

RHB MUDHARABAH FUND

SEMI-ANNUAL REPORT 2023

For the financial period ended 31 August 2023

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB Mudharabah Fund
Fund Category	-	Balanced (Shariah-compliant) fund
Fund Type	-	Growth and income fund

Investment Objective, Policy and Strategy

Objective of the Fund

To provide a balanced mix of income and potential for capital growth by investing in stocks listed on the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) or on any other stock exchanges, unlisted stocks and Islamic debt securities (“sukuk”) and other non-interest bearing assets acceptable under principles of Shariah. The Fund’s activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah adviser of the Fund.

Strategy

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

Up to 60% of Net Asset Value	-	Investments in Shariah-compliant equities
Minimum of 40% of Net Asset Value	-	Investments in sukuk, Islamic money market instruments and/or liquid assets acceptable under Shariah principles

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

The Fund is geared towards investors who look for Shariah based investments that provide a mixture of income and capital appreciation. The Fund’s objective is to achieve returns from sukuk’s income stream, the dividend income stream, as well as capital appreciation. The adjustments of asset allocation between equity and sukuk are formulated based on the economic analysis and valuations of securities.

Equity investments of the Fund are limited to those in the list of Shariah-compliant securities as determined by the Shariah Advisory Council of the Securities Commission Malaysia (“SACSC”) which is updated and published twice a year. These investments generally focus on companies that have healthy prospective

earnings growth, reasonable valuations and preferably yielding dividend that are superior to the fixed deposit rates.

For sukuk, the Fund seeks investments amongst the Shariah principled sukuk that are of investment grade. The investments will be a duration led strategy depending on the yield curve movement.

The manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse economic, political or any other market conditions. In such circumstances, the manager may reallocate up to 100% of the Fund's Shariah-compliant equity investments into other asset classes such as Sukuk, Islamic money market instruments, cash and Islamic deposits with financial institutions, which are defensive in nature and comply with Shariah requirements.

Performance Benchmark

Effective from 30 September 2023, the performance of the Fund is benchmarked against the Weighted average of FTSE Bursa Malaysia Emas Shariah Index ("FBMS") (50.00%) and RHB Islamic Bank Berhad's 12-month Commodity Murabahah Deposit-i rate (50.00%).

Prior to 30 September 2023, the performance of the Fund is benchmarked against the Weighted average of FTSE Bursa Malaysia Emas Shariah Index ("FBMS") (50.00%) and Maybank Islamic Berhad's 12 months Islamic Fixed Deposit-i ("IFD-i") rate (50.00%).

Permitted Investments

The Fund may invest or participate in Shariah-compliant securities traded on eligible markets and/or which are listed on Bursa Malaysia; Shariah-compliant warrants that carry the right in respect of a security traded in or under the rules of an eligible market; Shariah-compliant unlisted securities including securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer; Shariah-compliant financial derivatives; Islamic collective investment schemes; Islamic structured products; Government Investment Issue ("GII"); Malaysian currency balances in hand, Malaysian currency Islamic deposits with Bank Islam Malaysia Berhad including investment certificates; Shariah-compliant securities listed on foreign exchanges; Islamic accepted bills, bond mudharabah Cagamas, sukuk; and any other investments permitted by the Securities Commission Malaysia from time to time.

Distribution Policy

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

Notification of Changes

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

General Amendments

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

“DEFINITIONS”

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

Chapter 1 – Fund Information, Section 1.6 – RHB Mudharabah Fund, Section 1.6.9 – Permitted Investments and Restrictions

The Fund may invest or participate in Shariah-compliant securities traded on Eligible Markets and/or which are listed on Bursa Malaysia; Shariah-compliant warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market; unlisted Shariah-compliant securities including Shariah-compliant securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer; Islamic financial derivatives; Islamic collective investment schemes; Islamic structured products; Government Investment Issue (GII); Malaysian currency balances in hand, Malaysian currency deposits with Bank Islam Malaysia Berhad including investment certificates; Shariah-compliant securities listed on foreign exchanges; Islamic accepted bills, bond mudharabah cagamas, sukuk; and any other Shariah-compliant 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 Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market (i.e., unlisted Shariah-compliant 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 Shariah-compliant 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 Shariah-compliant transferable securities (i.e. Shariah-compliant equities, sukuk and Shariah-compliant warrants) and Islamic 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 Islamic 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 Shariah-compliant transferable securities, Islamic money market instruments, Islamic Deposits, underlying assets of Islamic financial derivatives and counterparty exposure arising from the use of OTC Islamic 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 an Islamic collective investment scheme must not exceed twenty (20) per cent of the Fund's Net Asset Value, provided that the Islamic collective investment scheme complies with paragraphs (r)(i), (ii) and (iii), excluding Islamic 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 an Islamic 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 Shariah-compliant transferable securities and Islamic 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 Islamic 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 Islamic 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 Islamic Deposits with various financial institutions would not be in the best interest of Unit Holders.
- k) The Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed ten (10) per cent of the Shariah-compliant shares or Shariah-compliant 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 sukuk must not exceed twenty (20) per cent of the sukuk 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 sukuk in issue cannot be determined.
- m) The Fund's investments in Islamic 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 Islamic money market instruments that do not have a pre-determined issue size.
- n) The Fund's investments in Islamic collective investment schemes must not exceed twenty-five (25) per cent of the units or shares in the Islamic 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 Islamic financial derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories). Subject to the aggregate limit as stipulated in the Guidelines, the maximum exposure of the Fund to the counterparty must not exceed ten (10) per cent of the Fund's Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic financial derivative. The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic financial derivative transactions entered into with the same counterparty.
- p) The Fund's exposure to the underlying assets (vide the Islamic financial derivatives) must not exceed the investment limits and restrictions applicable to such underlying assets as stipulated in the Guidelines, or any other limit as may be prescribed by the Securities Commission from time to time.
- q) The Fund's global exposure from its Islamic 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 Islamic collective investment scheme that fall within the following categories:
 - (i) an Islamic collective investment scheme authorised or recognised by the Securities Commission; or
 - (ii) an Islamic collective investment scheme that meets the following criteria:
 - the Islamic 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 Islamic 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 Islamic collective investment scheme is reported in semi-annual and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; or
 - (iii) an Islamic collective investment scheme that meets the following criteria:
 - the Islamic 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 Islamic collective investment scheme meets the criteria imposed on transferable securities as prescribed under the Guidelines;
 - the units or shares in the Islamic collective investment scheme are listed for quotation and traded on a stock exchange that is an Eligible Market; and
 - the Islamic 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 Shariah-compliant 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 Shariah-compliant 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 1.6.9, however, do not apply to Shariah-compliant securities or Shariah-compliant instruments that are issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

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

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

- a) Loan/Financing Risk

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

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

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

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

Chapter 3 – Valuation of Assets

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

*Funds with mandates investing in foreign markets.

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

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

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

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

Illustration (for Funds investing in foreign markets)

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

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

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

Accordingly, where applicable:

- (i) Listed / Shariah-compliant securities

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

However, if: -

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

then the listed securities / Shariah-compliant securities would be valued at fair value, as determined in good faith by the

Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

(ii) Unlisted fixed income securities / sukuk

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

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

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

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

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

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

(iv) Collective investment schemes / Islamic collective investment schemes

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

(v) Financial derivatives / Islamic financial derivatives

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

(vi) Deposits / Islamic Deposits

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

(vii) Money market instruments / Islamic money market instruments

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

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

(viii) Foreign exchange translation

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

(ix) Any other investments / Shariah-compliant investments

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

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

The following phrase of “Note” under above section is hereby deleted;

Note: Investor who invests via the EPF Members’ Investment Scheme will be levied a Sales Charge of up to 3.00% of Net Asset Value per Unit (or such other rate that may be determined by the EPF from time to time).

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

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

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

The investor will be allotted with Units calculated as follows:

$$\frac{\text{RM}10,000.00}{\text{RM}0.2523^*} = 39,635.35 \text{ Units}^{**}$$

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

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

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

Chapter 4 – Fees, Charges and Expenses, Section 4.1(b) – Repurchase Charge, BF & IBF, illustration

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

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

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

(i) Switching of Units

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

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

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

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

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

Illustration

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

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

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

(ii) Transfer of Units

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

No transfer fee is applicable

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

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

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

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

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

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

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

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

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

$$\frac{\text{RM105,000,000.00} \times 0.08\%}{365 \text{ days}^*} = \text{RM230.14 per day}$$

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

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

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

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

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

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

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

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

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

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

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

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

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

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

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

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

Illustration

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

Daily Net Asset Value	RM44,097,264.66
Units in circulation	33,756,000
Net Asset Value per Unit	<u>RM44,097,264.66</u>
	33,756,000
	= RM1.3064*

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

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

The investor will be allotted with Units calculated as follows:

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

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

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

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

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

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

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

Illustration

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

Daily Net Asset Value	RM47,992,019.47
Units in circulation	47,238,000
Net Asset Value per unit	<u>RM47,992,019.47</u>
	47,238,000
	= RM1.0160*

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

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

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

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

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

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

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

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

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

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

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

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

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

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

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

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

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

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

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

DF	CF	BF	MDF
CMF	MF	IBF	ICMF
DVEF	ATRF	USEF	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investors must not make payment in cash to any individual agent when purchasing Units of a Fund.

