

RHB GROWTH AND INCOME FOCUS TRUST

ANNUAL REPORT 2023

For the financial year ended 31 December 2023

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB Growth and Income Focus Trust
Fund Category	-	Mixed asset fund
Fund Type	-	Growth and Income

Investment Objective, Policy and Strategy

Objective of the Fund

This Fund aims to achieve maximum total returns through a combination of long term* growth of capital and current income^.

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

^ The income is in the form of units.

Strategy

This Fund seeks to achieve its investment objective through a policy of diversified investment in equities and quality fixed income securities.

This Fund’s portfolio will comprise a blend of carefully selected investments in securities of companies with market capitalization of not more than RM750 million (“small cap securities”), quality fixed income securities (comprising amongst others of convertible debt securities, redeemable debt securities, bonds/securities that are issued and/or guaranteed by the government or quasi-government agencies, corporate bonds carrying at least BBB ratings by any Domestic Rating Agencies or its equivalent rating by a reputable rating establishment and fixed income collective investment schemes), money market instruments, cash and deposits with financial institutions, but subject always to a minimum allocation of 30% in small cap securities and 30% in fixed income securities, money market instruments, cash and deposits with financial institutions.

In reviewing this asset allocation strategy, the Fund’s asset mix would normally range from 30% -70% in small cap securities and 30% - 70% in fixed income securities, money market instruments, cash and deposits with financial institutions. Accordingly, this Fund will be able to have a maximum exposure to the equities market of up to 70% through investments in small cap securities whilst maintaining a minimum of 30% in fixed income securities to provide stability through diversification of the asset class. Similarly, this Fund can also invest up to 70% of its

investments in fixed income securities whilst maintaining the minimum of 30% in small cap securities to diversify the portfolio and to provide capital growth. The restriction on market capitalisation mentioned above is determined at the point of purchase.

Given this asset mix, the Fund will be able to tap into varied market conditions in order to capitalise on any market opportunities. The actual percentage of assets invested in equities and fixed income securities will therefore vary from time to time, depending on the judgement of the Manager as to the general market and economic conditions, trends and yields, interest rates and changes in fiscal and monetary policies. Thus, although this Fund is actively managed, how active or the frequency of its trading strategy will very much depend on market opportunities.

For investments in foreign markets, the Manager in managing the principal risks such as country risk and currency risk will always take into consideration its evaluation of the historical developments and its prior experience in such markets. Such practice will be managed through active management and constant review of the economic and political developments of the countries invested. Investments will ultimately be made based on risk-reward.

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

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 the Fund's equity investments into other asset classes such as fixed income securities, money market instruments and deposits with any financial institutions, which are defensive in nature. These are deposits that are not embedded with or linked to financial derivative instruments and (where applicable) these are current accounts, short term money market deposits and short term deposits with financial institutions.

In its reallocation, the level of equity investments would not fall below 10% of the Net Asset Value.

Performance Benchmark

Effective from 28 April 2023, the performance of the Fund is benchmarked against “GIFT Index” which is a composite benchmark comprising 50% of the performance of the FBM Fledgling Index and 50% of the RHB Bank Berhad’s 12-month fixed deposit rate.

Prior to 28 April 2023, the performance of the Fund was benchmarked against 50% of the performance of the FBM Fledgling Index and 50% of the Maybank’s 12-month fixed deposit rate.

Permitted Investments

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

Distribution Policy

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

[^]Note: The income is in the form of units..

Notification of Changes

In addition to the changes mentioned in the letter dated 27 April 2023, below are the remaining changes : -

General Amendments

The references to “interim report(s)”, “Shariah-compliant liquid assets” and “debenture” wherever they appear in the Prospectuses will be amended to “semi-annual report(s)”, “Islamic liquid assets” and “fixed income securities”.

The reference to “(structured deposit)” wherever they appear in the Prospectuses is hereby deleted in its entirety.

Definitions

Domestic Rating Agency/(ies)	Local credit assessment institutions that are recognised by the Securities Commission Malaysia.
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.
FBM Second Board Index	FTSE Bursa Malaysia Second Board Index

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.
Global Rating Agency/(ies)	Global credit assessment institutions that are recognised in line with the relevant laws.
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).
KLIBOR	Deleted
US Person	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 1.8.7 – Collective Investment Schemes

The Manager will only make such investments where the Manager expects those investments to complement the objective and enhance the performance of this Fund. In addition, the Manager will only make such investments if the collective investment scheme is authorised or recognised by the Securities Commission, or is registered/authorised/approved by the relevant regulatory authority in its home jurisdiction as the case may be and which operates within the general investment principles of the Guidelines. The Fund's investments in collective investment schemes (if any) shall always be subject to the restrictions stipulated in Section 1.8.13 (f), (g), (n) and (r).

Chapter 1 – Fund Information, Section 1.8.8 – Financial Derivatives

The Manager may participate in futures contracts and other financial derivatives, when appropriate. The category of financial derivatives to be participated in shall be stock index futures contracts, stock index options contracts, interest rates futures contracts, bonds futures contracts or any other categories and/or types of futures contracts or financial derivatives that may be allowable by the relevant authorities from time to time. The Fund's participation in financial derivatives is to hedge the portfolio from any unexpected price or interest rate movement in the underlying market and also the portfolio's exposure to foreign currency as well as to hedge against any opportunity loss arising from its uninvested cash. The benefit of any upside of price or interest rate movement in the underlying market or currency movement is limited as the primary interest is to protect the value of the portfolio and to manage risks in relation to the benchmark. When participating in such instruments, the Manager will monitor the financial derivatives' valuation and credit ratings of the financial institutions as counterparty to the financial derivatives, where applicable and take appropriate actions to mitigate any risk associated with such financial derivatives. This may extend to unwinding of the financial derivatives in the event where there is a need to terminate current position due to reversal in market movement, redemptions in Units or upon downgrade of the credit ratings of the financial institutions. Commitment approach is used to calculate the Fund's net market exposure. It is calculated as the sum of the (a) absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements; (b) absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and (c) the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC financial derivatives. The Fund's investment holding in financial derivatives (if any) shall always be subject to the restrictions stipulated in Section 1.8.13 (e), (o), (p) and (q).

Chapter 1 – Fund Information, Section 1.8.9 – Structured Products

The Manager may also invest in structured products where the Manager expects those investments to complement the objective and enhance the performance of the Fund.

Chapter 1 – Fund Information, Section 1.8.10 – Foreign Securities, first paragraph

The Manager may invest up to 30% of the Net Asset Value in securities of Eligible Market.

Chapter 1 – Fund Information, Section 1.8.13 – Permitted Investments and Restrictions

The Fund may invest in securities traded on Bursa Malaysia or any other market considered as an Eligible Market, unlisted securities, collective investment schemes, financial derivatives, structured products, liquid assets (including money market instruments and deposits with any financial institutions) 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 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) or (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 derivatives 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 Schedule B of 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 derivatives. The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC financial derivatives 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 Schedule B of 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 half-yearly 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 1.8.13, however, do not apply to securities or instruments that are issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

In addition to the limits and restrictions mentioned above which apply to this particular Fund, the Manager has further imposed an internal restriction on certain Funds under its management whereby the total holding by those Funds of any class of security of any single issuer should not exceed in aggregate ten (10) per cent of the security issued. This Fund is subject to the said internal restriction. Any increase beyond this percentage requires the approval of the members of the committee undertaking the oversight function of the Fund.

