and the Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the Trustee. The limits and restrictions in this Section 1.1.7, however, do not apply to securities or instruments that are issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

Note: If the Fund is eligible to be invested via the EPF-MIS and you transfer your moneys from your EPF account to invest in the Fund, the investments made by the Fund as well as your investment in the Fund from your EPF account will be subject to the EPF's requirements. Please refer to the website at <http://www.kwsp.gov.my> for updated information.

Chapter 2 – Risk Factors, Section 2.1 – General Risks of Investing in Unit Trusts, General Risks

a) Loan/Financing Risk

Investors should assess the inherent risk of investing with borrowed money or through financing facility which would include the following:

- i) the ability to service the loan repayments or financing instalments and the effect of increase in interest rates or profit rates on the loan repayments or financing instalments; and
- ii) (in a case where Units are used as collateral to the loan or financing facility) the ability to provide additional collateral should the Unit prices of the Funds fall beyond a certain level,

failing which, the investors' Units may be sold off to realise the proceeds towards settlement of the outstanding loan or financing facility taken.

[Please see Unit Trust Loan Financing Risk Disclosure Statement in the application form. Should Muslim investors wish to finance the acquisitions of Islamic unit trust funds, they are advised to obtain one that is Shariah-compliant in nature.]

Chapter 3 – Valuation of Assets

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF*	ATRF*	USEF*	

*Funds with mandates investing in foreign markets.

The Funds must be valued at least once every Business Day. However, certain foreign markets in which the Funds may invest in have different time zones from that of Malaysia.

Accordingly, for Funds investing solely in the local market, the valuation of the respective Funds for a Business Day will be conducted at the close of Bursa Malaysia for that Business Day. Thus, the price of the Funds for a particular Business Day will be published online on the Manager's website on the next day.

For Funds which have investments in foreign markets, the valuation of the respective Funds for a Business Day will be conducted by 5.00 p.m. (or such other time as may be determined by the Manager from time to time) on the following day on which the Manager is open for business, when the closing prices of the foreign markets for that Business Day would be available.

As such, the price for a particular Business Day, of the Funds with investments in foreign markets will not be published online on the Manager's website on the next day but will instead be published the next following day (i.e. price will be two (2) days old). This will be specifically indicated on the Manager's website.

Illustration (for Funds investing in foreign markets)

When markets are closed for trading on 13 June 2023 (Tuesday), the valuation date will be the next day on which the Manager is open for business i.e. 14 June 2023 (Wednesday). Thus, the publication date for the price as at 13 June 2023 (Tuesday) will be on 15 June 2023 (Thursday) on the Manager's website.

Investors may obtain the most current computed prices by contacting the Manager directly or visiting the Manager's website, **www.rhbgroup.com** [please refer to Section 5.6 (g) (Availability of Information on Investment)].

In undertaking any of the Fund's investments, the Manager will ensure that all the assets of the respective Funds will be valued at fair value and at all times in compliance with the relevant laws (including approved accounting standards).

Accordingly, where applicable:

(i) Listed / Shariah-compliant securities

Listed / Shariah-compliant securities will be valued daily based on the last done market price or such other basis as may be prescribed by the relevant laws from time to time including approved accounting standards.

However, if: -

- (a) a valuation based on the market price does not represent the fair value of the listed securities / Shariah-compliant securities, for example during abnormal market conditions; or
- (b) no market price is available, including in the event of a suspension in the quotation of listed securities / Shariah-compliant securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee,

then the listed securities / Shariah-compliant securities would be valued at fair value, as determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

(ii) Unlisted fixed income securities / sukuk

Unlisted fixed income securities / sukuk denominated in Ringgit Malaysia will be valued on a daily basis by reference to the fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission. However, where quotations are not available, such unlisted fixed income securities / sukuk will be valued at fair value by reference to the average indicative yield quoted by three independent and reputable financial institutions in OTC market at the close of trading. These institutions include investment banks and commercial banks dealing in fixed income securities / sukuk.

Unlisted fixed income securities / sukuk denominated in foreign currencies are valued daily using the Bloomberg Generic Price ("BGN price") provided by Bloomberg. Where BGN prices are not available on any Business Day, these unlisted fixed income securities / sukuk will be valued by reference to the average indicative yield quoted by three independent and reputable financial institutions.

In a case where the Manager is of the view that the price quoted by BPA or the BGN price for a specific unlisted fixed income security / sukuk differs from the market price (i.e., the Manager's view of the market yield) by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non BPA price or non BGN price, obtains necessary internal approvals to use the non BPA price or non BGN price and keeps an audit trail of all decisions and basis for adopting the market price.

However, when the Manager, after taking all reasonable efforts, is unable to obtain quotations from BPA or any BGN price or quotations from three independent and reputable financial institutions due to circumstances such as extreme market conditions, such unlisted fixed income securities / sukuk (denominated in Ringgit Malaysia and denominated in foreign currencies) will be valued at fair value as determined in good faith by the Manager based on the methods or bases which have been verified by the auditor of the Funds and approved by the Trustee.

(iii) Unlisted equity securities / Shariah-compliant equity securities

Unlisted equity securities / Shariah-compliant equity securities will be valued at fair value as determined in good faith by the Manager based on the methods or bases which have been verified by the auditor of the Funds and approved by the Trustee.

(iv) Collective investment schemes / Islamic collective investment schemes

Collective investment schemes / Islamic collective investment schemes which are quoted on an approved exchange shall be valued daily based on the last done market price. Unlisted collective investment schemes / Islamic collective investment schemes shall be valued by reference to the last published repurchase price per unit of that unlisted collective investment scheme / Islamic collective investment schemes.

(v) Financial derivatives / Islamic financial derivatives

Financial derivatives / Islamic financial derivatives positions will be ‘marked-to-market’ at the close of each trading day.

(vi) Deposits / Islamic Deposits

Deposits / Islamic Deposits will be valued each day by reference to the principal value of such investments and the interest / profits accrued thereon for the relevant period.

(vii) Money market instruments / Islamic money market instruments

Money market instruments / Islamic money market instruments that are held for collecting contractual cash flow purpose i.e. money market placements / Islamic money placements which have a remaining term to maturity of not more than 90 days at the time of acquisition will be measured on an ongoing basis at amortised cost. The risk of using amortised cost accounting is the mismatch between the fair value and book value of a money market instrument / an Islamic money market instrument. The Manager will monitor closely and consider prompt action to discontinue the use of amortised cost method and adopt the fair value, i.e., the discounted net present value, as the valuation for money market instrument / Islamic money market instruments in the event the variance is above 3%.

Money market instruments / Islamic money market instruments other than the aforesaid will be valued on a daily basis by reference to the fair value prices quoted by a BPA registered with the Securities Commission.

(viii) Foreign exchange translation

Foreign exchange translation of foreign investments into Ringgit Malaysia for a particular Business Day is determined based on the bid rate quoted by Bloomberg or Reuters at 4.00 p.m. (United Kingdom time) or such other time as may be prescribed from time to time by the relevant laws.

(ix) Any other investments / Shariah-compliant investments

Any other investments / Shariah-compliant investments as may be held by the Funds will be valued based on fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Funds and approved by the Trustee.

The Note under **Chapter 4 – Fees, Charges and Expenses, Section 4.1(a) – Sales Charge** is hereby deleted.

Chapter 4 – Fees, Charges and Expenses, Section 4.1(a) – Sales Charge¹, illustration

Say, an investor makes an investment of RM10,000.00 at the selling price of RM0.2523 and the distributor levies a sales charge¹ of 5.00%, the investor will pay a total of RM10,500.00 as follows:

Investment amount	=	RM	10,000.00
Add: sales charge levied by the distributor @ 5.00%	=	RM	500.00
Total amount paid by the investor	=	<u>RM</u>	<u>10,500.00</u>

The investor will be allotted with Units calculated as follows:

$$\frac{\text{RM10,000.00}}{\text{RM0.2523}^*} = 39,635.35 \text{ Units}^{**}$$

*Unit price is rounded to the nearest 4 decimal places.

**Units computed are rounded to the nearest 2 decimal places.

Note: If the Fund is an EPF-MIS approved fund and you invest via EPF-MIS, you will be levied a sales charge of up to 3.00% of the investment amount or any other rate as may be determined by the EPF from time to time.

Chapter 4 – Fees, Charges and Expenses, Section 4.1(c) – Other Charges

(i) Switching of Units

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

Units can only be switched to other unit trust funds under the management of the Manager that are of the same currency units and that allow switching.