The Funds' annual report is available upon request.

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

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

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

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

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

(e) to receive annual reports, semi-annual reports or any other reports of the Funds.

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

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

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

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

Fifth bullet point

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

Sixth bullet point

fees for the valuation of any investment of the Fund;

Eleventh bullet point

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

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

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

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

Chapter 7 – The Management and Administration of the Funds, Section 7.4 – The Investment Committee

The paragraph of "Functions of the Investment Committee" under above section is hereby deleted.

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

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

DF	CF	MDF
DVEF	MF	

The designated fund manager is Mohd Fauzi bin Mohd Tahir.

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

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

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

Chapter 7 – The Management and Administration of the Funds, Section 7.7 – The 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 Funds 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 Funds are managed and administered in accordance with Shariah principles.
- 2) To provide expertise and advice in all matters relating to Shariah principles, including the Funds' deed and prospectus, its structure and ensure that all aspects of the Funds are in accordance with Shariah requirement.
- 3) To consult with 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 and investment transaction reports provided by, or duly approved by, the Trustee to ensure that the Funds' management business and investments activities are Shariah-compliant.
- 7) To prepare a report to be included in the Funds' semi-annual and annual reports certifying whether the Funds 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 Funds 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 Funds. 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, Section 8.2.5 – Trustee's Delegate

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

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

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

Particulars of the Trustee's Delegate

For foreign asset:

The Hongkong and Shanghai Banking Corporation Limited

6/F, Tower 1,
HSBC Centre,
1 Sham Mong Road, Hong Kong.
Telephone No: (852)2288 1111

For local asset:

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

The Hongkong and Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Bank Malaysia Berhad (Registration No.: 198401015221(127776-V))

Level 21, Menara IQ
Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, Malaysia
Telephone No: (603)2075 3000

Fax No: (603) 8894 2588

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

8.4.6 Anti-Money Laundering and Anti-Terrorism Financing Provisions

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

8.4.7 Statement of Disclaimer

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

8.4.8 Consent to Disclosure

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

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

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

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

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

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

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

The Tax adviser’s letter has been updated.

Chapter 14 – Consent

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

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

Directory of Outlets for Purchase and Sale of Units

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

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

MANAGER’S REPORT

MARKET REVIEW

EQUITY MARKET REVIEW

March 2023 was another volatile month for the global equity markets as rate hikes occurred and global financial stability came under test with series of banking issues, from Silicon Valley Bank’s collapse to Credit Suisse’s shotgun takeover by UBS. This resulted in an initial decline in equities as concerns over an imminent credit crunch rose. Positively, the quick response from the financial authorities and governments to stem a contagion threatening the global banking system alleviated investor concerns and allowed the market to recover and perform well during the month overall. In March 2023, the Dow Jones and Standard and Poor’s 500 (“S&P 500”) Indices increased 1.89% and 3.67% respectively. In tandem, the Association of South East Asian Nations (“ASEAN”) markets rallied except Malaysia, mainly due to profit-taking activities by foreign flows causing the FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBMKLCI”) main index to drop 2.20% to 1,423 points. Main news flows during the month include Bank Negara Malaysia’s decision on 9 March 2023 to maintain its Overnight Policy Rate (“OPR”) at 2.75%, and government’s approval for Employees' Provident Fund (“EPF”) contributors to use the savings in their Account 2 as collateral for bank loans to tide through difficult times.

In April 2023, global equity markets as represented by the Morgan Stanley Capital International (“MSCI”) All Country World Index (“ACWI”) Index saw a relatively good month, having returned +1.51% as investors put aside the banking crisis which unfolded in March 2023 and welcomed signs that inflation is cooling off. Meanwhile, the Dow Jones and S&P 500 Indices increased 2.34% and 1.43% respectively amidst rising recession risk. Locally, the FBMKLCI Index declined -0.47% while the FBM Emas Shariah Index declined marginally by +0.19%. Malaysia's headline Consumer Price Index (“CPI”) inflation slowed to 3.40% year-on-year (“YoY”) in March (vs 3.70% YoY in February 2023) mainly driven by lower transportation inflation. Bank Negara Malaysia (“BNM”) core inflation, which removes fresh food, energy and administered prices, also moderated to 3.80% YoY in March 2023 (vs 3.90% YoY in February 2023).

The MSCI ACWI declined in the month of May 2023, having returned -1.31% on a month-on-month basis. The United States (“US”) Federal Reserve (“Fed”) hiked interest rates by 25 basis points (“bps”) to 5.00 to 5.25% in its May 2023 meeting, which was in line with market expectations and hinted that it may have reached the peak in this rate hike cycle, although future decisions will remain data-dependent. The US debt ceiling news flows dominated headlines throughout the month, eventually alleviated with an agreement on the suspension the debt limit until year 2025. China’s official manufacturing Purchasing Managers’ Index (“PMI”) disappointed market forecasts and raised concerns on the overall global economy

trajectory given its spillover effect. Locally, the FBMKLCI and the FBM Emas Shariah Index declined -2.04% and -1.21% respectively in May 2023. BNM announced a surprise 25bps hike to the overnight policy rate to 3.00%, noting that the global economy will continue to be weighed down by elevated cost pressures and higher interest rates. Meanwhile, market sentiments were dampened by the weak quarterly earnings reported during the month.

The MSCI ACWI had a positive momentum in the month of June 2023, having returned +5.64% thanks to the resolution of the US debt ceiling crisis and the artificial intelligence (“AI”) rally. Locally, the FBMKLCI and the FBM Emas Shariah Index declined -0.75% and -1.81% respectively. Sentiment was further dampened due to the weak China manufacturing data which raised concerns over the strength of its economic recovery as well as spillover effect to ASEAN countries. The weak Ringgit Malaysia (“RM”) and the upcoming states election have also added to the cautious sentiment. Malaysia’s headline CPI inflation slowed to 2.80% YoY in May 2023 (vs 3.30% YoY in April 2023) mainly driven by lower food and transportation inflation. Separately, there were several government announcements made including plans to phase out blanket subsidies in favour of targeted subsidies for electricity, gasoline and diesel. It also announced steps to boost the Malaysian capital markets in order to improve confidence and underpin any significant downside via stamp duty reduction and other measures.

July 2023 was another good month, MSCI ACWI gained +3.70% in the month and bringing the year-to-date gains to +18.10%. The benign inflation print coupled with resilient Gross Domestic Product (“GDP”) data and employment numbers helped to push the markets further upwards. Both the US Fed and the European Central Bank (“ECB”) hiked rates by 25bps in line with market expectation but the Bank of Japan (“BOJ”) surprised the market with a tweak in its yield curve control. In line with the rally seen in ASEAN markets overall, FBMKLCI Index and FBM Emas Shariah Index gained 6.01% and 5.20% respectively in July 2023. The Monetary Policy Committee (“MPC”) of BNM decided to maintain the OPR at 3.00%. Separately, Malaysia's headline CPI inflation slowed to 2.40% YoY in June 2023 (vs 2.80% YoY in May 2023), mainly driven by lower food and transportation inflation, while core inflation, which excludes fresh food, energy and administered prices, also moderated to 3.10% YoY in June 2023 (vs 3.50% YoY in May 2023). The launch of National Energy Transition Roadmap (NETR), which comprise of RM25 billion (“bn”) worth of national projects in its first phase to support the government’s structural reforms to the economy could provide new opportunities to Malaysia’s utilities and renewable energy companies.