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, item d) 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 of the Fund are used as collateral to the loan or financing instalments) the ability to provide additional collateral should the Unit prices of the Fund 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 instalments taken.

Islamic unit trust fund's investors are advised to seek Islamic financing to finance their acquisition.

[Please see Unit Trust Loan Financing Risk Disclosure Statement in the application form]

Chapter 3 – Valuation of Assets

Equity Trust*	SCOUT*	KidSave*	Tracker
Dana Islam*	Income Fund*	EOUT*	GIFT*
TGF	MDIV	CASH	Dana Hazeem*

*Funds with mandates investing in foreign markets

The Fund must be valued at least once every Business Day. However, certain foreign markets in which the Fund 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 daily price of the Fund for a particular Business Day will be published online on the Manager's website on the next day, with the exception of **CASH**, whose price shall be the Net Asset Value per Unit as at the valuation point of the Fund immediately preceding the Fund's relevant Business Day when the request for Units of the Fund is received by the Manager ("historical pricing"). [Please refer section 5.2 (Computation of Purchase of Units – **CASH**)].

For Funds which have investments in foreign markets, the valuation of the respective Funds for a Business Day will be conducted by 5.00 pm (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.

Accordingly, the price of the Fund for a particular Business Day 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 18 April 2023 (Tuesday), the valuation date will be the next day on which the Manager is open for business, i.e. 19 April 2023 (Wednesday). Thus, the publication date for the price as at 18 April 2023 (Tuesday) will be on 20 April 2023 (Thursday) on the Manager's website.

Investors may obtain the most current computed price by contacting the Manager directly or visiting the Manager's website, www.rhbgroup.com [please refer to section 5.5 (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 securities / Shariah-compliant securities

Listed securities / 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 the 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

Investments in unlisted fixed income securities / sukuk denominated in Ringgit Malaysia will be valued on a daily basis by reference to the 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 generally be valued on a weekly basis or as and when appropriate, 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.

Investments in foreign unlisted fixed income securities / sukuk are valued daily using the Bloomberg Generic Price (BGN) provided by Bloomberg. Where BGN prices are not available on any Business Day, these 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 its own view of 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 according to an alternative method determined in good faith by the Manager, which has been verified by the auditor of the Fund and approved by the Trustee provided that the Manager records its basis for using the alternative method, obtains necessary internal approvals to use the alternative method and keeps an audit trail of all decisions and basis for adopting the alternative method. Any alternative method shall be consistently applied unless advised otherwise by the auditors of the Fund and the Trustee.

(iii) Unlisted securities / Shariah-compliant unlisted securities

Investments in unlisted securities / Shariah-compliant unlisted securities will be valued at the cost price of each investment until the securities / Shariah-compliant securities of the investee companies are successfully listed on a recognised stock exchange, upon which quoted prices will be available and valuation will be 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.

(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 in the same manner as listed securities as described above. When investing in unlisted collective investment schemes / Islamic collective investment schemes, the value shall be determined by reference to the last published repurchase price per unit for 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 placed with financial institutions 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. commercial papers / Islamic commercial papers and money market placements / Islamic money market 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 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 as the valuation for money market instrument / Islamic money market instrument 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 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 as may be held by the Fund 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 Fund and approved by the Trustee.

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

(i) Switching of units

Equity Trust	SCOUT	KidSave	Tracker
Dana Islam	Income Fund	EOUT	GIFT
TGF	MDIV	Dana Hazeem	

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 (based on Equity Trust and KidSave)

If a Unit Holder switches 5,000 Units in **Equity Trust** at the Repurchase Price of RM0.4277 and wishes to invest in **KidSave** at the Selling Price of RM0.5215 (where both Funds have the sales charge of 6.38%).

Proceeds from switch (Equity Trust) (5,000 Units x RM0.4277)	=	RM	2,138.50
Less: Switching fee RM25.00	=	RM	(25.00)
Net proceed from switch:	=	RM	<u>2,113.50</u>
Proceeds from Equity Trust invested in KidSave :			<u>RM2,113.50</u>
			RM0.5215
	=		4,052.73 units**

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

Switching from a Shariah-compliant fund to a conventional fund is discouraged especially for Muslim Unit Holders.

(ii) Transfer of units

Equity Trust	SCOUT	KidSave	Tracker
Dana Islam	Income Fund	EOUT	GIFT
TGF	MDIV	CASH	Dana Hazeem

The Manager charges a transfer fee¹ of RM5.00 for each transfer.

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

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 government from time to time

Chapter 4 – Fees, Charges and Expenses, Section 4.4 – Policy on Rebates and Soft Commissions

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 External Investment 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 External Investment 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 4.5 – Tax

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 Fund 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 Fund.

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 5.5(b) – Cooling-off Period

Equity Trust Dana Islam TGF	SCOUT Income Fund MDIV	KidSave EOUT CASH	Tracker GIFT Dana Hazeem
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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 5.5(c) – Where Units can be Purchased or Redeemed

Equity Trust	SCOUT	KidSave	Tracker
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Dana Islam TGF	Income Fund MDIV	EOUT Dana Hazeem	GIFT
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Units can be purchased or redeemed at the Manager's registered/principal office or any of its branches, or from any of its participating IUTAs and any other authorised distributors or any other 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 rham@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 5.5(d) – How to Switch between Funds

Equity Trust Dana Islam TGF	SCOUT Income Fund MDIV	KidSave EOUT Dana Hazeem	Tracker GIFT
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Unit Holders may switch to units of any unit trust fund under the management of the Manager that are of the same currency and that allows 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. The minimum amount for a switch into another fund is RM100.00 or such other amount as the Manager may from time to time decide. 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 the 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 5.5(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, the transferee must also forward the following:

- 1) completed application form; and
- 2) relevant supporting documents such as a photocopy of the transferee's 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 one hundred (100) Units 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 5.5(f) – Unclaimed Monies

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 monies from the Registrar of Unclaimed Moneys.

Chapter 5 – Transaction Information, Section 5.5(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 of the **Tracker** can also obtain the latest information and other important news on the FBM KLCI from any of the local newspapers or from the website, www.bursamalaysia.com.

Unit Holders will receive an unaudited semi-annual report and an audited annual report of the Fund 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 Fund 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. or e-mail their enquiries to rham@rhbgrou.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 5.5(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 Fund 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 receive distributions of the Funds, 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;
- (b) 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;
- (c) to exercise the cooling-off right, if applicable; and
- (d) to receive annual reports, semi-annual reports or any other reports of the Funds.

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 - Maximum Annual Trustee Fee, first paragraph

Fund	Maximum Allowable Rate
GIFT	0.15% per annum of the Net Asset Value (including local custodian fees and charges but excluding foreign custodian fees and charges)

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.rhbgrou.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

Equity Trust Dana Islam MDIV	SCOUT	KidSave	Tracker
	EOUT	GIFT	TGF
	Dana Hazeem		

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.

He has 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, UK). He also holds a Capital Markets Services Representative's License for the regulated activity for fund management.

The designated fund manager 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 Funds 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 7.7 – Shariah Adviser, “Roles and Responsibilities of the Shariah Adviser” and “Members of RHB Islamic Bank’s Shariah Committee”

Roles and Responsibilities of the Shariah Adviser

The Shariah Adviser is backed by the respective Shariah Committee of RHB Islamic Bank, which comprises eminent Shariah scholars from various jurisdictions. The Shariah Adviser also conducts monthly review of the Fund to ensure compliance with Shariah principle.