A switching fee¹ of RM25.00 will be imposed and deducted from the redemption amount of the Units to be switched for a switch between funds that impose a similar sales charge or a switch to a fund that impose a lower sales charge. Unit Holders switching to a fund that imposes a higher sales charge will pay the difference in sales charge which is deductible from the redemption amount of the Units to be switched.

The Manager, however, reserves the right to vary this switching fee or to vary the terms of the switching facility.

For switching into non-money market fund, units of the fund to be switched into shall be purchased at the net asset value per unit as at the next valuation point of the fund's relevant business day after the form of request to switch is received by the Manager ("forward pricing"). For switching into money market fund, units shall be purchased at the net asset value per unit as at the next valuation point of the fund's relevant business day after money is received by the switch in fund.

Illustration

If a Unit Holder switches 10,000 Units in **DF** at the repurchase price of RM1.3064 and wishes to invest in **another unit trust fund under the management of the Manager (that allows switching)** at the selling price of RM0.5272 (where both funds have the Sales Charge of 6.00%).

Proceeds from switch (DF) (10,000 Units x RM1.3064)	= RM	13,064.00
Less: switching fee RM25.00	= RM	(25.00)
Net proceeds from switch	= RM	<u>13,039.00</u>
Proceeds from DF invested in another unit trust fund managed by the Manager:		<u>RM13,039.00</u> <u>RM0.5272</u>
	=	24,732.55 units**

** Units computed are rounded to the nearest 2 decimal places.

(ii) Transfer of Units

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

No transfer fee is applicable

(iii) Any bank charges imposed by the relevant financial institutions will be borne by the Unit Holders.

Note: ¹All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.

Chapter 4 – Fees, Charges and Expenses, Section 4.2(a) – Management Fee¹, Illustration: Computation of management fee

Assuming that the Net Asset Value of a Fund (before deducting the management fee and Trustee's fee) for a particular day is RM105,000,000.00 and the annual management fee is at the rate of one point five per cent (1.50%) per annum, the calculation of the management fee of the Fund for that particular day is as follows:

$$\frac{\text{RM105,000,000.00} \times 1.50\%}{365 \text{ days}^*} = \text{RM4,315.07 per day}$$

* In the event of a leap year, the management fee will be divided by 366 days.

Note: ¹All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.

Chapter 4 – Fees, Charges and Expenses, Section 4.2(b) – Trustee’s Fee¹, Illustration: Computation of Trustee’s fee

Assuming that the Net Asset Value of a Fund (before deducting the management fee and Trustee’s fee) for a particular day is RM105,000,000.00 and the Trustee’s fee is at the rate of zero point zero eight per cent (0.08%) per annum, the calculation of the Trustee’s fee of the Fund for that particular day is as follows:

$$\frac{\text{RM105,000,00.00} \times 0.08\%}{365 \text{ days}^*} = \text{RM230.14 per day}$$

* In the event of a leap year, the Trustee’s fee will be divided by 366 days.

Note: ¹All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.

Chapter 4 – Fees, Charges and Expenses, Section 4.3 – Policy on Rebates and Soft Commissions

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

It is the Manager’s policy to credit all rebates to the account of the respective Funds.

However, goods and services (“soft commissions”) provided by any broker or dealer may be retained by the Manager or the fund manager if:

- (a) the soft commissions bring direct benefit or advantage to the management of the Funds and may include research and advisory related services;
- (b) any dealing with broker or dealer is executed on terms which are the most favourable for the Funds; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager or fund manager must not enter into unnecessary trades to achieve a sufficient volume of transactions to qualify for soft commissions.

Chapter 4 – Fees, Charges and Expenses, Section 4.4 – Tax

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.

Based on the Finance Act 2021, income derived by the Funds from foreign sources and received in Malaysia from 1 January 2022 onwards will be subject to Malaysian income tax. A transitional tax rate of 3% is accorded on the gross amount of the foreign income received in Malaysia from 1 January 2022 to 30 June 2022. From 1 July 2022 onwards, the prevailing tax rate of 24% will apply to the chargeable income computed in respect of the foreign source income remitted into Malaysia by the Funds.

Where the same foreign income has been taxed in both Malaysia and the foreign country, a tax credit in the form of bilateral relief under a Double Tax Agreement (“DTA”) or unilateral relief under the domestic law (if there is no available DTA or a limited DTA which does not provide such relief) may be given in respect of such income, subject to conditions.

There are fees and charges involved and investors are advised to consider them before investing in the Funds.

Chapter 5 – Transaction Information, Section 5.2 – Computation of Selling Price

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

The selling price shall be the Net Asset Value per Unit as at the next valuation point of the Fund’s relevant Business Day after the application for Units is received by the Manager (“forward pricing”). A sales charge¹ will be computed separately based on the investment amount/ purchase amount, net of bank charges (if any).

Illustration

The Net Asset Value per Unit as at the next valuation point of the Fund is computed as follows:-

Daily Net Asset Value	RM44,097,264.66
Units in circulation	33,756,000
Net Asset Value per Unit	$\frac{RM44,097,264.66}{33,756,000}$
	= RM1.3064*

Say, an investor makes an investment of RM10,000.00 at the selling price of RM1.3064 (which is the Net Asset Value per Unit as at the next valuation point) and the distributor levies a sales charge¹ of 5.00%, the investor will pay a total of RM10,500.00 as follows:-

Investment amount	=	RM	10,000.00
Add: sales charge levied by the distributor @5.00%	=	RM	500.00
Total amount paid by the investor	=	<u>RM</u>	<u>10,500.00</u>

The investor will be allotted with Units calculated as follows:

$$\frac{RM10,000.00}{RM1.3064*} = 7,654.62 \text{ Units}^{**}$$

* Unit price is rounded to the nearest 4 decimal places.

** Units computed are rounded to the nearest 2 decimal places.

Note: ¹All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.

Chapter 5 – Transaction Information, Section 5.3 – Computation of Repurchase Price

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

The repurchase price shall be the Net Asset Value per Unit as at the next valuation point of the Fund's relevant Business Day after the request for repurchase of Units is received by the Manager ("forward pricing"). The Manager will not impose any Repurchase Charge on the redemption amount except for **BF** and **IBF**. For **BF** and **IBF**, a Repurchase Charge¹ of up to 1.00% of the Net Asset Value per Unit will be levied if a Unit Holder redeems his investments on or before the first year of investment. Thereafter, no Repurchase Charge will be imposed.

Illustration

The Net Asset Value per Unit as at the next valuation point of the Fund is computed as follows:-

Daily Net Asset Value	RM47,992,019.47
Units in circulation	47,238,000
Net Asset Value per unit	$\frac{RM47,992,019.47}{47,238,000}$
	= RM1.0160*

Say, an investor redeems 9,842.52 Units at the repurchase price of RM1.0160 (which is the Net Asset Value per Unit as at the next valuation point), he would receive proceeds of redemption of RM9,900.00 as follows:

Redemption amount (9,842.52 units x RM1.0160*)	=	RM	10,000.00
Less: repurchase charge of 1.00%	=	RM	(100.00)
Net Amount payable to the investor	=	<u>RM</u>	<u>9,900.00</u>

* Unit price is rounded to the nearest 4 decimal places.

Note: ¹All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the Malaysian government from time to time.

Chapter 5 – Transaction Information, Section 5.6(b) – Cooling-off Period

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

The cooling-off right refers to the right of an individual investor to obtain a refund of his investment if he so requests within the cooling-off period. The cooling-off right is only given to an individual investor, other than those listed below, who is investing in any unit trust funds managed by the Manager for the first time:

- (i) a staff of the Manager; and/or
- (ii) a person registered with a body approved by the Securities Commission to deal in unit trust funds.

The refund to the investor pursuant to the exercise of his cooling-off right must be as follows:

- a) the Net Asset Value per Unit at the point of exercise of the cooling-off right (“market price”), if the Net Asset Value per Unit on the day the Units were purchased (“original price”) is higher than the market price; or
- b) the original price, if the market price is higher than the original price.

If the market price is higher than the original price paid by the investor, the Manager may agree to pay the investor the excess amount, provided that such amount is not paid out of the Funds or the assets of the Funds.

The Manager must also refund the sales charge originally imposed on the day the Units were purchased.

The cooling-off period shall be within six (6) Business Days which shall be effective from the date of receipt of the application by the Manager. Where applicable, if you have invested via the EPF-MIS, the cooling-off period shall be subject to EPF’s terms and conditions.

The cooling-off right allows investors the opportunity to reverse an investment decision which could have been unduly influenced by certain external elements or factors.