After a stellar run since the start of the year the MSCI ACWI declined 2.96% on a month-on-month (“MoM”) basis in August 2023 as the market continued to digest Powell’s comments out of Jackson Hole meeting at the end of the month. Over in Malaysia, the FBMKLCI and FBM Emas Shariah Index declined -0.51% and -0.29% respectively on a MoM basis in line with regional market weakness. Malaysia’s real GDP expanded by 2.90% YoY in second quarter year 2023 (“2Q23”), a marked

slowdown from 5.60% in first quarter (“1Q”) mainly due to a larger external drag and slower private consumption growth. Headline CPI inflation slowed to 2.00% YoY in July 2023 (vs 2.40% YoY in June 2023) mainly driven by lower food and transportation prices. The conclusion of the state elections has largely removed concerns on political uncertainty, and this is evident in the price surge in some sectors such as utilities and property, in which investors are expecting the government to move ahead with its projects in relating to energy reforms as well as mega infrastructure projects such as the High-Speed Rail. On a negative note, the earnings season in August 2023 concluded on a muted note as a high proportion of companies reported earnings that were below consensus expectations.

FIXED INCOME MARKET REVIEW

Local bonds generally rallied at the start of 2Q23, where overall yields trending lower in April 2023. The movement of domestic bond yields in line with US Treasury (“UST”) yields that rallied after the US labour market printed lower than expectations. In May 2023, local bonds saw some pressure leading up to May 2023 MPC meeting and yields spiked following its surprise 25bps rate hike by BNM. BNM highlighted a positive economic outlook, supported by domestic demand and China’s stronger-than-expected recovery and acknowledged that the risks to inflation remained tilted to the upside. However, local bond yields then turned higher, tracking a surge in global bond yields following hawkish comments by US Fed officials and whilst the Bank of England raised its policy rate by another 25bps to 4.50%. Domestic yields continue moving higher pressured by weaker ringgit and concern of US debt ceiling gridlock. Domestic bond yields increasing again after the Fed's reiterates their hawkish outlook, although foreign demand for domestic bonds remained resilient. Towards end of June 2023, domestic bonds were positively affected by lower global bond yields and were further supported by BNM statement of intervention in the foreign exchange market to stabilize the ringgit.

Domestic bonds market experienced pressure in July 2023 from higher UST yields as the market expected further rate hikes by the Fed. However, yields decreased after BNM decided to maintain the OPR at 3.00%, suggesting the completion of its policy normalization cycle. Domestic bonds then buoyed by a significant decline in global bond yields due to positive US inflation data. Despite tepid risk sentiment and comparatively lower domestic bond yields against developed markets, foreign portfolio inflows into the Malaysian bond market rose in June 2023.

Domestic bond yields in Malaysia were influenced by global bond yield fluctuations, central bank rate hikes, and economic data releases in the month of August 2023. Yields rose at the start of the month due to global bond yield increases, and attention was on the Industrial Production Index (“IPI”) release which expected to contract mainly due to a high base effect. Subsequently, yields partially fell with recovering demand for UST, and a focus on upcoming GDP data. In the mid of the month, bond yields impacted by bearish sentiment in the global bond market, resulting in higher yields and increased trading volume, with expectations of further yield increases.

Towards month end, yields were influenced by declining global bond yields, and attention shifted to the Jackson Hole Symposium and US economic data for potential yield trends.

At the close the Malaysian Government Securities (“MGS”) 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed the month at 3.46% (July 2023: 3.47%), 3.59% (3.58%), 3.74% (3.74%), 3.84% (3.82%), 4.03% (4.01%), 4.15% (4.10%) and 4.27% (4.21%) respectively. Similarly, the GII 3-, 5-, 7-, 10-, 15- and 20-year GII were reported at 3.46% (July 2023: 3.47%), 3.62% (3.65%), 3.78% (3.79%), 3.87% (3.85%), 3.99% (3.98%), and 4.23% (4.18%) respectively.

MARKET OUTLOOK AND STRATEGY

EQUITY MARKET OUTLOOK AND STRATEGY

We believe that the local index might consolidate further in the short term as the market is concern on sticky US core inflation, strong US macro data and weak Chinese economic data. The Fed might still need to keep interest rate higher for longer to cool the still-too-high inflation. This was also echoed by the hawkish speech during the recent Jackson Hole Meeting.

While there could be possible setbacks in the inflation fight in the absence of any alarming new data, we believe the global interest rates hike cycle may be nearing an end. Notably, price growth has slowed significantly since the Fed began its campaign of anti-inflation rate hike in March 2022. The Fed is expected cut the interest rate when the job market starts to decline and US economy goes into recession which would be positive for Malaysia and Asia equities. Also, the expectations that United States Dollar (“USD”) is likely to weaken would push investors to lean towards Asia given its cheaper valuation.

Locally, we think there is still room for the FBMKLCI Index to go higher despite the strong rally since touching the low in June. Market sentiments have improved for Malaysia due to the initiatives introduced by the government to spur the economy. In addition, with the removal of the political overhang and earnings downgrade bottoming, we are of the opinion that we have seen the bottom for FBMKLCI Index.

Low foreign holdings coupled with bottoming earnings downward revision would provide the support to the index. However, we also think that corporate earnings upgrade might get delayed since the economy is expected to slow down in the third quarter (“3Q”) and fourth quarter (“4Q”) year 2023. Hence, market liquidity is key for the index to sustain its positive momentum. We would take the opportunity to position the portfolio on market weakness for decent returns in longer run due to expectations of better corporate earnings in year 2024 and cheap market valuation.

Meanwhile, we remain watchful of the gradual pace of subsidy rationalisation. The government has started to implement the targeted subsidy for electricity tariff (medium voltage and high voltage users, including multinational companies) from July 2023 and next in line is targeted subsidies for fuel, including RON95 petrol and diesel. Subsidy rationalization will have an impact on discretionary consumption.

FIXED INCOME MARKET OUTLOOK AND STRATEGY

As first half of the year has passed, concerns about monetary policy uncertainties and inflation have eased broadly for most markets. That said, uncertainties remain over the possibility of an economic slowdown. For Malaysia this is premised on a lower than expected Q2 GDP of +2.90% vs consensus of +3.30%.

The second half of year 2023 would still be clouded by the Fed's firm commitment to raise interest rates to fend off inflation but as a result also created more pressure to credit markets given higher borrowing costs across.

Malaysia's economic growth is expected to be moderate due to external challenges, likely falling towards the lower end of the 4.00% to 5.00% growth range. This growth will be driven by robust domestic demand, supported by improving employment, rising income levels, and ongoing multi-year projects.

Meanwhile, for inflation, both headline and core inflation are anticipated to decrease within expectations, mainly due to higher bases in the previous year. However, inflation risks persist, contingent on domestic policy changes regarding subsidies and price controls, as well as fluctuations in global commodity prices and financial markets.

BNM is expected to maintain the OPR at 3.00% for the rest of year 2023. Valuations in the domestic bond market have become a tad more expensive vis a vis the rise in US bond yields. What has supported this resilience in yield could have been attributed by deep onshore liquidity that is in the local system.

To navigate these conditions, we prefer shifting towards higher-quality and more liquid assets while closely monitoring credit metrics in the face of prolonged restrictive monetary conditions. Duration wise, we advocate the strategy to adopt neutral to slightly overweight portfolio duration, taking profits and raising cash. Corporate bonds are preferred for yield pick-up as well as stability over government bonds.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL PERIOD

For the financial period under review, the Fund registered a return of 1.23%* compared with its benchmark's return of 1.39%*, underperforming its benchmark return by 0.16%*. The Net Asset Value ("NAV") per unit of the Fund was RM0.7764 (28.02.2023: RM0.7670) as at 31 August 2023. The investment strategy and policy employed during the period under review were in line with the investment strategy and policy as stated in the prospectus.

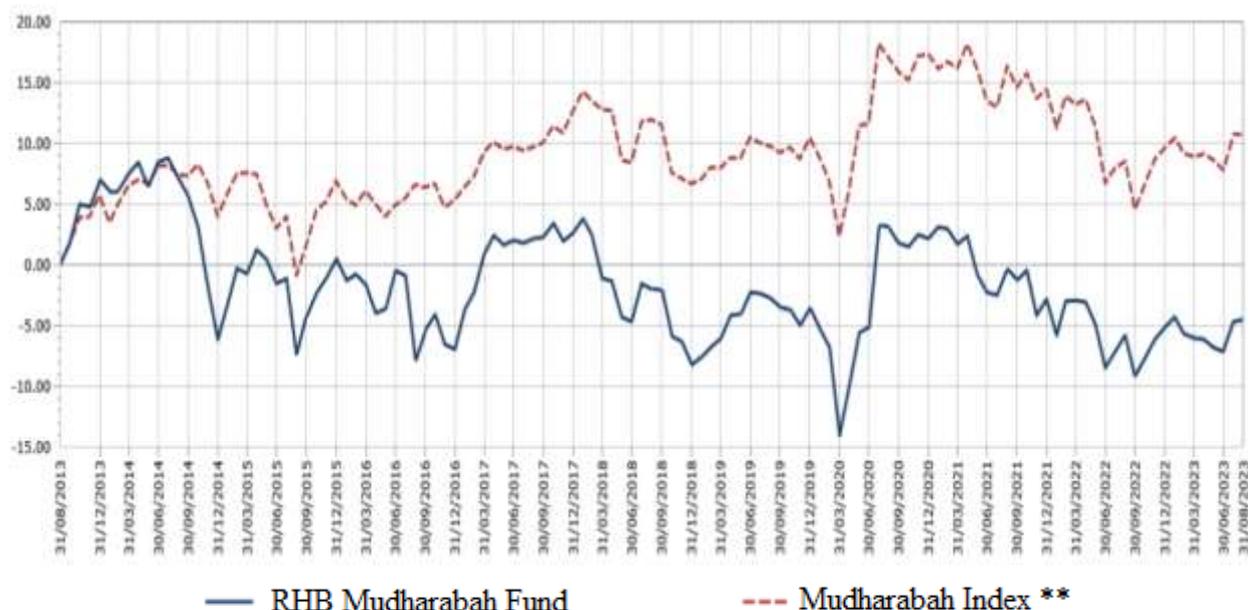
* *Source: Lipper Investment Management ("Lipper IM"), 12 September 2023*