In line with the Securities Commission’s guidelines, the roles and responsibilities of the Shariah Adviser are:

- 1) To ensure that the Fund is managed and administered in accordance with Shariah principles.
- 2) To provide expertise and advice in all matters relating to Shariah principles, including the Fund’s deed and prospectus, its structure and ensure that all aspects of the Fund are in accordance with Shariah requirement.
- 3) To consult Securities Commission where there is any ambiguity or uncertainty as to any Shariah matters.
- 4) To ensure that all applicable Shariah rulings, principles and concepts endorsed by the SACSC are complied with.
- 5) To act with due care, skill and diligence in carrying out its duties and responsibilities.
- 6) To review the report of compliance officer or any investment transaction reports provided by, or duly approved by, the Trustee to ensure that the Fund’s management business and investments activities are Shariah-compliant.
- 7) To prepare a report to be included in the Fund’s semi-annual and annual reports certifying whether the Fund have been managed and administered in accordance with Shariah principles for the respective periods concerned.
- 8) To apply ijtihad (intellectual reasoning) to ensure all aspects relating to the Fund are in compliance with Shariah, in the absence of any rulings, principles and concepts endorsed by the Securities Commission.

Members of RHB Islamic Bank’s Shariah Committee

The members of RHB Islamic Bank’s Shariah committee are the designated persons responsible for the Shariah matters of the Fund. The list of members of RHB Islamic Bank’s Shariah Committee are available on the Manager’s website, www.rhbgroup.com.

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

The Trustee is HSBC (Malaysia) Trustee Berhad, a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia.

Chapter 8 – The Trustee of the Funds, Section 8.5 - 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 Fund. For quoted and unquoted local investments of the Fund, 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 Fund 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 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 Fund and Unit Holders

The tax adviser's letter has been updated.

Chapter 14 – Consent

The Trustee, Shariah Adviser, External Investment Manager and solicitors have given their consent for the inclusion of their names and statements in the form and context in which they appear in the Prospectuses 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 Second 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 rham@rhbgroup.com.

MANAGER'S REPORT

MARKET REVIEW

Going into year 2023, the FTSE Bursa Malaysia KLCI (“FBMKLCI”) fell 0.70% month-on-month (“MoM”) to 1,485.50 points 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 FBMKLCI (“KLCI”) fell 2.11% MoM to 1,454.19 points 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 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 2022 full year GDP growth to 8.70% YoY. The FBMKLCI fell 2.17% MoM to 1,422.59 points 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 FBMKLCI fell 0.47% MoM to 1,415.95 points in April 2023 due possibly to concerns over global growth and US financial sector turmoil. In the following month of May 2023, the FBMKLCI fell 2.04% MoM to 1387.12 points due possibly to lacklustre first quarter corporate reporting season and concerns over the US debt ceiling issues. The FBMKLCI fell 0.75% MoM to 1376.68 points in June 2023 possibly due to concerns over the global economy’s slowdown and weakness in the Ringgit currency exchange.

The FBMKLCI increased by 6.01% MoM to 1459.43 points 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%-5.00%, while the upcoming six state elections will be held on 12 August 2023. The FBMKLCI decreased by 0.51% MoM to 1451.94 points in August 2023 possibly due to profit taking, uninspiring recent second quarterly result and slower second quarter GDP growth. The FBMKLCI decreased by 1.91% MoM to 1424.17 points 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 Overnight policy rate at 3.00% on 7 September 2023. The Budget year 2024 this month will be closely monitored by investors. The FBMKLCI increased by 1.26% MoM to 1442.14 points in October 2023 possibly due to bargain hunting by investors, after two previous consecutive months of declines in the index. The FBMKLCI increased by 0.74% MoM to 1452.74 points in November 2023 possibly due to bargain hunting and the strengthening of the Ringgit currency. The FBMKLCI increased by 0.13% MoM to 1454.66 points in December 2023 possibly due to better sentiment from the

government's cabinet reshuffling, the US Federal Reserve ("Fed's") decision to maintain its key interest rates and continued buying by foreign investors. In year 2023 the KLCI fell by 2.73% to 1454.66 points.

FIXED INCOME MARKET REVIEW

On US economics, US Consumer Price Index ("CPI") ticked slightly higher to 3.10% YoY (+0.10% MoM) for November 2023 from 3.20% YoY (+0% MoM) in October 2023 primarily due to housing and services sector. November 2023 Core CPI which excludes food and energy also unexpectedly increased to 4.00% YoY (+0.30% MoM). The PCE deflator, the Fed preferred measure for inflation was also softer than last month at 2.60% YoY (-0.10% MoM) for November 2023, the first decline since April 2020, while Core personal consumption expenditure ("PCE") also decelerated to 3.20% YoY (0.10% MoM) for November 2023 adding to trader's convictions that a Fed pivot is within sight. The Institute of Supply Management ("ISM") Purchasers Manufacturing Index ("PMI") for December 2023 rose 0.7pts to 47.4, slightly better than expectations of 47.1. Although better than last month, the reading marks the fourteenth consecutive month in contractionary territory as weaker demand offset a pickup in production.

In their eighth and final meeting for the year 2023 on 13 December 2023, the Federal Open Market Committee ("FOMC") unanimously held rates unchanged at the current level of 5.25%-5.50%, but the statement and press conference were decidedly more dovish than previous meetings. The revised dot plots released post meeting also revised the median rate for 2024 from 5.125% to 4.625%, implying 75 basis points ("bps") of rate cuts over year 2024. In terms of overall dispersion, none of the FOMC members indicated the Fed should hike further in 2024, while of 5 officials expressed a preference of 100bp cut or more. The shift down in dots came together with core PCE inflation that was revised down from 3.70% to 3.20% in year 2023 and from 2.60% to 2.40% in year 2024. Overall, Powell in the press conference, relayed that the committee did discuss rate cuts at the meeting as that decision is "coming into view." He acknowledged that the committee is cognisant not to allow interest rates to stay high for "too long".

The United States Treasury ("UST") curve continued to rally and bull flattened to end year 2023 with a bang. At the end of December 2023 close, the benchmark 2-, 5-, 10-, 20- and 30-year UST were last traded at 4.25% (November-2023: 4.68% - 43bps), 3.85% (4.27%; -42bps), 3.88% (4.33%; -45bps), 4.19% (4.68%; -49bps) and 4.03% (4.49%; -46bps) respectively. In context for the Financial Year ("FY") 2023, UST rallied back to the initial levels, slightly bull steeper; UST yield moves by tenor are as follows: 2y -17.5bps, 5y -15bps, 10y +1bp, 20y +5bps and 30y +7bps.

On local rates, the Malaysia Government Securities ("MGS") continued its rally in the final month of the year, albeit at a slower pace than November 2023. Benchmark

MGS ranging from 5 to 30-year tenures rallied 5 to 11bps during the month, while the 3-year tenure continue to underperform as short term rates (i.e. Kuala Lumpur Interbank Offer Rate (“KLIBOR”)) remain elevated. Similarly, the Government Investment Issue (“MGII”) market also rallied in tandem with the Malaysian Government Securities (“MGS”), with yields declining by 7 to 12bps across the tenures. The MGII-MGS spread tightened to circa 4 to 7bps across tenure from circa 7 to 11bps in the prevailing month.