Withdrawal proceeds will only be paid to the investors once the Manager has received cleared funds for the original investment. For investors who paid by cheque, the refund will be made upon clearance of the cheque. The Manager shall refund the investor in cash within seven (7) Business Days of receiving the cooling-off notice. Where applicable, if you have invested via the EPF-MIS, the refund will be credited back into your EPF accounts.

Chapter 5 – Transaction Information, Section 5.6(c) – Where Units can be Purchased or Redeemed

Units can be purchased or redeemed at the Manager’s registered/principal office or any of its branches or any of its participating IUTAs and any other authorised distributors or channels as the Manager may decide from time to time. For further information, please call us at 03-9205 8000 at any time during our office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. Alternatively, investors may e-mail their enquiries to rhbm@rhbgroup.com.

Please refer to our Directory of Outlets for Purchase and Sale of Units at the end of this master prospectus. Application forms, redemption forms and this master prospectus are also available from these distributors.

Chapter 5 – Transaction Information, Section 5.6(d) – How to Switch between Funds

DF	CF	BF	MDF
MF	IBF	DVEF	ATRF
USEF			

Unit Holders may switch to units of any unit trust fund under the management of the Manager that are of the same currency units and that allow for switching by forwarding the completed form of request to switch to the Manager’s registered/principal office or any of its branches, or to any of its participating IUTAs and any other authorised distributors before their respective cut-off times on any Business Day. There is no restriction as to the number of switches a Unit Holder may perform or the frequency of switching. The minimum investment balance must be at least one hundred (100) Units or such other lower quantity as the Manager may from time to time decide after the switch. Following a switching transaction, if the quantity of Units held by a Unit Holder in a Fund falls below its minimum investment balance, the Manager can switch the entire investment and forward the proceeds to the fund that the Unit Holder intends to switch into. The Manager however, reserves the right to vary these terms.

Chapter 5 – Transaction Information, Section 5.6(e) – How to Transfer Ownership of Units

Unit Holders may transfer their holdings of Units to another investor by forwarding the completed form of transfer to the Manager’s registered/principal office or any of its branches, or to any of its participating IUTAs and any other authorised distributors before their respective cut-off times on any Business Day.

If the transferee is a new investor, he must also forward the following:

- 1) completed application form; and
- 2) relevant supporting documents such as a photocopy of his identity card (for an individual applicant) or certified true copies of the certificate of incorporation or registration, memorandum and articles of association or constitution or by-laws, and relevant resolutions (for a corporate applicant).

However, the Manager may refuse to register any partial transfer of Units if the registration would result in the transferor or the transferee holding less than the minimum investment balance of the respective Funds or such other lower quantity as the Manager may from time to time decide. The Manager may also refuse an entry of transfer during the fourteen (14) days preceding an income distribution date.

Chapter 5 – Transaction Information, Section 5.6(f) – Unclaimed Moneys

All money payable to a Unit Holder may be paid by electronic payments or cheques. However, after the lapse of one (1) year from the date of the cheque or any moneys payable to Unit Holders which remain unclaimed for such period of time, the Manager shall file and pay the unrepresented payments to the Registrar of Unclaimed Moneys in accordance with the requirements of the Unclaimed Moneys Act 1965. Thereafter, the Unit Holders are to claim such moneys from the Registrar of Unclaimed Moneys.

In the event of payment of income distribution to Unit Holders is in the form of a cheque, and the cheque is not presented for payment by the date which falls six (6) months from the date of issuance of the said cheque, the Unit Holder shall be deemed to have authorised the Manager to reinvest the moneys in additional Units as at Net Asset Value per Unit at such date as may be determined by the Manager provided always that the Unit Holder still has an active account with the Manager. If the Unit Holder no longer has an account with the Manager, after the lapse of one (1) year from the date of the cheque, the Manager shall file and pay the unrepresented payments to the Registrar of Unclaimed Moneys. Thereafter, the Unit Holders are to claim such moneys from the Registrar of Unclaimed Moneys.

Chapter 5 – Transaction Information, Section 5.6(g) – Availability of Information on Investment

After purchasing Units in any of the Funds, the value of the investment can be monitored easily as the Unit price of the respective Funds are published online daily on the Manager's website, www.rhbgroup.com.

Unit Holders will receive, in respect of the Funds in which they hold Units, an unaudited semi-annual report and an audited annual report of the Funds from the Manager within two (2) months after the end of the financial period/financial year end that the report covers. The Manager may also issue updates on the performance of the Funds either quarterly or semi-annually, or as and when appropriate.

Customers or investors may call us at 03-9205 8000 at any time during our office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. Alternatively, investors may e-mail their enquiries to rhbam@rhbgroup.com.

Investors may also refer to FIMM for any queries and/or concerns regarding their investments in unit trust funds.

*Investors must not make payment in cash to any individual agent when purchasing Units of a Fund.
The Funds' annual report is available upon request.*

Chapter 5 – Transaction Information, Section 5.6(h) – Dealing Hours

9:00 a.m. to 4:00 p.m. (Malaysia time) on any Business Day or such later time as the Manager may determine provided always that complete applications for the Funds are received before the next valuation point. The Manager may also vary the dealing hours as it may deem appropriate. Investors will be notified on the change of dealing hours via email or notification published on the Manager's website.

Chapter 6 – Salient Terms of the Deed, Section 6.1.2 – Rights of Unit Holders

Unit Holders shall have the right in respect of the Funds in which they hold Units, amongst others, to the following:

- (a) to inspect the register of Unit Holders, free of charge, at any time at the registered office of the Manager, and to obtain such information pertaining to its Units as permitted under the relevant Deed and the Guidelines;
- (b) to receive distributions of the Funds (if any), to participate in any increase in the value of the Units and to enjoy such other rights and privileges as set out in the Deeds;
- (c) to call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through a special resolution as provided for in the Deeds;
- (d) to exercise the cooling-off right, if applicable; and
- (e) to receive annual reports, semi-annual reports or any other reports of the Funds.

Unit Holders' rights may be varied by changes to the Deed, the Guidelines or judicial decisions or interpretation.

No Unit Holder shall be entitled to require the transfer to him of any assets of the Funds or be entitled to interfere with or question the exercise by the Trustee, or the Manager on the Trustee's behalf, of the rights of the Trustee as the registered owner of such assets.

Note: If your investments are made through an IUTA which adopts the nominee system of ownership, you would not be deemed to be a Unit Holder under the Deeds and as a result, you may not exercise all the rights ordinarily conferred to a Unit Holder (e.g. the right to call for Unit Holders' meetings and the right to vote at a Unit Holders' meeting). Accordingly, the Manager will only recognise the IUTA as a Unit Holder and the IUTA shall be entitled to all the rights conferred to it under the Deeds.

Chapter 6 – Salient Terms of the Deed, Section 6.2.3 – Expenses Permitted by the Deed

Fifth bullet point

remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of that Fund and/or the Shariah Advisers, unless the Manager decides to bear the same;

Sixth bullet point

fees for the valuation of any investment of the Fund;

Eleventh bullet point

the engagement of advisers of all kinds for the benefit of the Fund;

Chapter 7 – The Management and Administration of the Funds, Section 7.2 – Board of Directors

The board of directors of the Manager takes an active part in the affairs of the Manager and the unit trust funds under its management. The board of directors of the Manager meets at least once every three (3) months to receive recommendations and reports on investment activities from the committee undertaking the oversight function of the Funds, set policies and guidelines of the Manager and to review performance, financial and audit reports of the Manager. Additional meetings shall also be convened, should the need arise.

The list of board of directors are available on the Manager's website, www.rhbgroup.com.

The **Functions of the Investment Committee** under **Chapter 7 – The Management and Administration of the Funds, Section 7.4 – The Investment Committee** is hereby deleted.

Chapter 7 – The Management and Administration of the Funds, Section 7.5 – The Investment Team

The investment team is jointly responsible for the overall investment decisions made on behalf of the Funds.

DF	CF	MDF
DVEF	MF	

The designated fund manager is Mohd Fauzi bin Mohd Tahir.

Mohd Fauzi bin Mohd Tahir ("Mohd Fauzi") joined RHBAM in February 2017 as the chief investment officer ("CIO") for equity in Malaysia. As the CIO of equity, his primary role is to set the strategic direction for the equity investment team in Malaysia, covering fund managers and analyst for both conventional and Islamic funds at RHBAM. His other roles, amongst others, include integrating the Malaysian team with the rest of RHB Group Asset Management investment team as well as ensuring the investment team operates in a prudent and compliant manner.