PERFORMANCE DATA

	28.02.2023- 31.08.2023 %	Annual Total Returns Financial Year Ended 28/29 February				
		2023 %	2022 %	2021 %	2020 %	2019 %
RHB Mudharabah Fund						
- Capital Return	1.23	(2.74)	(5.79)	10.55	(0.01)	(9.05)
- Income Return	-	-	-	-	-	-
- Total Return	1.23	(2.74)	(5.79)	10.55	(0.01)	(9.05)
Mudharabah Index**	1.39	(4.14)	(2.40)	9.13	(1.03)	(4.66)

	Average Annual Returns			
	1 Year 31.08.2022- 31.08.2023 %	3 Years 31.08.2020- 31.08.2023 %	5 Years 31.08.2018- 31.08.2023 %	10 Years 31.08.2013- 31.08.2023 %
RHB Mudharabah Fund	1.36	(2.51)	(0.51)	(0.46)
Mudharabah Index**	(2.01)	(1.83)	(0.22)	1.02

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



Source: Lipper IM, 12 September 2023

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

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

** Effective 1 January 2016, the Fund’s composite benchmark (Mudharabah Index) was changed from weighted average of FBMS (50%) and Maybank Islamic Berhad’s 12 months general investment account-I (“GIA-I”) (50%) to weighted average of FBMS (50%) and Maybank Islamic Berhad’s 12 months IFD-I (50%). Effective from 30 September 2023, the performance of the Fund is benchmarked against the Weighted average of FTSE Bursa Malaysia Emas Shariah Index (“FBMS”) (50.00%) and RHB Islamic Bank Berhad’s 12-month Commodity Murabahah Deposit-i rate (50.00%). The Fund’s composite benchmark performance has been adjusted to reflect the new benchmark.

A combination of benchmark/composite benchmark has been used for the performance computation as follows:

From 9 May 1996 – 31 December 2015	Weighted average of FBMS (50%) and Maybank Islamic Berhad’s 12 months GIA-I (50%)
1 January 2016 onwards	Weighted average of FBMS (50%) and Maybank Islamic Berhad’s 12 months IFD-I (50%)
30 September 2023	Weighted average of FBMS (50%) and RHB Islamic Bank Berhad’s 12-month Commodity Murabahah Deposit-i rate (50.00%).

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 August 2023	As at 28/29 February		
		2023	2022	2021
Net Asset Value (RM million)	21.69	21.05	20.35	18.98
Units In Circulation (million)	27.94	27.45	25.81	22.67
Net Asset Value Per Unit (RM)	0.7764	0.7670	0.7886	0.8371

Historical Data	01.03.2023- 31.08.2023	Financial Year Ended 28/29 February		
		2023	2022	2021
Unit Prices				
NAV - Highest (RM)	0.7764	0.7961	0.8481	0.8543
- Lowest (RM)	0.7539	0.7305	0.7638	0.6670
Distribution and Unit Split	-	-	-	-
Others				
Total Expense Ratio (TER) (%) #	0.85	1.67	1.68	1.69
Portfolio Turnover Ratio (PTR) (times) ##	0.83	0.50	0.60	0.66

The TER for the financial period was consistent compared with the previous financial period.

The PTR for the financial period was higher with the previous financial period due to lower average net asset value during the financial period under review..

DISTRIBUTION

For the financial period under review, no distribution had been proposed by the Fund.

PORTFOLIO STRUCTURE

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

Sectors	As at	As at 28/29 February		
	31 August 2023	2023	2022	2021
	%	%	%	%
Quoted Shariah-Compliant Investments				
Construction	2.76	2.28	1.97	3.07
Consumer Products	1.94	3.74	4.11	3.03
Energy	1.13	7.01	3.77	3.42
Financial Services	2.40	2.19	2.73	1.51
Health Care	1.80	2.19	1.61	4.42
Industrial Products & Services	6.48	5.75	11.00	9.21
Plantation	3.62	5.55	7.22	5.02
Property	0.70	1.24	1.44	0.99
Technology	4.01	3.08	3.33	9.30
Telecommunications & Media	2.72	3.14	5.68	6.61
Transportation & Logistics	3.51	4.56	2.58	4.55
Utilities	2.67	4.66	4.46	3.97
	<hr/>	<hr/>	<hr/>	<hr/>
	33.74	45.39	49.90	55.10
Islamic collective investment scheme	2.41	0.50	-	-
Unquoted sukuk	53.39	48.74	39.41	39.84
Liquid assets and other net current assets	10.46	5.37	10.69	5.06
	<hr/>	<hr/>	<hr/>	<hr/>
	100.00	100.00	100.00	100.00

The asset allocations have been structured to meet the Fund's intended objective.

SECURITIES FINANCING TRANSACTIONS

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

CROSS TRADE

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

SOFT COMMISSION

Soft commissions were received by the management company for the financial period 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 MUDHARABAH FUND
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	<u>Note</u>	<u>31.08.2023</u> RM	<u>28.02.2023</u> RM
ASSETS			
Bank balances	5	1,893,939	1,604,174
Investments	6	19,426,119	19,922,963
Amount due from brokers		411,224	720,613
Dividend receivables		9,749	19,420
Tax recoverable		1,496	756
TOTAL ASSETS		<u>21,742,527</u>	<u>22,267,926</u>
LIABILITIES			
Amount due to brokers		-	1,171,129
Accrued management fee		27,433	24,490
Amount due to Trustee		1,646	1,469
Other payables and accruals		19,721	16,276
TOTAL LIABILITIES		<u>48,800</u>	<u>1,213,364</u>
NET ASSET VALUE		<u>21,693,727</u>	<u>21,054,562</u>
EQUITY			
Unit holders' capital		59,446,219	59,071,911
Accumulated losses		(37,752,492)	(38,017,349)
		<u>21,693,727</u>	<u>21,054,562</u>
UNITS IN CIRCULATION (UNITS)	8	<u>27,941,000</u>	<u>27,452,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7764</u>	<u>0.7670</u>

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

RHB MUDHARABAH FUND
UNAUDITED STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023

	<u>Note</u>	01.03.2023- 31.08.2023	01.03.2022- 31.08.2022
		RM	RM
INCOME / (LOSS)			
Dividend income		201,530	172,873
Profit from Islamic deposits with licensed financial institutions		17,442	28,693
Profit from unquoted sukuk		273,040	176,818
Net realised loss on disposal		(589,839)	(513,945)
Net unrealised gain/(loss) on changes in fair value		680,374	(260,523)
		<u>582,547</u>	<u>(396,084)</u>
EXPENSES			
Management fee	9	(160,097)	(153,900)
Trustee's fee	10	(9,606)	(9,234)
Audit fee		(4,714)	(4,714)
Tax agent's fee		(2,532)	(1,932)
Transaction costs		(138,165)	(19,080)
Other expenses		(2,576)	(2,842)
		<u>(317,690)</u>	<u>(191,702)</u>
Net income/(loss) before taxation		264,857	(587,786)
Taxation	11	-	-
Net income/(loss) after taxation		<u>264,857</u>	<u>(587,786)</u>
Net income/(loss) after taxation is made up of the following:			
Realised amount		(415,517)	(327,263)
Unrealised amount		680,374	(260,523)
		<u>264,857</u>	<u>(587,786)</u>