ECONOMIC REVIEW & OUTLOOK

In terms of domestic economic releases, Malaysia’s CPI numbers have reached a 33-month low of 1.50% YoY in November 2023 (prev: 1.80%, cons: 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, where exports contracted by -5.90% y/y (prev: -4.40%, cons: -5.20%) due to tepid Electrical and Electronic (“E&E”) shipments and lower chemical products and palm oil export. Meanwhile, imports rose +1.70% y/y (prev:-0.30%, cons: -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.

EQUITY 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 year 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.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

The October 2023 International Monetary Fund (“IMF”) World Economic Outlook Update has updated their year 2023 global growth forecast, maintaining 3.00% in year 2023 but revising lower the outlook to from 3.00% to 2.90% in year 2024. The projections remain below the historical average of 3.80%. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. IMF projection on global headline inflation is for it to decline steadily from 8.70% in year 2022 to 6.90% in year 2023 and 5.80% in year 2024, and in this update inflation the assumption is that it is unlikely to return to target until 2025 in most cases. Overall global growth outlook projections reflect the weak property sector in China. IMF acknowledges the possibility of a “hard landing” has receded, but balance of risks to growth still remain on the downside due to extreme weather related events and escalating geopolitical shocks.

Global risk sentiment in the markets has finally turned since November 2023 with a more fundamental bullishness taking hold, especially after a generally bearish year 2023. We believe that the strategy for the remainder of the year is for positioning into the current high yield and higher quality credit to mitigate recessionary risk and moving further up in duration, especially since the Fed is likely at the end of the tightening cycle. The Base case view is for year 2024 to be a bond year with most DM central banks likely to cut rates from the current levels. For year 2024, Fed’s expectation is for rates to be 4.63%, or about 75bps lower than current levels, while the market in general is expecting close to 150bps of rate cuts by the end of year 2024 at the time of writing.

The outlook for fixed income market in year 2024 remain highly positive in our view as global inflationary pressures retreated and the balance of probabilities have also now shifted towards major central banks reversing some of their aggressive tightening in the past two years.

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.

Meanwhile, the Malaysian corporate bond and sukuk market are also likely to benefit from the positive momentum in the overall bond market as we expect credit conditions in Malaysia to be broadly stable in year 2024 - supported by resilient domestic growth and a more benign inflationary outlook. We remain positive on the corporate sub-sector and believe that it can continue to provide yield enhancement for the bond portfolios.

In summary, we are constructive of the bond market as we still see opportunities within the government and corporate credit securities market. We advocate on positioning the bond portfolio to increase investments whenever exacerbated selling occurs, as yield levels are expected to come off on lower year 2024 growth and inflation expectations. The stance to monetary policy locally by BNM will continue to be determined by new data but we expect this to be still supportive in light of a broadly stable macroeconomic outlook.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

During the financial year under review, the Fund registered a total return of 3.25%* compared to its benchmark return of 3.51%*. The contributors to the equity performance was from Energy, Real Estate, Materials and Industrials while the detractors are from Consumer discretionary, Technology and Utilities sectors. The Fund has underperformed the benchmark during this financial year under review. The Net Asset Value (“NAV”) per unit of the Fund was RM0.3078 (2022: RM0.2981) as at 31 December 2023.

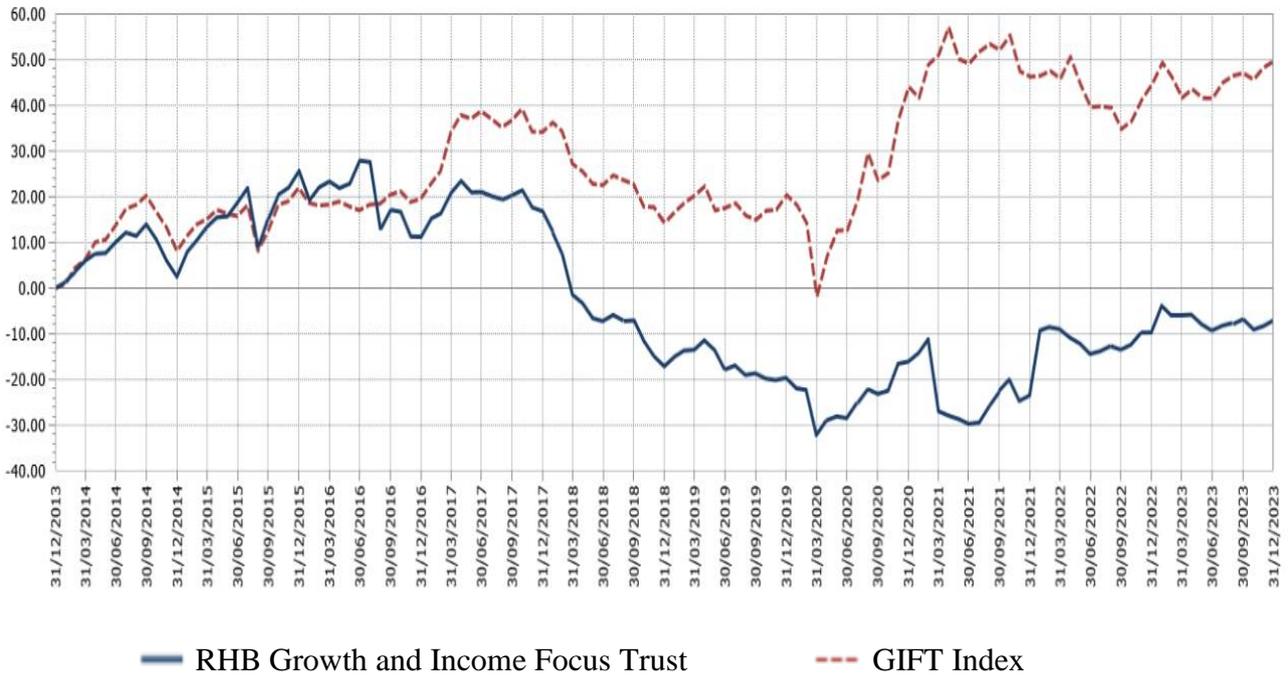
** Source: Lipper Investment Management (“Lipper IM”), 11 January 2024*

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 December				
	2023	2022	2021	2020	2019
	%	%	%	%	%
RHB Growth and Income Focus Trust					
- Capital Return	3.25	18.06	(8.94)	4.60	(3.04)
- Income Return	-	-	-	-	-
- Total Return	3.25	18.06	(8.94)	4.60	(3.04)
GIFT Index	3.51	(1.12)	1.52	19.62	5.33

	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 Growth and Income Focus Trust	3.25	3.54	2.40	(0.71)
GIFT Index	3.51	1.29	5.53	4.11

**Performance of RHB Growth and Income Focus Trust
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)	17.56	19.80	16.06
Units In Circulation (million)	57.03	66.42	74.58
Net Asset Value Per Unit (RM)	0.3078	0.2981	0.2154

Historical Data	As at 31 December		
	2023	2022	2021
Unit Prices			
NAV - Highest (RM)	0.3211	0.3059	0.3011
- Lowest (RM)	0.2991	0.2076	0.2272
Distribution and Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	1.72	1.63	1.64
Portfolio Turnover Ratio (PTR) (times) ##	0.68	0.26	0.34

The TER for the financial year was higher compared with previous year under review due to higher expenses incurred for the financial year under review.