Mohd Fauzi has a total of 26 years of working experience in managing life, private, government linked funds as well as portfolios for retail and high net worth individuals. In his last employment, he was the executive director and head of equities for AmFunds Management Berhad. He was responsible for the investment of all conventional and Islamic equity funds. His duties included managing insurance funds as well as research of companies listed on Bursa Malaysia and also unlisted companies.

Mohd Fauzi holds a Bachelor of Accounting & Finance from Leeds Metropolitan University, Leeds, England. He is a graduate of Chartered Association of Certified Accountants (ACCA, United Kingdom). He also holds a Capital Markets Services Representative's License for the regulated activity for fund management.

The designated fund manager of the Funds is supported by our investment team comprising of a team of experienced fund managers who are responsible to actively manage the Funds in accordance with the investment objective of the respective Fund and the provision of the relevant Deeds. The investment team shall have discretionary authority over the investments of the Funds subject to the rules and guidelines issued by the relevant authorities.

Chapter 7 – The Management and Administration of the Funds, Section 7.9 – Other Information

Further information on the Manager, the External Investment Manager and the Shariah Adviser is provided on the Manager's website, www.rhbgroup.com.

Chapter 8 – The Trustee of the Funds, Section 8.2.5 – Trustee’s Delegate

The Trustee has appointed The Hongkong and Shanghai Banking Corporation Limited as the custodian of both the local and foreign assets of the Funds. For quoted and unquoted local investments of the Funds, the assets are held through their nominee company, HSBC Nominees (Tempatan) Sdn Bhd and/or HSBC Bank Malaysia Berhad. The Hongkong and Shanghai Banking Corporation Limited is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian’s comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee.

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository including central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulations of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Funds through such third parties.

Particulars of the Trustee’s Delegate

For foreign asset:

The Hongkong and Shanghai Banking Corporation Limited
6/F, Tower 1,
HSBC Centre,
1 Sham Mong Road, Hong Kong.
Telephone No: (852)2288 1111

For local asset:

The Hongkong and Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (Registration No: 199301004117 (258854-D))
Level 21, Menara IQ
Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, Malaysia
Telephone No: (603)2075 3000
Fax No: (603)8894 2588

The Hongkong and Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Bank Malaysia Berhad (Registration No.: 198401015221(127776-V))
Level 21, Menara IQ
Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, Malaysia
Telephone No: (603)2075 3000
Fax No: (603) 8894 2588

Chapter 8 – The Trustee of the Funds, Section 8.4 – TMF Trustees Malaysia Berhad

8.4.6 Anti-Money Laundering and Anti-Terrorism Financing Provisions

The Trustee has in place policies and procedures across the TMF Group, which may exceed local regulations. Subject to any local regulations, the Trustee shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, wilful default or fraud of the Trustee.

8.4.7 Statement of Disclaimer

The Trustee is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.

8.4.8 Consent to Disclosure

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit Holders for purposes of performing its duties and obligations in accordance to the Deeds, the Capital Markets and Services Act 2007, the Guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee’s parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

Chapter 9 – Related-Party Transaction and Conflict of Interest, first paragraph

The directors and officers of the Manager, and the person(s) or members of a committee undertaking the oversight function of the Funds should avoid any conflict of interest arising, and if any conflict arises, should ensure that the Funds are not disadvantaged by the transaction concerned. Any transaction carried out by or on behalf of the Funds should be executed on terms which are the best available for the Funds and which are no less favourable to the Funds than an arm's length transaction between independent parties. In the event the interest of any directors and employees of the Manager, and the person(s) or members of a committee undertaking the oversight function of the Funds is directly or indirectly involved, he or she would abstain from being involved with any decision making process of the said transaction.

Chapter 9 – Related-Party Transaction and Conflict of Interest, HSBC (Malaysia) Trustee Berhad, first paragraph

As the trustee for the Funds, there may be related party transaction involving or in connection with the Funds in the following events:-

- 1) where the Funds invest in instruments offered by the related party of the Trustee (e.g placement of monies, transferable securities, etc);
- 2) where the Funds are being distributed by the related party of the Trustee as IUTA;
- 3) where the assets of the Funds are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Funds (Trustee's delegate); and
- 4) where the Funds obtain financing as permitted under the Guidelines, from the related party of the Trustee.

Chapter 10 – Tax Adviser's Letter on the Taxation of the Funds and Unit Holders

The tax adviser's letter has been updated.

Chapter 14 – Consent

The Trustees, the External Investment Manager, the Shariah Adviser and the solicitors have given their consent for the inclusion of their names and statements in the form and context in which they appear in the Master Prospectus and this Supplementary Master Prospectus and have not withdrawn such consent.

The tax adviser has given its consent for the inclusion of its name and tax adviser's letter in the form and context in which they appear in this Supplementary Master Prospectus and has not withdrawn such consent.

Directory of Outlets for Purchase and Sale of Units

For information on the participating distributors, please contact:
RHB Asset Management Sdn Bhd's Registered/Principal Office:
(Kindly refer to the Corporate Directory for details.)

Or call us at 03-9205 8000 at any time during our office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. or e-mail your enquiries to rhbam@rhbgroup.com.

MANAGER'S REPORT

MARKET REVIEW

Going into year 2023, the FTSE Bursa Malaysia KLCI (“FBM KLCI”) fell 0.70% month-on-month (“MoM”) to 1,485.50 pts (“pts”) in January 2023 due possibly to concerns over earnings risks despite the positive tones from China re-opening and cooling United States (“US”) inflation. Bank Negara Malaysia (“BNM”) has decided to pause the key rate hike by keeping the Overnight Policy Rate (“OPR”) at 2.75% at its first Monetary Policy Committee (“MPC”) meeting of year 2023. The FBM KLCI fell 2.11% MoM to 1,454.19 pts in February 2023 due possibly to concerns over steeper-than-expected hikes in US Federal Fund rates, while the market was also lukewarm on the Revised 2023 Budget. On the same month, BNM reported that Malaysia’s economy, as measured by Gross Domestic Product (“GDP”), grew by 7.00% Year-on-Year (“YoY”) in fourth quarter of year 2022 (“4Q22”), bringing year 2022 full year GDP growth to 8.70% YoY. The FBM KLCI fell 2.17% MoM to 1,422.59 pts in March 2023 due possibly to concerns over a global banking crisis, following the collapse of Silicon Valley Bank and Signature Bank in the US and the takeover of Credit Suisse by UBS Bank. The FBM KLCI fell 0.47% MoM to 1,415.95 pts in April 2023 due possibly to concerns over global growth and US financial sector turmoil. In the following month of May 2023, the FBM KLCI fell 2.04% MoM to 1,387.12 pts due possibly to lacklustre first quarter corporate reporting season and concerns over the US debt ceiling issues. The FBM KLCI fell 0.75% MoM to 1,376.68 pts in June 2023 possibly due to concerns over the global economy’s slowdown and weakness in the Ringgit currency exchange.

The FBM KLCI increased by 6.01% MoM to 1,459.43 pts in July 2023 possibly due to positive sentiments from the unveiling of Madani Economy Framework and National Energy Transition Roadmap. In the same month BNM has decided to maintain its OPR at 3.00% and GDP growth forecast at between 4.00% to 5.00%, while the upcoming six state elections will be held on 12th August 2023. The FBM KLCI decreased by 0.51% MoM to 1,451.94 pts in August 2023 possibly due to profit taking, uninspiring recent second quarterly result and slower second quarter GDP growth. The FBM KLCI decreased by 1.91% MoM to 1,424.17 pts in September 2023 possibly due to profit taking activities and concerns over external factors like indications from global central bankers that interest rates would remain elevated and sluggish property market in China. BNM decided to maintain the OPR at 3.00% on 7th September 2023. The Budget 2024 this month will be closely monitored by investors. The FBM KLCI increased by 1.26% MoM to 1,442.14 pts in October 2023 possibly due to bargain hunting by investors, after two previous consecutive months of declines in the index. The FBM KLCI increased by 0.74% MoM to 1,452.74 pts in November 2023 possibly due to bargain hunting and the strengthening of the Ringgit currency. The FBM KLCI increased by 0.13% MoM to 1,454.66 pts in December 2023 possibly due to better sentiment from the government’s cabinet reshuffling, the

US Federal Reserve (“Fed”) decision to maintain its key interest rates and continued buying by foreign investors. In year 2023 the KLCI fell by 2.73% to 1,454.66 pts.