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

RHB MUDHARABAH FUND
UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023

	Unit holders’ capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 March 2022	57,816,686	(37,463,021)	20,353,665
Movement in net asset value:			
Net loss after taxation	-	(587,786)	(587,786)
Creation of units arising from applications	1,144,593	-	1,144,593
Cancellation of units	(169,282)	-	(169,282)
Balance as at 31 August 2022	<u>58,791,997</u>	<u>(38,050,807)</u>	<u>20,741,190</u>
Balance as at 1 March 2023	59,071,911	(38,017,349)	21,054,562
Movement in net asset value:			
Net income after taxation	-	264,857	264,857
Creation of units arising from applications	740,394	-	740,394
Cancellation of units	(366,086)	-	(366,086)
Balance as at 31 August 2023	<u>59,446,219</u>	<u>(37,752,492)</u>	<u>21,693,727</u>

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

RHB MUDHARABAH FUND
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023

	01.03.2023- 31.08.2023	01.03.2022- 31.08.2022
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceed from sale of Shariah-Compliant investments	17,912,214	3,414,935
Proceeds from redemption of Shariah-Compliant investments	-	1,000,000
Purchase of Shariah-Compliant investments	(18,298,914)	(4,485,169)
Dividend received	208,531	187,914
Profit received from unquoted sukuk	250,638	171,811
Profit received from Islamic deposits with licensed financial institutions	17,442	28,693
Management fee paid	(157,154)	(150,823)
Trustee's fee paid	(9,428)	(9,050)
Payment for other fees and expenses	(6,376)	(12,322)
Tax paid	(1,496)	-
Net cash (used in) /generated from operating activities	<u>(84,543)</u>	<u>145,989</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	740,394	1,144,593
Cash paid on units cancelled	<u>(366,086)</u>	<u>(226,655)</u>
Net cash generated from financing activities	<u>374,308</u>	<u>917,938</u>
Net increase in cash and cash equivalents	289,765	1,063,927
Cash and cash equivalents at the beginning of the financial period	<u>1,604,174</u>	<u>2,144,878</u>
Cash and cash equivalents at the end of the financial period	<u>1,893,939</u>	<u>3,208,805</u>

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

RHB MUDHARABAH FUND
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Mudharabah Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master deed (Shariah funds) dated 12 June 2008 as amended via its first supplemental master deed (Shariah funds) dated 19 June 2009, second supplemental master deed (Shariah funds) dated 18 November 2009, third supplemental master deed (Shariah funds) dated 23 November 2009, fourth supplemental master deed (Shariah funds) dated 13 April 2012, fifth supplemental master deed (Shariah funds) dated 28 May 2012, seventh supplemental master deed (Shariah funds) dated 30 April 2013, eighth supplemental master deed (Shariah funds) dated 24 September 2013, ninth supplemental master deed (Shariah funds) dated 2 March 2015, tenth supplemental master deed (Shariah funds) dated 20 May 2015 and eleventh supplemental master deed (Shariah funds) dated 9 March 2023 (collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and CIMB Islamic Trustee Berhad (“the Trustee”).

The Fund was launched on 9 May 1996 and will continue its operations until terminated according to the conditions provided in the Deeds.

The principal activity of the Fund is to invest in Permitted Investments as defined in the Deeds, which includes Shariah-compliant stocks and shares of companies listed on the Bursa Malaysia Securities Berhad (“Bursa Malaysia”), sukuk, Shariah-compliant collective investment schemes, Islamic money market instruments and any other form of investments as may be approved by the relevant authorities from time to time and acceptable under the Shariah principles.

The Fund’s activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah Adviser of the Fund.

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

The main objective of the Fund is to provide a balanced mix of income and potential for capital growth by investing in stocks listed on the Bursa Malaysia or on any other stock exchanges, unlisted stocks and sukuk and other non-interest bearing assets acceptable under principles of Shariah. The Fund’s activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah Adviser of the Fund.

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES (CONTINUED)

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

These financial statements were authorised for issue by the Manager on 23 October 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, except those as disclosed in 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 period. It also requires the Manager to exercise its judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ. There were no areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

- (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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets

Classification

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

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

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

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

Recognition and measurement

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

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

2. SUMMARY OF SIGNIFICANT 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 within net gain or losses on investments in the period in which they arise.

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

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

Quoted Shariah-compliant investments and Islamic 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 sukuk denominated in Ringgit Malaysia are revalued on a daily 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted sukuk 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.

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

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

Impairment of financial assets

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Write-off

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

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, 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 profit method.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Unit holders' capital

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

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

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

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

2.5 Income recognition

Dividend income from quoted Shariah-compliant investments and Islamic 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.

Profit income from Islamic deposits with licensed financial institutions and unquoted sukuk are recognised on an accrual basis using the effective profit method.

Profit income is calculated by applying the effective profit 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 profit 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 Shariah-compliant investments and Islamic collective investment scheme are arrived at after accounting for cost of investments, determined on the weighted average cost method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income recognition (continued)

Realised gain or loss on sale of unquoted sukuk is measured by the difference between the net disposal proceeds and the carrying amounts of the 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 period.

2.7 Cash and cash equivalents

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

2.8 Amount due from/to brokers

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

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

2.9 Presentation and functional currency

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Market risk

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

Price risk

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

The Fund is exposed to equity securities and Islamic collective investment scheme (other than those arising from profit rate risk) price risk for its investments of RM7,843,443 (28.02.2023: RM9,660,766) in quoted Shariah-compliant investments and Islamic collective investment scheme.

The Fund is also exposed to price risk arising from profit rate risk in relation to its investments of RM11,582,675 (28.02.2023: RM10,262,197) in unquoted sukuk. The Fund's exposure to price risk arising from profit rate risk and the related sensitivity analysis are disclosed in "Profit rate risk" below.

The sensitivity analysis is based on the assumption that the price of the quoted Shariah-compliant investments and Islamic 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 +/- RM579,134 (28.02.2023: RM513,110).

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Profit rate risk

In general, when profit rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when profit rates rise or are expected to rise. In order to mitigate profit 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 profit rate trend of the Manager, which is based on its continuous fundamental research and analysis.

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

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

<u>% Change in profit rate</u>	Impact on profit or loss and net asset value	
	<u>31.08.2023</u>	<u>28.02.2023</u>
	RM	RM
+1%	(32,184)	(28,411)
-1%	32,311	28,529

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

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

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

	Less than <u>1 month</u> RM	Between <u>1 month</u> to <u>1 year</u> RM
<u>31.08.2023</u>		
Accrued management fee	27,433	-
Amount due to Trustee	1,646	-
Other payables and accruals	-	19,721
	29,079	19,721
<u>28.02.2023</u>		
Amount due to brokers	1,171,129	-
Accrued management fee	24,490	-
Amount due to Trustee	1,469	-
Other payables and accruals	-	16,276
	1,197,088	16,276

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

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

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

	<u>Investments</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets*</u> RM	<u>Total</u> RM
<u>31.08.2023</u>				
AAA	4,835,520	-	-	4,835,520
AA-	1,969,628	-	-	1,969,628
AA1	528,963	1,893,939	-	2,422,902
AA3	2,139,211	-	-	2,139,212
A+	988,333	-	-	988,334
A1	606,105	-	-	606,105
A3	514,915	-	-	514,915
Other	-	-	420,973	420,973
	<u>11,582,675</u>	<u>1,893,939</u>	<u>420,973</u>	<u>13,897,589</u>
<u>28.02.2023</u>				
AAA	4,214,019	-	-	4,214,019
AA-	1,413,023	-	-	1,413,023
AA1	-	1,604,174	-	1,604,174
AA2	411,065	-	-	411,065
AA3	2,122,792	-	-	2,122,792
A+	987,743	-	-	987,743
A1	601,814	-	-	601,814
A3	511,741	-	-	511,741
Other	-	-	740,033	740,033
	<u>10,262,197</u>	<u>1,604,174</u>	<u>740,033</u>	<u>12,606,404</u>

* Comprise of amount due from brokers and dividend receivables.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Shariah specific risk

The risk that the investments do not conform to the principle of Shariah may result in those investments being not Shariah-compliant. Should the situation arise, necessary steps shall be taken to liquidate of such investments in accordance with the rules of divestment of Shariah non-compliant investments. If this occurs, the Fund could suffer losses from the liquidation and thus, adversely affecting the value of the Fund.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM59,446,219 (28.02.2023: RM59,071,911) and accumulated losses of RM37,752,492 (28.02.2023: RM38,017,349). 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 unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

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

The fair value of financial assets and liabilities traded in 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 period 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 period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

4. FAIR VALUE ESTIMATION (CONTINUED)

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

- (i) For bank balances and Islamic 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:

- 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>31.08.2023</u>				
Financial assets at FVTPL:				
- Quoted Shariah-compliant investments	7,321,643	-	-	7,321,643
- Islamic collective investment scheme	521,801	-	-	521,801
- Unquoted sukuk	-	11,582,675	-	11,582,675
	<u>7,843,444</u>	<u>11,582,675</u>	<u>-</u>	<u>19,426,119</u>

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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: (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>28.02.2023</u>				
Financial assets at FVTPL:				
- Quoted Shariah-compliant investments	9,555,613	-	-	9,555,613
- Islamic collective investment scheme	105,153	-	-	105,153
- Unquoted sukuk	-	10,262,197	-	10,262,197
	<u>9,660,766</u>	<u>10,262,197</u>	<u>-</u>	<u>19,922,963</u>

Investments in active listed equities, i.e. quoted Shariah-compliant investments and Islamic collective investment scheme whose value is based on quoted market prices in active markets are classified within Level 1. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted sukuk. 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>31.08.2023</u> RM	<u>28.02.2023</u> RM
Bank balances	<u>1,893,939</u>	<u>1,604,174</u>

6. INVESTMENTS

	<u>31.08.2023</u>	<u>28.02.2023</u>
	RM	RM
Investments:		
- Quoted Shariah-compliant investments	7,321,643	9,555,613
- Islamic collective investment scheme	521,801	105,153
- Unquoted sukuk	11,582,675	10,262,197
	<u>19,426,119</u>	<u>19,922,963</u>

Investments as at 31 August 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of</u> <u>Net Asset</u> <u>Value</u>
		RM	RM	%
QUOTED SHARIAH-COMPLIANT INVESTMENTS				
Construction				
Gamuda Berhad	48,500	217,353	218,250	1.01
IJM Corporation Berhad	71,500	106,914	126,554	0.58
Sunway Construction Group Berhad	132,700	217,004	253,457	1.17
		<u>541,271</u>	<u>598,261</u>	<u>2.76</u>
Consumer Products				
Berjaya Food Berhad	233,500	150,706	151,980	0.70
DRB-Hicom Berhad	186,400	279,116	268,416	1.24
		<u>429,822</u>	<u>420,396</u>	<u>1.94</u>
Energy				
Dialog Group Berhad	119,600	316,586	245,180	1.13
		<u>316,586</u>	<u>245,180</u>	<u>1.13</u>
Financial Services				
Bank Islam Malaysia Berhad	102,800	212,009	214,852	0.99
Syarikat Takaful Malaysia Keluarga Berhad	82,297	307,883	306,145	1.41
		<u>519,892</u>	<u>520,997</u>	<u>2.40</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 August 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)				
Health Care				
IHH Healthcare Berhad	36,200	212,866	215,390	0.99
Top Glove Corp Berhad	229,100	214,552	175,262	0.81
		427,418	390,652	1.80
Industrial Products & Services				
Cahaya Mata Sarawak Berhad	133,300	173,539	155,961	0.72
Kelington Group Berhad	74,000	107,936	111,000	0.51
Pantech Group Holdings Berhad	256,700	211,563	216,912	1.00
Petronas Chemicals Group Berhad	47,900	305,227	341,048	1.57
Press Metal Aluminium Holdings Berhad	44,800	214,950	217,280	1.00
Scientex Berhad	34,400	130,699	130,032	0.60
VS Industry Berhad	244,100	218,118	234,336	1.08
		1,362,032	1,406,569	6.48
Plantations				
IOI Corporation Berhad	52,300	223,800	210,769	0.97
Kuala Lumpur Kepong Berhad	9,500	214,976	204,630	0.94
Sime Darby Plantation Berhad	50,000	220,422	219,500	1.01
Ta Ann Holdings Berhad	41,700	154,286	151,371	0.70
		813,484	786,270	3.62
Property				
Sime Darby Property Berhad	206,600	129,879	151,851	0.70
		129,879	151,851	0.70

6. INVESTMENTS (CONTINUED)

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)				
Technology				
Genetec Technology Berhad	45,100	112,483	107,338	0.49
Globetronics Technology Berhad	150,500	220,768	239,295	1.10
Greatech Technology Berhad	47,600	224,396	214,200	0.99
Inari Amerton Berhad	73,600	213,991	231,840	1.07
Vitrox Corp Berhad	10,200	78,192	77,316	0.36
		<u>849,830</u>	<u>869,989</u>	<u>4.01</u>
Telecommunications & Media				
Axiata Group Berhad	83,700	220,518	197,532	0.91
Celcom Digi Berhad	24,700	107,648	108,186	0.50
Telekom Malaysia Berhad	55,700	288,349	284,070	1.31
		<u>616,515</u>	<u>589,788</u>	<u>2.72</u>
Transportation & Logistics				
MISC Berhad	46,400	321,622	334,080	1.54
Westports Holdings Berhad	122,400	424,434	428,400	1.97
		<u>746,056</u>	<u>762,480</u>	<u>3.51</u>
Utilities				
Taliworks Corporation Berhad	184,200	149,178	149,202	0.69
Tenaga Nasional Berhad	43,700	512,746	430,008	1.98
		<u>661,924</u>	<u>579,210</u>	<u>2.67</u>
TOTAL QUOTED SHARIAH - COMPLIANT INVESTMENT		<u>7,414,709</u>	<u>7,321,643</u>	<u>33.74</u>

6. INVESTMENTS (CONTINUED)

Investments as at 31 August 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
ISLAMIC COLLECTIVE INVESTMENT SCHEME				
Real Estate Investment Trusts				
Axis Real Estate Investment Trust	113,867	216,728	212,931	0.98
KLCCP Stapled Group	46,100	314,082	308,870	1.43
TOTAL ISLAMIC COLLECTIVE INVESTMENT SCHEME		530,810	521,801	2.41

6. INVESTMENTS (CONTINUED)

Investments as at 31 August 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 SUKUK					
5.60% BGSM Management Sdn Bhd 27/12/2023	AA3	500,000	506,702	507,716	2.34
5.30% Cenergi Sea Bhd IMTN 23/12/2026	A1	600,000	607,872	606,105	2.79
5.08% DRB-Hicom Bhd IMTN 30/08/2030	A+	500,000	514,566	502,329	2.32
5.05% DRB-Hicom Bhd IMTN 06/08/2031	A+	500,000	503,332	486,004	2.24
5.79% Edra Energy Sdn Bhd IMTN 03/01/2025	AA3	250,000	260,498	258,205	1.19
6.55% Edra Energy Sdn Bhd IMTN 04/01/2036	AA3	500,000	554,659	590,614	2.72
0% Jimah Energy Ventures Sdn Bhd IMTN 10/11/2023	AA3	250,000	260,615	260,285	1.20
5.95% Lebuhraya Duke Fasa 3 Sdn Bhd IMTN 23/08/2034	AA-	300,000	330,731	315,512	1.45
3.60% Malaysia Airports Holdings Bhd IMTN 06/11/2030	AAA	1,700,000	1,651,291	1,668,976	7.69
5.25% MBSB BANK IMTN 19/12/2031	A3	500,000	511,465	514,915	2.37

6. INVESTMENTS (CONTINUED)

Investments as at 31 August 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 SUKUK (CONTINUED)					
6.40% MEX II Sdn Bhd IMTN 28/04/2034	D**	500,000	534,315	-	-
4.830% MMC Port Holding Sdn Bhd IMTN 08/04/2032	AA-	600,000	611,433	625,612	2.88
5.09% Malaysian Resources Corporation Bhd IMTN 18/10/2028	AA-	500,000	501,753	511,913	2.36
3.090% Pengerang LNG (TWO) Sdn Bhd IMTN 21/10/2031	AAA	500,000	458,204	470,575	2.19
4.96% Perusahaan Otomobil Nasional Sdn Bhd IMTN 28/12/2028	AA3	500,000	504,416	522,391	2.41
5.08% Petroleum Sarawak Exploration & Production Sdn Bhd IMTN 11/11/2027	AAA	1,00,000	1,033,355	1,054,957	4.86
5.110% SPETCHEM IMTN 25/07/2031	AAA	500,000	502,520	533,565	2.46
5.230% Tenaga IMTN 30/06/2037	AAA	1,000,000	1,029,064	1,107,447	5.10
5.65% WCT IMTN 20/04/2026	AA-	500,000	515,250	516,591	2.38

6. INVESTMENTS (CONTINUED)

Investments as at 31 August 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 SUKUK (CONTINUED)					
4.88% YTL Power International Berhad 20/03/2030	AA1	500,000	512,120	528,963	2.44
TOTAL UNQUOTED SUKUK			11,904,161	11,582,675	53.39
TOTAL INVESTMENTS			19,849,680	19,426,119	89.54