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

DISTRIBUTION

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

PORTFOLIO STRUCTURE

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

	As at 31 December		
	2023	2022	2021
	%	%	%
Equities			
Construction	4.23	1.51	7.62
Consumer Products	6.53	14.18	18.50
Energy	-	3.74	7.58
Industrial Products	14.57	13.78	17.97
Property	1.02	2.87	6.38
Technology	2.80	2.33	6.17
Trading/Services	1.61	-	2.97
Transportation	0.96	0.82	2.79
TSR & Warrants	-	0.57	1.31
	<hr/>	<hr/>	<hr/>
	31.72	39.80	71.29
Unquoted fixed income securities	60.04	51.47	23.00
Collective investment scheme	5.05	1.68	0.57
Liquid assets and other net current assets	3.19	7.05	5.14
	<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 GROWTH AND INCOME FOCUS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
ASSETS			
Bank balances	5	67,745	319,792
Deposits with licensed financial institutions	5	519,224	1,118,240
Investments	6	16,995,335	18,399,851
Dividend receivables		14,924	20,520
TOTAL ASSETS		<u>17,597,228</u>	<u>19,858,403</u>
LIABILITIES			
Amount due to Manager		2,464	22,030
Accrued management fee		22,268	25,391
Amount due to Trustee		891	1,016
Other payables and accruals		16,600	13,350
TOTAL LIABILITIES		<u>42,223</u>	<u>61,787</u>
NET ASSET VALUE		<u>17,555,005</u>	<u>19,796,616</u>
EQUITY			
Unit holders' capital		24,121,240	26,994,517
Accumulated losses		(6,566,235)	(7,197,901)
		<u>17,555,005</u>	<u>19,796,616</u>
UNITS IN CIRCULATION (UNITS)	7	<u>57,031,072</u>	<u>66,415,072</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3078</u>	<u>0.2981</u>

The accompanying notes are an integral part of the financial statements

RHB GROWTH AND INCOME FOCUS TRUST
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			
Dividend income		296,073	456,580
Interest income from deposits with licensed financial institutions		30,605	35,320
Interest income from investments		542,061	377,339
Net realised loss on disposal		(4,050,902)	(965,837)
Net unrealised gain on changes in fair value		4,210,266	6,514,630
Net gain on foreign currency exchange		24,189	15,731
		<u>1,052,292</u>	<u>6,433,763</u>
EXPENSES			
Management fee	8	(284,736)	(302,843)
Trustee's fee	9	(11,390)	(12,114)
Audit fee		(7,800)	(7,350)
Tax agent's fee		(11,585)	(3,000)
Transaction costs		(91,858)	(42,936)
Other expenses		(13,257)	(5,094)
		<u>(420,626)</u>	<u>(373,337)</u>
Net income before taxation		631,666	6,060,426
Taxation	10	-	-
Net income after taxation		<u>631,666</u>	<u>6,060,426</u>
Net income after taxation is made up as follow:			
Realised amount		(3,667,055)	(573,453)
Unrealised amount		4,298,721	6,633,879
		<u>631,666</u>	<u>6,060,426</u>

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

RHB GROWTH AND INCOME FOCUS TRUST
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	29,321,030	(13,258,327)	16,062,703
Movement in net asset value:			
Net income after taxation	-	6,060,426	6,060,426
Creation of units arising from applications	176,988	-	176,988
Cancellation of units	(2,503,501)	-	(2,503,501)
Balance as at 31 December 2022	<u>26,994,517</u>	<u>(7,197,901)</u>	<u>19,796,616</u>
Balance as at 1 January 2023	26,994,517	(7,197,901)	19,796,616
Movement in net asset value:			
Net income after taxation	-	631,666	631,666
Creation of units arising from applications	25,957	-	25,957
Cancellation of units	(2,899,234)	-	(2,899,234)
Balance as at 31 December 2023	<u>24,121,240</u>	<u>(6,566,235)</u>	<u>17,555,005</u>

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

RHB GROWTH AND INCOME FOCUS TRUST
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 redemption of investments		93,725	85,276
Proceeds from sale of investments		11,620,885	5,932,291
Purchase of investments		(10,074,250)	(3,445,339)
Dividends received		299,331	436,890
Interest received from deposits with licensed financial institutions		30,605	35,320
Interest received from unquoted fixed income securities		373,717	149,288
Management fee paid		(287,859)	(301,227)
Trustee's fee paid		(11,515)	(12,049)
Payment for other fees and expenses		(27,054)	(16,103)
Net cash generated from operating activities		<u>2,017,585</u>	<u>2,864,347</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		25,957	176,988
Cash paid for units cancelled		(2,918,800)	(2,507,965)
Net cash used in financing activities		<u>(2,892,843)</u>	<u>(2,330,977)</u>
Net (decrease)/increase in cash and cash equivalents		(875,258)	533,370
Foreign currency translation differences		24,195	15,731
Cash and cash equivalents at the beginning of the financial year		<u>1,438,032</u>	<u>888,931</u>
Cash and cash equivalents at the end of the financial year	5	<u>586,969</u>	<u>1,438,032</u>

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

**RHB GROWTH AND INCOME FOCUS TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Growth and Income Focus Trust (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master deed dated 27 April 2004 as modified via its first supplemental master deed dated 8 June 2004, second supplemental master deed dated 19 October 2005, third supplemental master deed dated 8 December 2005, fourth supplemental master deed dated 28 February 2006, fifth supplemental master deed dated 9 March 2006, sixth supplemental master deed dated 22 September 2006, seventh supplemental master deed dated 15 December 2006, eighth supplemental master deed dated 30 January 2007, ninth supplemental master deed dated 9 April 2007, tenth supplemental master deed dated 14 May 2007, eleventh supplemental master deed dated 15 May 2007, twelfth supplemental master deed dated 27 June 2007, thirteenth supplemental master deed dated 24 December 2007, fourteenth supplemental master deed dated 28 February 2013, fifteenth supplemental master deed dated 4 September 2013, sixteenth supplemental master deed dated 2 March 2015, seventeenth supplemental master deed dated 8 May 2015, eighteenth supplemental master deed dated 25 May 2015, nineteenth supplemental master deed dated 3 June 2015, twentieth supplemental master deed dated 11 December 2018 and twenty-first supplemental master deed dated 7 February 2023 (hereinafter collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund was launched on 7 January 2005 and will continue its operations until terminated according to the conditions provided in the Deeds.

The principal activity of the Fund is to invest in Permitted Investments as defined under the Deeds.

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

The main objective of the Fund is to maximise total returns through a combination of long term (between 5 – 7 years) growth of capital and current income.

The Manager, a company incorporated in Malaysia, and 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 and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2023. None of these is expected to have a significant effect on the financial statements of the Fund, except the following set out below:

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

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

The amendment shall be applied retrospectively.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets

Classification

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

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

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

The Fund classifies cash and cash equivalents 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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

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

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

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Financial liabilities

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

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

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

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

2.4 Unit holders' capital

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Income recognition

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

Interest income from short-term deposits with licensed financial institutions and unquoted fixed income securities are recognised on an accrual basis using the effective interest method.

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

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

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

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

2.6 Taxation

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

2.7 Cash and cash equivalents

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Presentation and functional currency

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

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

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

2.9 Foreign currency translation

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 an investment of the Fund will fluctuate because of changes in market prices.

The Fund is exposed to equity security and collective investment scheme (other than those arising from interest rate risk) price risk for its investments of RM6,455,434 (2022: RM8,210,832) in equity securities and collective investment scheme.

The Fund is exposed to price risk arising from interest rate risk in relation to its investments of RM10,539,901 (2022: RM10,189,019) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate risk and the related sensitivity analysis are disclosed in "Interest rate risk" below.