ECONOMIC REVIEW & OUTLOOK

In terms of domestic economic releases, Malaysia’s Consumer Price Index (“CPI”) numbers have reached a 33-month low of 1.50% YoY in November 2023 (previous: 1.80%, consensus: 1.70%) as food and non-alcoholic inflation continue to moderate. Core inflation have now eased to 2.00% from 2.40% in previous month. Separately, Malaysia’s trade data worsened in November 2023, where exports contracted by 5.90% YoY (previous: -4.40%, consensus: -5.20%) due to tepid Electrical and Electronic (E&E) shipments and lower chemical products and palm oil export. Meanwhile, imports rose 1.70% YoY (previous:-0.30%, consensus: -0.60%) led by increase in intermediate capital goods and further rise of consumption goods.

For Malaysia, we expect BNM to keep the OPR unchanged in year 2024 as inflation had moderated lower (inflation at +1.50% in November 2023) while growth remains uneven in the country. While BNM indicated that it is monitoring closely for any inflationary impact from the government’s subsidy rationalisation, we believe that the subsidy rationalisation by the government will be gradual and hence inflation is likely to be contained. This stable OPR environment, coupled by improving supply (e.g. lower government deficit) and demand dynamics by local institutions (e.g. pension funds, insurance companies) augur well for the local fixed income market in our opinion.

MARKET OUTLOOK AND STRATEGY

The outlook of equity market for year 2024 is positive, with much of the bad news already in the price. US monetary policy has turned more dovish, coupled with the expectations that China should recover in year 2024 and a soft landing scenario for the US economy. Domestically, structural reforms announced by the government in achieving long term sustain economic growth by launching the Madani Economic Framework, the New Industrial Masterplan 2030, and the National Energy Transition Roadmap (“NETR”) would be positive for the economy. The improvement in the bigger picture bodes well for corporate Malaysia’s earnings outlook

In terms of strategy, we are cognizant of concerns on global economic growth and market volatility, therefore, we will focus on stocks with strong balance sheet, cashflows and good earnings growth potential, plus accumulating good quality stocks during weakness to benefit the fund in the longer term.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund registered a total return of 1.77%* compared to its negative benchmark return of 2.73%*. The outperformance was from the positive contribution from the Fixed Income and strength in the underlying stocks holdings in the sector of Industrials, Consumer Discretionary, Communication Services and Materials. The Fund has achieved its investment objective for this financial period under review. The Net Asset Value (“NAV”) per unit of the Fund was RM1.4546 (2022: RM1.4785) as at 31 December 2023.

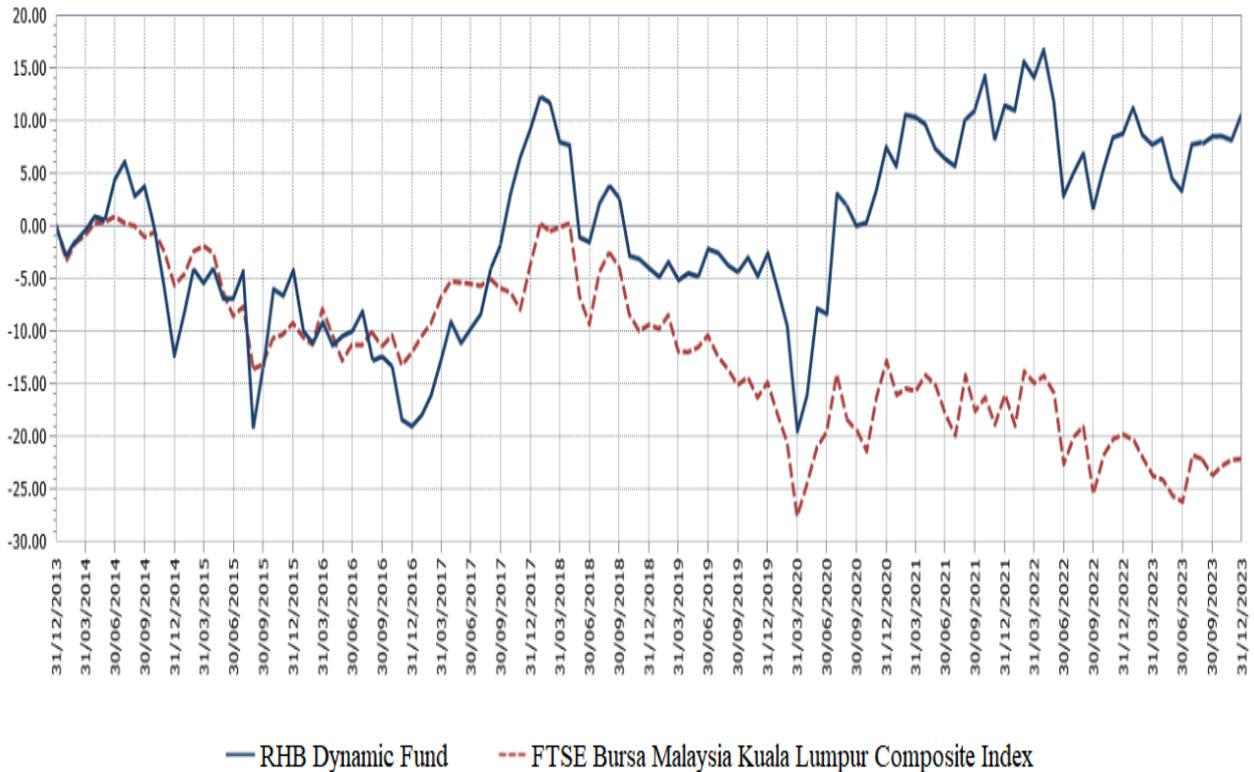
* Source: Lipper Investment Management (“Lipper IM”), 11 January 2024

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 December				
	2023	2022	2021	2020	2019
	%	%	%	%	%
RHB Dynamic Fund					
- Capital Return	(1.62)	(2.46)	3.65	10.39	1.52
- Income Return	3.44	-	-	-	-
- Total Return	1.77	(2.46)	3.65	10.39	1.52
FTSE Bursa Malaysia Kuala Lumpur Composite Index	(2.73)	(4.60)	(3.67)	2.42	(6.02)

	Average Annual Returns			
	1 Year	3 Years	5 Years	10 Years
	31.12.2022-	31.12.2020-	31.12.2018-	31.12.2013-
	31.12.2023	31.12.2023	31.12.2023	31.12.2023
	%	%	%	%
RHB Dynamic Fund	1.77	0.95	2.89	1.01
FTSE Bursa Malaysia Kuala Lumpur Composite Index	(2.73)	(3.67)	(2.96)	(2.46)

**Performance of RHB Dynamic Fund
for the period from 31 December 2013 to 31 December 2023
Cumulative Return Over The Period (%)**



Source: Lipper IM, 11 January 2024

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since 31 December 2013.

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

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

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

Fund Size	As at 31 December		
	2023	2022	2021
Net Asset Value (RM million)	30.29*	32.03	31.93
Units In Circulation (million)	20.83	21.66	21.06
Net Asset Value Per Unit (RM)	1.4546*	1.4785	1.5159

Historical Data	Financial Year Ended 31 December		
	2023	2022	2021
Unit Prices			
NAV - Highest (RM)	1.5251*	1.6005	1.5910
- Lowest (RM)	1.3994*	1.3555	1.4192
Distribution and Unit Split			
Gross Distribution Per Unit (sen)	5.0000	-	-
Net Distribution Per Unit (sen)	5.0000	-	-
Distribution Date	26.12.2023	-	-
NAV before distribution (cum)	1.4996	-	-
NAV after distribution (ex)	1.4523	-	-
Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.66	1.64	1.61
Portfolio Turnover Ratio (PTR) (times) ##	0.64	0.78	1.16

* *The figures quoted are ex-distribution*

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

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

DISTRIBUTION

For the financial year under review, the Fund has declared a net distribution of 5.0000 sen per unit, which is equivalent to a net yield of 3.41% based on the average net asset value for the financial year.