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS				
Construction				
Gamuda Berhad	31,936	109,128	134,131	0.64
IJM Corporation Berhad	103,100	156,152	165,991	0.79
Muhibbah Engineering (M) Berhad	279,200	216,492	178,688	0.85
		<u>481,772</u>	<u>478,810</u>	<u>2.28</u>
Consumer Products				
MBM Resources Berhad	93,200	310,551	366,276	1.74
Padini Holdings Berhad	53,900	211,304	210,210	1.00
PPB Group Berhad	12,000	206,640	210,000	1.00
		<u>728,495</u>	<u>786,486</u>	<u>3.74</u>
Energy				
Dayang Enterprise Holdings Berhad	217,400	261,218	306,534	1.45
Dialog Group Berhad	225,600	655,314	507,600	2.41
Hibiscus Petroleum Berhad	300,100	334,567	321,107	1.52
Wah Seong Corporation Berhad	398,100	318,493	346,347	1.63
		<u>1,569,592</u>	<u>1,481,588</u>	<u>7.01</u>
Financial Services				
Bank Islam Malaysia Berhad	83,800	243,856	190,226	0.90
Syarikat Takaful Malaysia Berhad	82,297	307,884	272,403	1.29
		<u>551,740</u>	<u>462,629</u>	<u>2.19</u>

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 2023 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net</u> <u>Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)				
Health Care				
Hartalega Holdings Berhad	103,100	198,766	151,557	0.72
IHH Healthcare Berhad	53,300	314,728	308,607	1.47
		513,494	460,164	2.19
Industrial Products & Services				
Cahaya Mata Sarawak Berhad	326,500	425,059	385,270	1.83
PA Resources Berhad	444,300	151,684	142,176	0.68
Scientex Berhad	59,300	213,901	214,666	1.02
Sunway Berhad	175,200	298,118	285,576	1.36
Thong Guan Industries Berhad	78,900	206,583	181,470	0.86
		10,152,010	9,555,613	45.39
Plantations				
IOI Corporation Berhad	97,400	424,209	373,042	1.77
Kuala Lumpur Kepong Berhad	9,100	202,318	189,280	0.90
Sime Darby Plantation Berhad	96,000	436,332	406,080	1.93
TSH Resources Berhad	193,200	219,179	198,996	0.95
		1,282,038	1,167,398	5.55
Property				
Sime Darby Property Berhad	545,900	346,798	262,032	1.24
Technology				
Elsoft Research Berhad	145,900	140,039	84,622	0.40
Frontken Corporation Berhad	33,000	105,917	103,290	0.49
Globetronics Technology Berhad	225,200	277,961	245,468	1.17
Greatech Technology Berhad	42,800	212,532	214,000	1.02
		736,449	647,380	3.08

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 2023 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of</u> <u>Net Asset</u> <u>Value</u> %
QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)				
Telecommunications & Media				
Axiata Group Berhad	60,800	247,104	192,736	0.92
Telekom Malaysia Berhad	92,800	377,874	466,784	2.22
		624,978	659,520	3.14
Transportation & Logistics				
MISC Berhad	71,500	491,472	540,540	2.57
Tasco Berhad	213,600	216,932	193,308	0.92
Westports Holdings Berhad	60,900	209,514	225,330	1.07
		917,918	959,178	4.56
Utilities				
Gas Malaysia Berhad	66,400	202,230	219,784	1.04
Taliworks Corporation Berhad	311,300	252,112	277,057	1.32
Tenaga Nasional Berhad	51,700	649,049	484,429	2.30
		1,103,391	981,270	4.66
TOTAL QUOTED SHARIAH-COMPLIANT INVESTMENTS		10,152,010	9,555,613	45.39
ISLAMIC COLLECTIVE INVESTMENT SCHEME				
REAL ESTATE INVESTMENT TRUST				
Axis Real Estate Investment Trust	54,767	104,640	105,153	0.50
TOTAL ISLAMIC COLLECTIVE INVESTMENT SCHEME		104,640	105,153	0.50

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 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 SUKUK					
5.60% BGSM Management Sdn Bhd 27/12/2023	AA3	500,000	509,254	511,948	2.43
5.30% Cenergi Sea Berhad IMTN 23/12/2026	A1	600,000	607,950	601,814	2.86
5.08% DRB-Hicom Berhad IMTN 30/08/2030	A+	500,000	514,461	501,956	2.38
5.05% DRB-Hicom Berhad IMTN 06/08/2031	A+	500,000	503,211	485,787	2.31
5.79% Edra Energy Sdn Bhd IMTN 03/01/2025	AA3	250,000	263,373	259,019	1.23
6.55% Edra Energy Sdn Bhd IMTN 04/01/2036	AA3	500,000	555,800	570,235	2.71
0.00% Jimah Energy Venture Berhad IMTN 10/11/2023	AA3	250,000	268,637	267,154	1.27
5.95% Lebuhraya Duke Fasa 3 Sdn Bhd IMTN 23/08/2034	AA-	300,000	331,636	302,798	1.44
3.60% Malaysia Airports Holdings Berhad IMTN 06/11/2030	AAA	1,700,000	1,646,909	1,618,134	7.68

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 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 SUKUK (CONTINUED)					
5.75% Malaysia Airports Holdings Berhad IMTN 06/11/2030	AA2	400,000	409,743	411,065	1.95
5.25% MBSB Bank IMTN 19/12/2031	A3	500,000	512,192	511,741	2.43
6.40% MEX II Sdn Bhd IMTN 28/04/2034	D**	500,000	534,314	-	-
4.83% MMC Port IMTN 08/04/2032	AA-	600,000	611,195	607,547	2.89
5.09% Malaysian Resources Corporation Berhad IMTN 18/10/2028	AA-	500,000	500,966	502,678	2.39
3.09% Pengerang LNG (Two) Sdn Bhd IMTN 21/10/2031	AAA	500,000	455,887	458,325	2.18
4.96% Perusahaan Otomobil Nasional Sdn Bhd IMTN 28/12/2028	AA3	500,000	504,280	514,436	2.44
5.08% Petroleum Sarawak Exploration & Production Sdn Bhd IMTN 11/11/2027	AAA	500,000	508,658	526,315	2.50

6. INVESTMENTS (CONTINUED)

Investments as at 28 February 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 SUKUK (CONTINUED)					
5.11% Sarawak Petchem Sdn Bhd IMTN 25/07/2031	AAA	500,000	502,310	530,565	2.52
5.23% Tenaga Nasional Berhad IMTN 30/06/2037	AAA	1,000,000	1,029,283	1,080,680	5.13
TOTAL UNQUOTED SUKUK			10,770,059	10,262,197	48.74
TOTAL INVESTMENTS			21,026,709	19,922,963	94.63

** 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, Sukuk holders 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, Sukuk holders 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 RM1.38 billion became immediately due and payable to Sukuk holders. Resolutions for the Trustee to declare an Event of Default and to subsequently appoint a receiver were passed by Sukuk holders earlier. Sukuk holders 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 Sukuk holders) to seek leave of Court to proceed with enforcement/appointment of a receiver during the automatic moratorium period.

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

6. INVESTMENTS (CONTINUED)

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

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.

Notwithstanding the Appeals that set for hearing in May 2023, the R&M is still entitled to carry out its duties and exercise all powers of an R&M.

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. However, on 15 Jun 2023, MEX II filed Motions to Appeal to Federal Court. A hearing has been set for 26 Sep 2023. Notwithstanding this, the R&M is still entitled to carry out its duties and exercise all powers of an R&M. The R&M continues to work on a restructuring proposal for MEX II.

7. SHARIAH INFORMATION OF THE FUND

The following are the Shariah information of the Fund.

(a) Investment Portfolio

The Shariah Adviser has confirmed that investment portfolio of the Fund is Shariah-compliant, which comprises:

- (i) Equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission of Malaysia;
- (ii) Sukuk as listed in the list of approved sukuk issued by the Securities Commission of Malaysia; and
- (iii) Investment or cash placements in Islamic liquid assets in local market, including Islamic money market, Islamic deposits with Islamic financial institutions, Islamic structured products, Islamic financial derivatives and/or Islamic collective investment schemes.

8. UNITS IN CIRCULATION

	<u>31.08.2023</u>	<u>28.02.2023</u>
	Units	Units
At the beginning of the financial period/year	27,452,000	25,809,000
Creation of units arising from application during the financial period/year	968,000	2,318,000
Cancellation of units during the financial period/year	(479,000)	(675,000)
At the end of the financial period/year	<u>27,941,000</u>	<u>27,452,000</u>

9. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.50% (01.03.2022 – 31.08.2022: 1.50%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period.