The sensitivity analysis is based on the assumption that the price of the quoted securities investments and collective investment scheme fluctuate by +/-(-) 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/-(-) RM322,772 (2022: RM410,542).

Interest rate risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

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

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

<u>% Change in interest rate</u>	Impact on profit after taxation and net asset value	
	<u>2023</u>	<u>2022</u>
	RM	RM
+1%	(45,993)	(30,572)
- 1%	46,250	30,656

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

Currency risk

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

The analysis is based on the assumption that the foreign exchange rate fluctuates by +/-(-) 5%, with all other variables remain constants, the impact on statement of income and expenses and net asset value is +/-(-) RM1,007 (2022: RM36,712).

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial liabilities*</u> RM	<u>Total</u> RM
<u>2023</u>				
Taiwan Dollar	-	-	(5,800)	(5,800)
United States Dollar	-	25,936	-	25,936
	<u>-</u>	<u>25,936</u>	<u>(5,800)</u>	<u>20,136</u>
<u>2022</u>				
Indonesian Rupiah	462,118	-	-	462,118
United States Dollar	-	272,121	-	272,121
	<u>462,118</u>	<u>272,121</u>	<u>-</u>	<u>734,239</u>

*Comprise of other payable and accruals.

Credit risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets*</u> RM	<u>Total</u> RM
<u>2023</u>				
AAA	-	586,969	-	586,969
A2	10,539,901	-	-	10,539,901
Others	-	-	14,924	14,924
	<u>10,539,901</u>	<u>586,969</u>	<u>14,924</u>	<u>11,141,794</u>
<u>2022</u>				
AAA	-	1,438,032	-	1,438,032
A2	9,967,348	-	-	9,967,348
B IS	221,671	-	-	221,671
Others	-	-	20,520	20,520
	<u>10,189,019</u>	<u>1,438,032</u>	<u>20,520</u>	<u>11,647,571</u>

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

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	2,464	-
Accrued management fee	22,268	-
Amount due to Trustee	891	-
Other payables and accruals	-	16,600
	<u>25,623</u>	<u>16,600</u>
<u>2022</u>		
Amount due to Manager	22,030	-
Accrued management fee	25,391	-
Amount due to Trustee	1,016	-
Other payables and accruals	-	13,350
	<u>48,437</u>	<u>13,350</u>

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM24,121,240 (2022: RM26,994,517) and accumulated losses of RM6,566,235 (2022: RM7,197,901). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

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

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

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

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

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

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

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> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2023</u>				
Financial assets at FVTPL:				
- Quoted investments	5,569,304	-	-	5,569,304
- Collective investment scheme	886,130	-	-	886,130
- Unquoted fixed income securities	-	10,539,901	-	10,539,901
Total	6,455,434	10,539,901	-	16,995,335

2022

Financial assets at FVTPL:

- Quoted investments	7,877,578	-	-	7,877,578
- Collective investment scheme	333,254	-	-	333,254
- Unquoted fixed income securities	-	10,189,019	-	10,189,019
Total	8,210,832	10,189,019	-	18,399,851

Investments in active listed equities, i.e. quoted investments and collective investment scheme whose values are based on quoted market prices in active markets are classified within Level 1. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

4. FAIR VALUE ESTIMATION (CONTINUED)

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted fixed income investments. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2023</u> RM	<u>2022</u> RM
Bank balances	67,745	319,792
Deposits with licensed financial institutions	519,224	1,118,240
	<u>586,969</u>	<u>1,438,032</u>

6. INVESTMENTS

	<u>2023</u> RM	<u>2022</u> RM
Investments:		
- Quoted investments - local	5,569,304	7,415,460
- Quoted investments - foreign	-	462,118
- Unquoted fixed income securities - local	10,539,901	10,189,019
- Collective investment scheme	886,130	333,254
	<u>16,995,335</u>	<u>18,399,851</u>

6. INVESTMENTS (CONTINUED)

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 Net</u> <u>Asset Value</u> %
QUOTED INVESTMENTS - LOCAL				
<u>MALAYSIA</u>				
Construction				
Muhibbah Engineering (M) Berhad	958,400	682,986	742,760	4.23
Consumer Products & Services				
Formosa Prosonic Industries Berhad	157,800	454,104	452,886	2.58
Lii Hen Industries Berhad	733,400	705,109	693,063	3.95
		1,159,213	1,145,949	6.53
Industrial Products & Services				
CPE Technology Berhad	416,600	429,601	414,517	2.36
HSS Engineers Berhad	429,900	377,289	417,003	2.38
PA Resources Berhad	2,101,300	524,467	567,351	3.23
Pantech Group Holdings Berhad	994,900	871,808	895,410	5.10
Thong Guan Industries Berhad	140,400	263,733	263,952	1.50
		2,466,898	2,558,233	14.57
Property				
Paramount Corporation Berhad	193,400	177,428	179,862	1.02
Technology				
JHM Consolidation Berhad	682,200	524,186	491,184	2.80

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 Net</u> <u>Asset Value</u> %
QUOTED INVESTMENTS – LOCAL (CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Trading & Services				
Perdana Petroleum Berhad	1,412,400	354,189	282,480	1.61
Transportation & Logistics				
Tasco Berhad	220,700	179,332	168,836	0.96
TOTAL QUOTED INVESTMENTS - LOCAL		5,544,232	5,569,304	31.72
COLLECTIVE INVESTMENT SCHEMES – LOCAL				
Real Estate Investment Trusts				
AME Real Estate Investment Trust	137,900	177,284	179,270	1.02
UOA Real Estate Investment Trust	642,600	706,282	706,860	4.03
		883,566	886,130	5.05
TOTAL COLLECTIVE INVESTMENT SCHEME - LOCAL		883,566	886,130	5.05

6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES - LOCAL					
5.60% Alpha Circle Sdn Bhd 18/11/2022 [^]	C*	89,600	89,600	-	-
5.70% MEX II Sdn Bhd 29/04/2027	D***	5,000,000	5,200,803	-	-
2.60% MEX I IMTN Tranche 14 21/01/2038	A2**	6,680,769	5,430,321	7,215,603	41.10
2.60% MEX I IMTN Tranche 13 21/01/2037	A2**	2,540,786	2,069,437	2,728,768	15.55
2.60% MEX I IMTN Tranche 15 21/01/2039	A2**	546,756	443,625	595,530	3.39
			<u>13,233,786</u>	<u>10,539,901</u>	<u>60.04</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL			13,233,786	10,539,901	60.04
TOTAL INVESTMENTS			19,661,584	16,995,335	96.81

[^]Maturity date extended to 31/12/2023

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 Net</u> <u>Asset Value</u> %
QUOTED INVESTMENTS - LOCAL				
<u>MALAYSIA</u>				
Construction				
AME Elite Consortium Berhad	240,750	263,349	298,530	1.51
Consumer Products & Services				
Berjaya Food Berhad	741,500	303,857	771,160	3.90
Formosa Prosonic Industries Berhad	207,800	340,041	671,194	3.39
Kawan Food Berhad	266,400	511,186	591,408	2.99
Lii Hen Industries Berhad	929,100	878,316	771,153	3.90
		2,033,400	2,804,915	14.18
Energy				
Velesto Energy Berhad	4,942,000	395,360	741,300	3.74
Industrial Products & Services				
Ann Joo Resources Berhad	410,900	452,016	447,881	2.26
Aurelius Technologies Berhad	261,600	463,873	478,728	2.42
Kelington Group Berhad	407,500	242,202	558,275	2.82
OKA Corporation Berhad	333,450	306,628	265,093	1.34
Pantech Group Holdings Berhad	1,368,000	894,704	978,120	4.94
		2,359,423	2,728,097	13.78
Property				
LBS Bina Group Berhad	1,351,798	558,121	567,755	2.87