PORTFOLIO STRUCTURE

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

Sectors	As at 31 December		
	2023	2022	2021
	%	%	%
Equities			
Construction	3.76	-	-
Consumer Products	5.40	6.56	14.32
Energy	15.40	16.73	15.52
Financial Services	25.87	32.65	23.39
Health Care	6.41	-	-
Industrial Products	10.60	11.10	11.60
Plantation	4.49	6.69	6.29
Property	2.41	-	1.87
Technology	4.81	6.08	8.81
Telecommunications & Media	2.00	7.56	5.10
Transportation & Logistics	3.07	5.21	7.50
TSR/Warrants/Call Warrants	-	0.13	-
Utilities	7.35	1.10	-
	<hr/>	<hr/>	<hr/>
	91.57	93.81	94.40
Collective investment scheme	2.23	-	-
Liquid assets and other net current assets	6.20	6.19	5.60
	<hr/>	<hr/>	<hr/>
	100.00	100.00	100.00

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

SECURITIES FINANCING TRANSACTIONS

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

CROSS TRADE

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

SOFT COMMISSION

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

RHB DYNAMIC FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
ASSETS			
Bank balances	5	51,618	58,163
Deposits with licensed financial institutions	5	2,801,460	1,956,982
Investments	6	28,413,458	30,046,033
Amount due from Manager		91,595	-
Dividend receivables		34,966	32,636
TOTAL ASSETS		<u>31,393,097</u>	<u>32,093,814</u>
LIABILITIES			
Amount due to Manager		8,728	11,808
Accrued management fee		39,033	40,678
Amount due to Trustee		1,822	1,898
Distribution payable		1,038,450	-
Other payables and accruals		12,100	11,500
TOTAL LIABILITIES		<u>1,100,133</u>	<u>65,884</u>
NET ASSET VALUE		<u>30,292,964</u>	<u>32,027,930</u>
EQUITY			
Unit holders' capital		49,719,280	50,946,720
Accumulated losses		<u>(19,426,316)</u>	<u>(18,918,790)</u>
		<u>30,292,964</u>	<u>32,027,930</u>
UNITS IN CIRCULATION (UNITS)	7	<u>20,826,000</u>	<u>21,662,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.4546</u>	<u>1.4785</u>

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

RHB DYNAMIC FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
INCOME/(LOSS)			
Dividend income		1,100,475	1,179,030
Interest income from deposits with licensed financial institutions		64,576	52,451
Net realised gain/(loss) on disposal		1,050,170	(1,001,857)
Net unrealised loss on changes in fair value		(980,985)	(243,741)
		<u>1,234,236</u>	<u>(14,117)</u>
EXPENSES			
Management fee	8	(468,310)	(478,276)
Trustee's fee	9	(21,855)	(22,319)
Audit fee		(7,700)	(7,700)
Tax agent's fee		(3,800)	(5,000)
Transaction costs		(183,259)	(223,536)
Other expenses		(18,388)	(8,732)
		<u>(703,312)</u>	<u>(745,563)</u>
Net income/(loss) before taxation		530,924	(759,680)
Taxation	10	-	-
Net income/(loss) after taxation		<u>530,924</u>	<u>(759,680)</u>
Net income/(loss) after taxation is made up as the following:			
Realised amount		1,511,909	(515,939)
Unrealised amount		(980,985)	(243,741)
		<u>530,924</u>	<u>(759,680)</u>

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

RHB DYNAMIC FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unit holders’ capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 January 2022	50,084,228	(18,159,110)	31,925,118
Movement in net asset value:			
Net loss after taxation	-	(759,680)	(759,680)
Creation of units arising from applications	2,674,695	-	2,674,695
Cancellation of units	(1,812,203)	-	(1,812,203)
Balance as at 31 December 2022	<u>50,946,720</u>	<u>(18,918,790)</u>	<u>32,027,930</u>
Balance as at 1 January 2023	50,946,720	(18,918,790)	32,027,930
Movement in net asset value:			
Net income after taxation	-	530,924	530,924
Creation of units arising from applications	4,274,617	-	4,274,617
Cancellation of units	(5,502,057)	-	(5,502,057)
Distribution (Note 11)	-	(1,038,450)	(1,038,450)
Balance as at 31 December 2023	<u>49,719,280</u>	<u>(19,426,316)</u>	<u>30,292,964</u>

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

RHB DYNAMIC FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		21,318,049	23,537,580
Purchase of investments		(19,799,548)	(24,916,788)
Dividend income received		1,094,923	1,151,618
Interest income received from deposits with licensed financial institutions		64,576	52,451
Management fee paid		(469,955)	(477,192)
Trustee's fee paid		(21,931)	(22,269)
Payment for other fees and expenses		(26,066)	(26,104)
Net cash generated from/(used in) operating activities		<u>2,160,048</u>	<u>(700,704)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		4,183,022	2,689,808
Cash paid for units cancelled		(5,505,137)	(1,800,395)
Net cash (used in)/generated from financing activities		<u>(1,322,115)</u>	<u>889,413</u>
Net increase in cash and cash equivalents		837,933	188,709
Cash and cash equivalents at the beginning of the financial year		<u>2,015,145</u>	<u>1,826,436</u>
Cash and cash equivalents at the end of the financial year	5	<u>2,853,078</u>	<u>2,015,145</u>

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

RHB DYNAMIC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Dynamic Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master deed (conventional funds) dated 12 June 2008 as amended via its first supplemental master deed (conventional funds) dated 25 August 2008, second supplemental master deed (conventional funds) dated 12 December 2008, third supplemental master deed (conventional funds) dated 19 June 2009, fifth supplemental master deed (conventional funds) dated 26 April 2010, sixth supplemental master deed (conventional funds) dated 28 June 2010, ninth supplemental master deed (conventional funds) dated 7 March 2012, tenth supplemental master deed (conventional funds) dated 13 April 2012, fifteenth supplemental master deed (conventional funds) dated 30 April 2013, sixteenth supplemental master deed (conventional funds) dated 24 September 2013, seventeenth supplemental master deed (conventional funds) dated 2 March 2015, eighteenth supplemental master deed (conventional funds) dated 20 May 2015, nineteenth supplemental master deed (conventional funds) dated 3 August 2015 and twentieth supplemental master deed (conventional funds) dated 14 July 2022 (collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and Maybank Trustees Berhad (“the Trustee”).

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

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

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

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

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

2. SUMMARY OF MATERIAL 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 the 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 their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ. There were no areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

None of these are expected to have a material effect on the financial statements of the Fund, except the following set out below:

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

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

The amendment shall be applied retrospectively.

2.2 Financial assets

Classification

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

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as financial assets measured at fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Classification (continued)

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. Financial assets 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 gains or losses on investments in the year in which they arise.

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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

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

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

Impairment of financial assets

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

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Write-off

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

2.3 Financial liabilities

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Unit holders' capital

The unit holders' contributions to the Fund meet the criteria of the definition of puttable instruments to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the statement of income and expenses of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if the unit holders exercise the right to put the units back to the Fund.

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

2.5 Income recognition

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Taxation

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

2.7 Cash and cash equivalents

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

2.8 Distribution

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

2.9 Presentation and functional currency

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the SC Malaysia 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 and collective investment schemes (other than those arising from interest rate risk) price risk for its investments of RM28,413,458 (2022: RM30,046,033) in equity securities and collective investment schemes.

The sensitivity analysis is based on the assumption that the price of the quoted securities investments and collective investment schemes fluctuate by +/- 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/- RM1,420,673 (2022: RM1,502,302).

Interest rate risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

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

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

	Cash and cash equivalents RM	Other financial assets* RM	Total RM
<u>2023</u>			
AAA	2,853,078	-	2,853,078
Others	-	126,561	126,561
	2,853,078	126,561	2,979,639
<u>2022</u>			
AAA	2,015,145	-	2,015,145
Others	-	32,636	32,636
	2,015,145	32,636	2,047,781

* Comprise of amount due from Manager and dividend receivables.

Liquidity risk

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

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

	Less than <u>1 month</u> RM	Between <u>1 month</u> to 1 year RM
<u>2023</u>		
Amount due to Manager	8,728	-
Accrued management fee	39,033	-
Amount due to Trustee	1,822	-
Distribution payable	1,038,450	-
Other payables and accruals	-	12,100
	<u>1,088,033</u>	<u>12,100</u>
<u>2022</u>		
Amount due to Manager	11,808	-
Accrued management fee	40,678	-
Amount due to Trustee	1,898	-
Other payables and accruals	-	11,500
	<u>54,384</u>	<u>11,500</u>

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM49,719,280 (2022: RM50,946,720) and accumulated losses of RM19,426,316 (2022: RM18,918,790). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

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

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

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

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

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

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

Fair value hierarchy

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

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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

2022

Financial assets at FVTPL:

- Quoted investments	<u>30,046,033</u>	-	-	<u>30,046,033</u>
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Investments in active listed equities, i.e. quoted investments and collective investment schemes whose values are based on published prices in active markets are classified within Level 1. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2023</u>	<u>2022</u>
	RM	RM
Bank balances	51,618	58,163
Deposits with licensed financial institutions	<u>2,801,460</u>	<u>1,956,982</u>
	<u>2,853,078</u>	<u>2,015,145</u>