10. TRUSTEE'S FEE

In accordance with the Prospectus, Trustee's fee provided in the financial statements is 0.09% (01.03.2022 – 31.08.2022: 0.09%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period.

11. TAXATION

(a) Tax charge for the financial period

	<u>01.03.2023-</u> <u>31.08.2023</u>	<u>01.03.2022-</u> <u>31.08.2022</u>
	RM	RM
Current taxation	<u>-</u>	<u>-</u>

(b) Numerical reconciliation of income tax expense

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

	<u>01.03.2023-</u> <u>31.08.2023</u>	<u>01.03.2022-</u> <u>31.08.2022</u>
	RM	RM
Net income/(loss) before taxation	<u>264,857</u>	<u>(587,786)</u>
Tax calculated at statutory income tax rate of 24%	63,566	(141,069)
Tax effects of:		
- Loss not deductible for tax purpose	36,690	95,060
- Expenses not deductible for tax purposes	(139,811)	7,942
- Restriction on tax deductible expenses	39,555	38,067
Tax expense	<u>-</u>	<u>-</u>

12. TOTAL EXPENSE RATIO (“TER”)

	<u>01.03.2023-</u> <u>31.08.2023</u> %	<u>01.03.2022-</u> <u>31.08.2022</u> %
TER	<u>0.85</u>	<u>0.85</u>

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

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>01.03.2023-</u> <u>31.08.2023</u>	<u>01.03.2022-</u> <u>31.08.2022</u>
PTR (times)	<u>0.83</u>	<u>0.26</u>

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

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

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

	<u>31.08.2023</u>		<u>28.02.2023</u>	
	Units	RM	Units	RM
The Manager	1,456	1,130	1,645	1,262
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>51,804</u>	<u>40,221</u>	<u>51,804</u>	<u>39,734</u>

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

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

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

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

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

15. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial period ended 31 August 2023 are as follows:

<u>Brokers/financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
RHB Investment Bank Berhad*	12,927,395	37.22	39,285	44.10
Affin Hwang Investment Bank Berhad	5,471,225	15.75	16,414	18.42
CSG-CIMB Securities Sdn Bhd	4,845,788	13.95	14,537	16.32
Maybank Investment Bank Berhad	2,484,394	7.15	7,453	8.37
RHB Investment Bank Berhad*	2,441,845	7.03	-	-
UOB Kay Hian Securities (M) Sdn Bhd	1,602,638	4.62	3,220	3.61
Nomura Securities Malaysia Sdn Bhd	1,460,351	4.2	2,921	3.28
MIDF Amanah Investment Bank Berhad	1,191,078	3.44	3,577	4.01
Bank Islam Malaysia Berhad	1,013,000	2.92	-	-
Hong Leong Investment Bank Berhad	684,833	1.98	1,370	1.54
Others	606,531	1.74	315	0.35
	<u>34,729,078</u>	<u>100.00</u>	<u>89,092</u>	<u>100.00</u>

15. TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial year ended 28 February 2023 are as follows:

<u>Brokers/financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
RHB Investment Bank Berhad*	11,332,449	56.67	13,818	41.72
MIDF Amanah Investment Bank Berhad	1,627,238	8.14	4,882	14.74
Maybank Investment Bank Berhad	1,295,623	6.48	3,887	11.74
Affin Hwang Investment Bank Berhad	1,180,709	5.90	3,542	10.70
MBSB Bank Berhad	884,150	4.42	-	-
CIMB Investment Bank Berhad	866,870	4.33	2,600	7.85
KAF Investment Bank Berhad	763,262	3.82	2,290	6.91
Hong Leong Investment Bank Berhad	525,027	2.63	1,050	3.17
CIMB Bank Berhad	500,000	2.50	-	-
Hong Leong Bank Berhad	496,500	2.48	-	-
Others	525,159	2.63	1,050	3.17
	<u>19,996,987</u>	<u>100.00</u>	<u>33,119</u>	<u>100.00</u>

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

16. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>31.08.2023</u>	<u>28.02.2023</u>
	RM	RM
Financial assets		
Financial assets at FVTPL		
• Quoted Shariah-compliant investments	7,321,644	9,555,613
• Islamic collective investment scheme	521,801	105,153
• Unquoted sukuk	11,582,675	10,262,197
	<u>19,426,120</u>	<u>19,922,963</u>
Financial assets at amortised cost		
• Bank balances	1,893,939	1,604,174
• Amount due from brokers	411,224	720,613
• Dividend receivables	9,749	19,420
	<u>2,314,912</u>	<u>2,344,207</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to brokers	-	1,171,129
• Accrued management fee	27,433	24,490
• Amount due to Trustee	1,646	1,469
• Other payables and accruals	19,721	16,276
	<u>48,800</u>	<u>1,213,364</u>

**STATEMENT BY MANAGER
RHB MUDHARABAH FUND**

We, Dato' Darawati Hussain and Syed Ahmad Taufik Albar, 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 unaudited statement of financial position, unaudited statement of income and expenses, unaudited statement of changes in net asset value, unaudited 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 August 2023 and of its financial performance and cash flows for the financial period then ended and comply with the provisions of the Deeds.

On behalf of the Manager,

Dato' Darawati Hussain
Director

Syed Ahmad Taufik Albar
Director

23 October 2023

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial period ended 31 August 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 period covered by these financial statements in accordance with the following:

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

For and on behalf of
CIMB Islamic Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
23 October 2023

REPORT OF THE SHARIAH ADVISER RHB MUDHARABAH FUND

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

We have acted as the Shariah Adviser of the Fund. Our responsibility is to ensure that the procedures and processes employed by RHB Asset Management Sdn Bhd (“the Manager”) and that the provisions of the Deeds are in accordance with Shariah principles.

To the best of our knowledge, after having made all reasonable enquiries, the Manager has operated and managed the Fund in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial period ended 31 August 2023.

In addition, we also confirm that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant.

I, Azizi Che Seman, hereby confirm that all members of the Shariah Committee have been consulted and made aware of all the Shariah issues in relation to this report.

For and on behalf of Shariah Committee of RHB Islamic Bank Berhad
(Company No: 200501003283)

Azizi Che Seman
Chairman
Shariah Committee of RHB Islamic Bank Berhad
23 October 2023

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

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

PRINCIPAL AND BUSINESS OFFICE

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

Email Address : rhbam@rhbgroup.com

Tel: 03 – 9205 8000

Fax: 03 – 9205 8100

Website: www.rhbgroup.com

BOARD OF DIRECTORS

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

(*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*)

Mohd Farid Bin Kamarudin (*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

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

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No. 0008413)

BRANCH OFFICE

Shah Alam Office	B-3-1, 1st Floor Jalan Serai Wangi G16/G, Alam Avenue Persiaran Selangor, Section 16 40200 Shah Alam Tel: 03-5523 1909 Fax: 03-5524 3471
Sri Petaling Office	Level 1 & 2, No 53 Jalan Radin Tengah Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel: 03-9054 2470 Fax: 03-9054 0934
Batu Pahat Office	53, 53-A and 53-B Jalan Sultanah 83000 Batu Pahat, Johor Tel: 07-438 0271/ 07-438 0988 Fax: 07-438 0277
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	<p>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</p> <p>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</p>
Kota Bharu Office	<p>Ground Floor, No 3486-G Jalan Sultan Ibrahim 15050 Kota Bharu, Kelantan Tel: 09-740 6891 Fax: 09-740 6890</p>
Kota Kinabalu Office	<p>Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu Sabah Tel: 088-528 686/088-528 692 Fax: 088-528 685</p>
Melaka Office	<p>581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211/ 06-281 4110 Fax: 06-292 2212</p>
Penang Office	<p>3rd Floor, 44 Lebuhr Pantai 10300 Georgetown, Penang Tel: 04-264 5639 Fax: 04-264 5640</p>
Prai Office	<p>No 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528</p>

EXTERNAL INVESTMENT MANAGER	RHB Islamic International Asset Management Berhad
TRUSTEE	CIMB Islamic 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 RHB Islamic Bank Berhad CIMB Bank Berhad CIMB Islamic Bank Berhad CIMB Private Banking Genexus Advisory Sdn Bhd HSBC Amanah Malaysia Berhad HSBC Bank Malaysia Berhad iFAST Capital Sdn Bhd Kenanga Investors Berhad OCBC Al-Amin Bank Berhad OCBC Bank (Malaysia) Berhad Phillip Mutual Berhad Standard Chartered Bank Malaysia Berhad Standard Financial Adviser Sdn Bhd United Overseas Bank (Malaysia) Berhad UOB Kay Hian Securities (M) Sdn Bhd

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