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 Net</u> <u>Asset Value</u> %
QUOTED INVESTMENTS – LOCAL (CONTINUED)				
<u>MALAYSIA (CONTINUED)</u>				
Transportation & Logistics				
Tasco Berhad	180,800	157,082	162,720	0.82
TSR & Warrants				
Kelington Group Berhad	263,866	-	112,143	0.57
TOTAL QUOTED INVESTMENTS - LOCAL		5,766,735	7,415,460	37.47
COLLECTIVE INVESTMENT SCHEMES – LOCAL				
Real Estate Investment Trusts				
AME Real Estate Investment Trust	206,200	234,417	241,254	1.22
UOA Real Estate Investment Trust	80,000	88,000	92,000	0.46
		322,417	333,254	1.68
TOTAL COLLECTIVE INVESTMENT SCHEME - LOCAL		322,417	333,254	1.68

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 Net</u> <u>Asset Value</u> %
QUOTED INVESTMENTS - FOREIGN				
<u>INDONESIA</u>				
Technology				
PT Modern Internasional TBK	32,658,500	5,989,650	462,118	2.33
TOTAL INDONESIA		5,989,650	462,118	2.33
TOTAL QUOTED INVESTMENTS - FOREIGN		5,989,650	462,118	2.33

6. INVESTMENTS (CONTINUED)

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

<u>Name of Instruments</u>	<u>Rating</u>	<u>Nominal Value</u> RM	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
UNQUOTED FIXED INCOME SECURITIES - LOCAL					
5.45% Alpha Circle Sdn Bhd 23/02/2022^^	B IS	93,725	94,172	94,018	0.48
5.60% Alpha Circle Sdn Bhd 18/11/2022	B IS	128,000	128,801	127,653	0.64
5.70% MEX II Sdn Bhd 29/04/2027	D***	5,000,000	5,200,803	-	-
2.60% MEX I Capital Berhad 21/01/2037	A2**	2,540,786	2,023,577	2,591,175	13.09
2.60% MEX I Capital Berhad 21/01/2038	A2**	6,680,769	5,315,563	6,817,606	34.44
2.60% MEX I Capital Berhad 21/01/2039	A2**	546,756	434,649	558,567	2.82
			<u>13,197,565</u>	<u>10,189,019</u>	<u>51.47</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL			13,197,565	10,189,019	51.47
TOTAL INVESTMENTS			25,276,367	18,399,851	92.95

^^Maturity date extended to 18/11/2022

6. INVESTMENTS (CONTINUED)

* Alpha Circle Sdn Bhd (“ACSB”) RM60 million Senior Sukuk Musharakah and RM55 million Junior Sukuk Musharakah

Alpha Circle Sdn Bhd (“ACSB”) has, since year 2016, undertaken various re-termining exercises for its Senior Sukuk due to its lumpy debt maturities, and volatile foreign worker permit or Pas Lawatan Kerja Sementara (“PLKS”) volumes owing to changes in government policy relating to the recruitment of foreign workers. In recent years, ACSB’s parent company and concessionaire, NERS Sdn Bhd (“NERS”), has been adversely affected by lower PLKS volumes due to closure of international borders and the restriction on intake of foreign workers amid the pandemic. ACSB has continued to rely on Sukukholders’ indulgence to defer shortfalls on the Senior Sukuk obligations with repayments on a piecemeal basis. On 18 January 2023, MARC downgraded ACSB’s rating to C from B after noting that ACSB has continued to face payment delays that have led to a severe liquidity crunch. Repayments over the years have, nonetheless, reduced the Senior Sukuk outstanding amount by 92.00% or RM498 million, from RM540 million to RM42 million currently. The latest repayment of the Senior Sukuk made by ACSB amounted to RM10 million on 28 July 2023.

On 15 March 2023, a news article was published on the arrest of several individuals by Malaysian Anti-Corruption Commission (“MACC”) over alleged misappropriation of funds involving a project facilitating the registration, recruitment and biometric security system for foreign workers in the country. Investigations relating to the charges mentioned in the article are still ongoing, although we are not privy to the progress of this investigation. However, Sukukholders were made to understand that there was a diversion of funds with respect to the April 2022 to November 2022 payments from JIM as instructed by the Directors of NERS without the Sukukholders’ and Trustee’s consent (“Misappropriated Funds”).

To avoid a default and risk termination of the concession at the time, Sukukholders collectively agreed to pass resolutions to extend the maturity of the RM60 million Senior Sukuk principal due on 23 March 2023 until further notice from the Sukukholders or until 31 May 2023 (i.e. the concession expiry), whichever is earlier.

Sukukholders were informed by NERS that a lawsuit has been brought by S5 Systems Sdn Bhd (“S5”, which operates and maintains the NERS system) against NERS for amounts owed for services provided. Following a hearing on 3 April 2023, NERS was placed under Judicial Management.

6. INVESTMENTS (CONTINUED)

* Alpha Circle Sdn Bhd (“ACSB”) RM60 million Senior Sukuk Musharakah and RM55 million Junior Sukuk Musharakah (continued)

While the Judicial Manager (“JM”) has attempted to make contact with Kementerian Dalam Negeri (“KDN”) to negotiate for an extension of the concession, the JM has been unsuccessful in securing a meeting. The concession expired on 31 May 2023, although there was no official notification from KDN at that time. Sukukholders passed resolutions to extend the maturity of the Senior Sukuk to 31 December 2023 and the Junior Sukuk to 31 March 2024 given uncertainties surrounding the concession. On 8 August 2023, Sukukholders were notified that KDN has decided not to grant an extension of the concession via a letter dated 3 August 2023. Without the extension of the concession, there will be no future cash inflows from the concession.

Meanwhile, payments from Jabatan Imigresen Malaysia (“JIM”) for billings for the month of December 2023 up to April 2023 are lower than expected, as the Government has made profit-sharing deductions to the payments (“Profit-Sharing Deductions”). Sukukholders are of the view that such payments were not justified and have requested for the JM to seek clarification from JIM on this. Payment from JIM for May 2023 billing remains outstanding (“May 2023 Payment”).

The JM had provided a Statement of Proposal (“SOP”) to all creditors of NERS on 10 November 2023 for voting during a Creditors’ Meeting on 1 December 2023. The SOP detailed amounts owing to all creditors and the JM’s action plan for recovery, without any mention of the position and ranking of creditors. Sukukholders were generally not agreeable to this as based on the advice of the Trustee’s solicitor, Shook Lin & Bok (“SLB”), the security of Sukukholders may be challenged by the other major creditor of NERS, i.e. S5, at a later stage since a Dissolution Event (“DE”) has not been called. As such, the requisite approval (from creditors holding 75.00% of the outstanding amounts claimed) to pass the SOP was not obtained. Sukukholders are currently considering the option of calling a DE and consulting with prospective receiver and managers (“R&M”) to proceed with recovery.

6. INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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

6 INVESTMENTS (CONTINUED)

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

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

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

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

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

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

6. INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

The R&M continues to work on a restructuring proposal for MEX II and has submitted a proposal to Kementerian Kerja Raya on 21 November 2023. The proposal is currently pending feedback from the ministry.