6. INVESTMENTS

	<u>2023</u> RM	<u>2022</u> RM
Investments:		
- Quoted investments	27,738,322	30,046,033
- Collective investment scheme	675,136	-
	<u>28,413,458</u>	<u>30,046,033</u>

Investments as at 31 December 2023 are as follows:

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

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS				
(CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Financial Services (continued)				
Hong Leong Financial Group Berhad	26,800	479,221	440,592	1.45
Malayan Banking Berhad	177,929	1,438,822	1,581,789	5.22
Public Bank Berhad	296,400	1,266,770	1,271,556	4.20
		<u>7,165,555</u>	<u>7,838,918</u>	<u>25.87</u>
Health Care				
Hartalega Holdings Berhad	318,800	780,977	860,760	2.84
Kossan Rubber Industries Berhad	315,300	556,899	583,305	1.93
Top Glove Corp Berhad	552,800	477,175	497,520	1.64
		<u>1,815,051</u>	<u>1,941,585</u>	<u>6.41</u>
Industrial Products				
CPE Technology Berhad	150,000	153,150	149,250	0.49
Kelington Group Berhad	479,300	705,498	1,040,081	3.43
Malayan Cement Berhad	154,500	576,005	653,535	2.16
Press Metal Aluminium Holdings Berhad	196,700	782,915	946,127	3.12
Sunway Berhad	205,500	400,913	423,330	1.40
		<u>2,618,481</u>	<u>3,212,323</u>	<u>10.60</u>
Plantation				
Kuala Lumpur Kepong Berhad	32,324	734,661	705,310	2.33
Sime Darby Plantation Berhad	146,400	700,078	652,944	2.16
		<u>1,434,739</u>	<u>1,358,254</u>	<u>4.49</u>
Property				
LBS Bina Group Berhad	421,500	246,186	242,362	0.80
Matrix Concepts Holdings Berhad	103,200	153,970	170,280	0.56
Sime Darby Property Berhad	460,000	314,879	287,500	0.96

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS				
(CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Property (continued)				
UEM Sunrise Berhad	34,600	29,064	28,199	0.09
		744,099	728,341	2.41
Technology				
Frontken Corp Berhad	139,500	416,904	451,980	1.49
Inari Amertron Berhad	179,600	544,027	540,596	1.78
Pentamaster Corp Berhad	101,100	483,763	465,060	1.54
		1,444,694	1,457,636	4.81
Telecommunications & Media				
TIME dotCom Berhad	112,300	527,901	606,420	2.00
		527,901	606,420	2.00
Transportation & Logistics				
Malaysia Airports Holdings Berhad	63,100	417,126	464,416	1.53
MISC Berhad	64,000	457,419	466,560	1.54
		874,545	930,976	3.07
Utilities				
Tenaga Nasional Berhad	124,800	1,192,623	1,252,992	4.14
YTL Corp Berhad	341,700	533,919	645,813	2.13
YTL Power International Berhad	129,000	301,163	327,660	1.08
		2,027,705	2,226,465	7.35
TOTAL QUOTED INVESTMENTS		25,852,990	27,738,322	91.57

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS				
(CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
COLLECTIVE INVESTMENT				
SCHEMES				
<u>MALAYSIA</u>				
Axis Real Estate Investment Trust	202,000	379,345	361,580	1.19
IGB Real Estate Investment Trust	182,300	310,909	313,556	1.04
		<u>690,254</u>	<u>675,136</u>	<u>2.23</u>
TOTAL COLLECTIVE		<u>690,254</u>	<u>675,136</u>	<u>2.23</u>
INVESTMENT SCHEMES				
TOTAL INVESTMENTS		<u>26,543,244</u>	<u>28,413,458</u>	<u>93.80</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 December 2022 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS				
<u>MALAYSIA</u>				
Consumer Products				
Aeon Co (M) Berhad	336,700	436,255	461,279	1.43
MBM Resources Berhad	131,400	427,394	430,992	1.35
Padini Holdings Berhad	118,400	368,573	396,640	1.24
Sime Darby Berhad	353,700	747,946	813,510	2.54
		<u>1,980,168</u>	<u>2,102,421</u>	<u>6.56</u>
Energy				
Bumi Armada Berhad	2,582,200	1,051,830	1,239,456	3.87
Dayang Enterprise Holdings Berhad	591,100	706,089	774,341	2.42
Dialog Group Berhad	386,600	783,820	947,170	2.96
Hibiscus Petroleum Berhad	1,048,400	1,005,956	1,121,788	3.50
Yinson Holdings Berhad	524,160	1,175,861	1,273,709	3.98
		<u>4,723,556</u>	<u>5,356,464</u>	<u>16.73</u>
Financial Services				
Alliance Bank Malaysia Berhad	330,300	919,112	1,212,201	3.78
AMMB Holdings Berhad	313,900	1,040,518	1,299,546	4.06
CIMB Group Holdings Berhad	458,466	2,195,177	2,659,103	8.30
Hong Leong Bank Berhad	61,900	1,166,474	1,272,664	3.97
Hong Leong Financial Group Berhad	28,000	500,679	520,800	1.63
Malayan Banking Berhad	185,929	1,503,514	1,617,582	5.05
Public Bank Berhad	434,100	1,867,127	1,875,312	5.86
		<u>9,192,601</u>	<u>10,457,208</u>	<u>32.65</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS				
(CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Industrial Products				
Kelington Group Berhad	430,700	633,047	590,059	1.84
Petronas Chemicals Group Berhad	185,800	1,246,783	1,597,880	4.99
Press Metal Aluminium Holdings Berhad	280,400	1,104,277	1,368,352	4.27
		<u>2,984,107</u>	<u>3,556,291</u>	<u>11.10</u>
Plantation				
IOI Corp Berhad	127,700	587,237	517,185	1.61
Kuala Lumpur Kepong Berhad	33,824	768,753	756,305	2.36
Sime Darby Plantation Berhad	186,600	898,838	867,690	2.72
		<u>2,254,828</u>	<u>2,141,180</u>	<u>6.69</u>
Technology				
Frontken Corp Berhad	149,100	433,020	459,228	1.43
Inari Amertron Berhad	120,600	338,109	314,766	0.98
Malaysian Pacific Industries Berhad	5,500	92,708	158,180	0.49
Pentamaster Corp Berhad	47,100	221,229	208,653	0.65
Unisem (M) Berhad	220,100	596,198	607,476	1.90
UWC Berhad	49,800	219,837	200,196	0.63
		<u>1,901,101</u>	<u>1,948,499</u>	<u>6.08</u>
Telecommunications & Media				
Axiata Group Berhad	294,900	775,816	911,241	2.85
Maxis Berhad	122,700	474,327	471,168	1.46
Telekom Malaysia Berhad	86,100	427,490	464,940	1.45
TIME dotCom Berhad	117,400	551,876	575,260	1.80
		<u>2,229,509</u>	<u>2,422,609</u>	<u>7.56</u>

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED INVESTMENTS				
(CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Transportation & Logistics				
Malaysia Airports Holdings Berhad	92,300	587,849	605,488	1.89
MISC Berhad	141,800	1,011,752	1,063,500	3.32
		<u>1,599,601</u>	<u>1,668,988</u>	<u>5.21</u>
TSR / Warrants / Call				
Warrants				
Eco World Development Group Bhd-Bonus Warrant	119,660	-	10,769	0.04
Yinson Holdings Bhd-Cw25	64,182	-	29,524	0.09
		-	<u>40,293</u>	<u>0.13</u>
Utilities				
Gas Malaysia Berhad	108,000	329,362	352,080	1.10
TOTAL QUOTED INVESTMENTS		<u>27,194,833</u>	<u>30,046,033</u>	<u>93.81</u>
TOTAL INVESTMENTS		<u>27,194,833</u>	<u>30,046,033</u>	<u>93.81</u>

7. UNITS IN CIRCULATION

	<u>2023</u> Units	<u>2022</u> Units
At beginning of the financial year	21,662,000	21,060,000
Creation of units arising from applications during the financial year	2,944,000	1,825,000
Cancellation of units during the financial year	<u>(3,780,000)</u>	<u>(1,223,000)</u>
At end of the financial year	<u>20,826,000</u>	<u>21,662,000</u>

8. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.50% (2022: 1.50%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

9. TRUSTEE'S FEE

In accordance with the Prospectus, the Trustee's fee provided in the financial statements is 0.07% (2022: 0.07%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

10. TAXATION

(a) Tax charge for the financial year

	<u>2023</u> RM	<u>2022</u> RM
Current taxation	<u>-</u>	<u>-</u>

10. TAXATION (CONTINUED)

(b) Numerical reconciliation of income tax expenses

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

	<u>2023</u> RM	<u>2022</u> RM
Net income/(loss) before taxation	<u>530,924</u>	<u>(759,680)</u>
Tax calculated at a statutory income tax rate of 24%	127,422	(182,323)
Tax effects of:		
- (Income not subject to tax)/Loss not deductible for tax purposes	(296,217)	3,388
- Expenses not deductible for tax purposes	54,553	62,301
- Restriction on tax deductible expenses	<u>114,242</u>	<u>116,634</u>
Tax expense	<u>-</u>	<u>-</u>

11. DISTRIBUTION

Distribution to unit holder are derived from the following sources:

	<u>2023</u> RM
Dividend income	1,092,130
Interest income from deposits with licensed financial institution	62,956
Net realised gain on investment	<u>567,720</u>
	1,722,806
Less: Expenses	<u>(684,356)</u>
Net distribution amount	<u>1,038,450</u>
	Gross/net
<u>Distribution date</u>	<u>sen per unit</u>
26 December 2023	5.0000

There were unrealised losses of RM980,985 (2022: RM243,741) arising from the financial year ended 31 December 2023.

12. TOTAL EXPENSE RATIO (“TER”)

	<u>2023</u> %	<u>2022</u> %
TER	<u>1.66</u>	<u>1.64</u>

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

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2023</u>	<u>2022</u>
PTR (times)	<u>0.64</u>	<u>0.78</u>

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

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

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

	<u>2023</u>		<u>2022</u>	
	Units	RM	Units	RM
The Manager	5,240	7,622	5,189	7,672
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>1,135,904</u>	<u>1,652,286</u>	<u>1,309,972</u>	<u>1,936,794</u>

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

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

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

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

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

15. TRANSACTIONS BY THE FUND

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

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

15. TRANSACTIONS BY THE FUND (CONTINUED)

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

Brokers/Financial <u>institutions</u>	Value of <u>trades</u> RM	Percentage of total <u>trades</u> %	Brokerage <u>fees</u> RM	Percentage of total brokerage <u>fees</u> %
RHB Investment Bank Berhad*	16,685,141	34.22	50,055	36.42
CGS-CIMB Securities Sdn Bhd	7,220,595	14.80	21,662	15.76
MIDF Amanah Investment Bank Berhad	5,045,738	10.35	15,137	11.01
Maybank Investment Bank Berhad	4,840,325	9.92	14,521	10.57
Affin Hwang Investment Bank Berhad	3,683,940	7.55	11,052	8.04
UOB Kay Hian Securities (M) Sdn Bhd	2,789,315	5.72	5,579	4.06
KAF Equities Sdn Bhd	2,415,045	4.95	7,245	5.27
Hong Leong Investment Bank Berhad	2,236,800	4.59	4,474	3.26
CLSA Securities Malaysia Sdn Bhd	1,551,440	3.18	3,103	2.26
Nomura Securities Malaysia Sdn Bhd	1,264,673	2.59	2,529	1.84
Others	1,038,763	2.13	2,077	1.51
	<u>48,771,775</u>	<u>100.00</u>	<u>137,434</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 company have been entered into in the normal course of business at agreed terms between the related parties.

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2023</u> RM	<u>2022</u> RM
Financial assets		
Financial assets at FVTPL		
• Quoted investments	27,738,322	30,046,033
• Collective investment scheme	675,136	-
	<u>28,413,458</u>	<u>30,046,033</u>
Financial assets at amortised cost		
• Bank balances	51,618	58,163
• Deposits with licensed financial institutions	2,801,460	1,956,982
• Amount due from Manager	91,595	-
• Dividend receivables	34,966	32,636
	<u>2,979,639</u>	<u>2,047,781</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to Manager	8,728	11,808
• Accrued management fee	39,033	40,678
• Amount due to Trustee	1,822	1,898
• Distribution payable	1,038,450	-
• Other payables and accruals	12,100	11,500
	<u>1,100,133</u>	<u>65,884</u>

**STATEMENT BY MANAGER
RHB DYNAMIC FUND**

We, Dato' Darawati Hussain and Mohd Farid bin Kamarudin, two of the Directors of RHB Asset Management Sdn Bhd, do hereby state that in the opinion of the Directors of the Manager, the accompanying statement of financial position, statement of income and expenses, statement of changes in net asset value, statement of cash flows and the accompanying notes, are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 31 December 2023 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

Mohd Farid bin Kamarudin
Director

23 February 2024

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 31 December 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, RHB Asset Management Sdn Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

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

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

For **Maybank Trustees Berhad**

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

NORHAZLIANA BINTI MOHAMMED HASHIM

Head, Unit Trust & Corporate Operations

Kuala Lumpur, Malaysia

23 February 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Dynamic Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2023, 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 24 to 53.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 February 2024

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

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

PRINCIPAL AND BUSINESS OFFICE

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

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

BOARD OF DIRECTORS

Mr Yap Chee Meng (*Independent Non-Executive Chairman*)
(*Resigned with effect from 22 May 2023*)

Mr Chin Yoong Kheong (*Independent Non-Executive Chairman*)
(*Redesignated with effect from 22 May 2023*)

YBhg Dato' Darawati Hussain (*Senior Independent Non-Executive Director*)
(*Redesignated with effect from 22 May 2023*)

Tuan Syed Ahmad Taufik Albar (*Non-Independent Non-Executive Director*)

Encik Mohd Farid Bin Kamaruddin (*Chief Executive Officer / Managing Director*)
(*Appointed with effect from 1 August 2023*)

Puan Hijah Arifakh Binti Othman (*Independent Non-Executive Director*)
(*Resigned with effect from 1 June 2023*)

Puan Sharizad Binti Juma'at (*Independent Non-Executive Director*)
(*Appointed with effect from 22 May 2023*)

INVESTMENT COMMITTEE MEMBERS

Mr Yap Chee Meng (*Independent Chairman*)
(*Resigned with effect from 22 May 2023*)

YBhg Dato' Darawati Hussain (*Independent Chairperson*)
(*Redesignated with effect from 22 May 2023*)

Puan Hijah Arifakh Binti Othman
(*Resigned with effect from 1 June 2023*)

Mr Chin Yoong Kheong (*Appointed with effect from 22 May 2023*)

Puan Sharizad Binti Juma'at (*Appointed with effect from 22 May 2023*)

CORPORATE INFORMATION (CONTINUED)

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Encik Mohd Farid Bin Kamarudin (*Appointed with effect from 1 August 2023*)

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

BRANCH OFFICE

Shah Alam Office	B-3-1, 1st Floor Jalan Serai Wangi G16/G, Alam Avenue Persiaran Selangor, Section 16 40200 Shah Alam Tel: 03-5523 1909 Fax: 03-5524 3471
Sri Petaling Office	Level 1 & 2, No 53 Jalan Radin Tengah Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel: 03-9054 2470 Fax: 03-9054 0934
Ipoh Office	No.7A, Persiaran Greentown 9 Pusat Perdagangan Greentown 30450 Ipoh, Perak Tel: 05-242 4311 Fax: 05-242 4312
Johor Bahru Office	No 34 Jalan Kebun Teh 1 Pusat Perdagangan Kebun Teh 80250 Johor Bahru, Johor Tel: 07-221 0129 Fax: 07-221 0291
	2nd Floor, 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru, Johor Tel: 07-358 3587 Fax: 07-358 3581
Kuantan Office	1st Floor, Lot 10, Jalan Putra Square 1 Putra Square 25300 Kuantan, Pahang Tel: 09-517 3611/ 09-517 3612/ 09-531 6213 Fax: 09-517 3615
Kuching Office	Lot 133, Section 20, Sublot 2 & 3 1st Floor, Jalan Tun Ahmad Zaidi Adruce 93200 Kuching, Sarawak Tel: 082-550 838 Fax: 082-550 508
	Yung Kong Abell, Units 1-10 2nd Floor Lot 365 Section 50 Jalan Abell 93100 Kuching, Sarawak Tel: 082-245 611 Fax: 082-230 326

Kota Bharu Office	Ground Floor, No 3486-G Jalan Sultan Ibrahim 15050 Kota Bharu, Kelantan Tel: 09-740 6891 Fax: 09-740 6890
Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu Sabah Tel: 088-528 686/ 088-528 692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211/ 06-281 4110 Fax: 06-292 2212
Penang Office	3rd Floor, 44 Lebuhraya Pantai 10300 Georgetown, Penang Tel: 04-264 5639 Fax: 04-264 5640
Prai Office	No 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528

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

RHB ♦ Asset Management

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