7. UNITS IN CIRCULATION

	<u>2023</u> Units	<u>2022</u> Units
At the beginning of the financial year	66,415,072	74,577,072
Creation of units arising from applications during the financial year	84,000	607,000
Cancellation of units during the financial year	(9,468,000)	(8,769,000)
At the end of the financial year	<u>57,031,072</u>	<u>66,415,072</u>

8. MANAGEMENT FEE

In accordance with the Master 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 Master Prospectus, the Trustee's fee provided in the financial statements is 0.06% (2022: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

10. TAXATION

(a) Tax charge for the financial year

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

10. TAXATION (CONTINUED)

(b) Numerical reconciliation of income tax expense

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

	<u>2023</u> RM	<u>2022</u> RM
Net income before taxation	<u>631,666</u>	<u>6,060,426</u>
Tax calculated at a statutory income tax rate of 24%	151,600	1,454,502
Tax effects of:		
- Income not subject to tax	(252,550)	(1,544,103)
- Expenses not deductible for tax purposes	29,953	14,677
- Restriction on tax deductible expenses for unit trust funds	<u>70,997</u>	<u>74,924</u>
Tax expense	<u>-</u>	<u>-</u>

11. TOTAL EXPENSE RATIO (“TER”)

	<u>2023</u> %	<u>2022</u> %
TER	<u>1.72</u>	<u>1.63</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.

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2023</u>	<u>2022</u>
PTR (times)	<u>0.68</u>	<u>0.26</u>

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

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

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

	<u>2023</u>		<u>2022</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	24,205,745	7,450,528	5,328	1,588
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>1,764,206</u>	<u>543,023</u>	<u>2,268,476</u>	<u>676,233</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 RHB Bank Berhad, are under nominee structure.

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

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

14. TRANSACTIONS BY THE FUND

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

Broker/ <u>Financial 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*	8,943,342	41.28	26,830	43.66
CGS-CIMB Securities Sdn Bhd	3,907,427	18.04	12,016	19.55
Maybank Investment Bank Berhad	3,430,773	15.84	10,292	16.75
Hong Leong Investment Bank Berhad	2,056,408	9.49	4,113	6.69
UOB Kay Hian Securities (M) Sdn Bhd	1,458,136	6.73	2,916	4.75
Affin Hwang Investment Bank Berhad	1,175,145	5.42	3,525	5.73
Macquarie Capital Securities (M) Sdn Bhd	225,943	1.04	452	0.74
MIDF Amanah Investment Bank Berhad	183,029	0.85	549	0.89
KAF Equities Sdn Bhd	170,700	0.79	512	0.83
CLSA Securities Malaysia Sdn Bhd	58,636	0.27	117	0.19
Others	54,141	0.25	135	0.22
	<u>21,663,680</u>	<u>100.00</u>	<u>61,457</u>	<u>100.00</u>

14. TRANSACTIONS BY THE FUND (CONTINUED)

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

Broker/ <u>Financial 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*	3,341,239	36.73	11,354	42.26
Maybank Investment Bank Berhad	1,210,517	13.31	3,632	13.52
KAF Equities Sdn Bhd	1,123,059	12.35	3,369	12.54
CGS-CIMB Securities Sdn Bhd	836,178	9.19	2,509	9.34
UOB Kay Hian Securities (M) Sdn Bhd	665,355	7.31	1,331	4.95
Affin Hwang Investment Bank Berhad	625,078	6.87	1,875	6.98
CLSA Securities Malaysia Sdn Bhd	573,401	6.30	1,147	4.27
Hong Leong Investment Bank Berhad	431,447	4.74	863	3.21
MIDF Amanah Investment Bank Berhad	203,898	2.24	612	2.28
Macquarie Capital Securities (M) Sdn Bhd	86,964	0.96	174	0.65
	<u>9,097,136</u>	<u>100.00</u>	<u>26,866</u>	<u>100.00</u>

* Included in transactions by the Fund are trades with the holding company of the Manager, RHB Investment Bank Bhd.

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.

15. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2023</u>	<u>2022</u>
	RM	RM
Financial assets		
Financial assets at FVTPL		
• Quoted investments	5,569,304	7,877,578
• Collective investment scheme	886,130	333,254
• Unquoted fixed income securities	10,539,901	10,189,019
	<u>16,995,335</u>	<u>18,399,851</u>
Financial assets at amortised cost		
• Bank balances	67,745	319,792
• Deposit with licensed financial institutions	519,224	1,118,240
• Dividend receivables	14,924	20,520
	<u>601,893</u>	<u>1,458,552</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to Manager	2,464	22,030
• Accrued management fee	22,268	25,391
• Amount due to Trustee	891	1,016
• Other payables and accruals	16,600	13,350
	<u>42,223</u>	<u>61,787</u>

**STATEMENT BY MANAGER
RHB GROWTH AND INCOME FOCUS TRUST**

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 Growth and Income Focus Trust (“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 Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

Notwithstanding the above, the value of investment in the debenture of MEX I Capital Bhd amounting to 60.04% of the Fund’s NAV (as at 31 December 2023) and total value of investment in Maju Holdings Sdn Bhd (comprises of MEX II Sdn Bhd and MEX I Capital Bhd) amounting to 60.04% have inadvertently exceeded the investment spread limits as prescribed in paragraph (5), (7) and (10) respectively under Schedule B* of SC Guidelines on Unit Trust Funds. The Management Company will continue to monitor the position until rectified.

For HSBC (Malaysia) Trustee Bhd

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
23 February 2024

*Paragraph (5) The value of a fund’s investments in (a) transferable securities; and (b) money market instruments, issued by any single issuer must not exceed 15% of the fund’s NAV; Paragraph (7) The aggregate value of a fund’s investments in, or exposure to, a single issuer through (a) transferable securities; (b) money market instruments; (c) deposits; (d) underlying assets of derivatives; and (e) counterparty exposure arising from the use of OTC derivatives, must not exceed 25% of the fund’s NAV; Paragraph (10) The value of a fund’s investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the fund’s NAV.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB GROWTH AND INCOME FOCUS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Growth and Income Focus Trust (“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 25 to 62.

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 GROWTH AND INCOME FOCUS TRUST (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB GROWTH AND INCOME FOCUS TRUST (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
RHB GROWTH AND INCOME FOCUS TRUST (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
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

Email address: rhbam@rhbgroup.com

Tel: 03-9205 8000

Fax: 03-9205 8100

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

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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

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Penang Office
3rd Floor, 44 Lebuhraya
10300 Georgetown, Penang
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Prai Office
No 38, First Floor
Jalan Todak 2
Seberang Jaya
13700 Perai, Penang
Tel: 04-386 6670 Fax: 04-386 6528

TRUSTEE	HSBC (Malaysia) Trustee 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 Affin Bank Berhad AmBank (M) Berhad Apex Investment Services Berhad Areca Capital Sdn Bhd CIMB Private Banking CIMB Wealth Advisor Citibank Berhad CUTA – Genexus Advisory Sdn Bhd Hong Leong Bank Berhad iFast Capital Sdn Bhd Kenanga Investors Berhad Manulife Asset Management (Malaysia) Sdn Bhd OCBC Bank (M) Berhad Phillip Mutual Berhad Standard Chartered Bank (M) Berhad United Overseas Bank (M) Berhad UOB KayHian Securities (M) Sdn Bhd

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