

ANNUAL REPORT
FORTRESS FOCUS SELECT ASIA
FUND
30 JUNE 2023

FORTRESS FOCUS SELECT ASIA FUND

Annual Report and Audited Financial Statements
For the Financial Year Ended 30 June 2023

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FORTRESS FOCUS SELECT ASIA FUND

CORPORATE INFORMATION

MANAGER

Fortress Capital Asset Management (M) Sdn Bhd
Unit 19.08, Plaza 138,
Jalan Ampang,
50450 Kuala Lumpur
Tel: 03-2162 1622
Fax: 03-2166 1622

TRUSTEE

CIMB Commerce Trustee Berhad
Level 21, Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470, Kuala Lumpur
Tel: 03 – 2261 8888
Fax: 03 – 2261 9889

AUDITORS & REPORTING ACCOUNTANTS

Crowe Malaysia PLT
Level 16 Tower C, Megan Avenue II,
No.12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur
Tel: 03 2788 9999
Fax: 03 2788 9998

TAX ADVISERS/AGENTS

Crowe KL Tax Sdn Bhd
C15-5 Level 15 Tower C, Megan Avenue II,
No.12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur
Tel: 03 2788 9898
Fax: 03 2788 9899

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

| | | |
|---------------|---|---------------------------------|
| Fund Name | - | Fortress Focus Select Asia Fund |
| Fund Category | - | Equity |
| Fund Type | - | Growth Fund |

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to provide Medium to Long Term returns by investing in listed equities in Asia (excluding Japan and India).

Investment Strategy

The Fund aims to achieve its objective by investing a minimum of 70% of the NAV of the Fund in equities of listed Non-Financial Companies in Asia (excluding Japan and India). The remaining balance of the Fund's NAV will be invested in Liquid Assets.

The Fund's stock selection process considers equities for inclusion based upon a bottom-up research process that focuses on specific fundamentals of a company, with its peers and within its industry. This systematic research approach focuses on the following factors during the Fund's selection process:

Fundamentals – bottom-up analysis of a company's operational, financial performance and competitive position.

Valuations – measures absolute and relative valuation of a company to determine its current worth in determining whether it is undervalued ("cheap") or overvalued ("expensive") relative to its peers in the sector.

Momentum – focuses on a company's earnings and stock price direction which help to indicate the likelihood of movement in price direction.

Risk – active risk monitoring by considering a company's potential to provide a stable return and/or high dividend, which contributes to overall long-term performance.

The Fund invests in Asia's equity markets including but not limited to both developed markets (Hong Kong, Korea, Singapore and Taiwan) and emerging markets (China, Indonesia, Philippines, Malaysia and Thailand), but excludes Japan and India.

Each quarter, the Manager reviews and re-evaluates the investible universe based on both volume of trading and size. The Fund's focus is on companies with more than USD1,000,000 in average daily turnover and USD250,000,000 market capitalization.

Save for the financial sectors, the Fund shall invest in, but not limited to, companies in the following sectors:

- consumer discretionary,
- consumer staples,
- energy,
- health care,
- industrials,
- information technology,
- materials,
- real estate,
- telecommunications and
- utilities sectors.

When investing in foreign markets which require prior permission or approval such as in the form of an investment license or investor code or investor registration, the Fund should obtain such necessary permission or approval in order to invest in such markets.

Temporary Defensive Position

The Manager may take temporary defensive positions that may be inconsistent with the Fund's investment strategy in attempting to respond to adverse market, political or economic conditions. Under such situations, the Fund may hold up to all of the Fund's NAV in Liquid Assets. The defensive positions may be adopted for a time period as the Manager considers appropriate in consultation with the Trustee.

The asset allocation of the Fund will be as follows:-

- A minimum of 70% of the NAV of the Fund will be invested in equities.
- The remaining balance of the Fund's NAV will be invested in Liquid Assets.

Performance Benchmark

The performance of the Fund is benchmark against MSCI Asia ex-Japan Index. Risk profile of the Fund is different from the risk profile of the reference benchmark.

Permitted Investments, Investment Restrictions and Limits

Unless otherwise prohibited by the relevant authorities or any relevant laws and provided always that there is no inconsistency with the investment objective of the Fund, the Fund will invest in the following permitted investments:

- (1) Listed equities;
- (2) Money market instruments;
- (3) Deposits;
- (4) Collective investment schemes; and
- (5) Any other investments which are in line with the Fund's objective.

Investment Restrictions and Limits

The Fund is subject to the following investment restrictions and limits:

- The Fund shall only invest in Non-Financial Companies; and
- The Fund shall not invest more than 40% of its NAV in any one country or sector.

The above restrictions and limits must be complied with at all times based on the most up-to-date value of the Fund and value of the investments. However, a 5% allowance in excess of any limit or restriction is permitted where the limit or restriction is breached through the appreciation or depreciation of the Fund's NAV either as a result of an appreciation or depreciation in the value of the investments, or as a result of redemption of Units or payment made from the Fund. The Manager will not make any further acquisitions to which the relevant limit or restriction is breached. The Manager will take all the necessary step and actions to rectify such breach within a reasonable period of not more than ninety (90) days from the date of the breach.

Distribution Policy

The distribution is subject to availability of income and the distribution will be made on an annual basis. The source of income, if any, for the purpose of distribution shall be derived from realised income and or gain.

FUND PERFORMANCE DATA

| | Year Ended 30 June 2023 | Year Ended 30 June 2022 | Year Ended 30 June 2021 |
|--|-------------------------------|-------------------------------|-------------------------------|
|--|-------------------------------|-------------------------------|-------------------------------|

PORTFOLIO COMPOSITION (% OF NAV)

| | | | |
|------------------|--------|--------|--------|
| Equities | - | 97.20 | 98.90 |
| Liquidity | 100.00 | 2.80 | 1.10 |
| Total Investment | 100.00 | 100.00 | 100.00 |

| | | | |
|---|-------|-----------|-----------|
| Total Net Asset Value (USD) | 4,356 | 1,150,457 | 1,587,670 |
| Units In Circulation Class C (USD) | - | 2,746,498 | 2,746,498 |
| Net Asset Value Per Unit (USD) – Class C USD | - | 0.4189 | 0.5781 |
| Management Fee Ratio (%) | 0.92 | 1.00 | 1.00 |
| Performance Fee Ratio (%) | - | - | 0.39 |
| Other Expenses Ratio (%) * | 2.47 | 1.12 | 2.31 |
| Total Expense Ratio (TER) (%) | 3.40 | 2.12 | 3.70 |
| Portfolio Turnover Ratio (PTR) (times) | 1.79 | 3.04 | 2.39 |

*Other Expenses include Trustee Fee, Custodian Fee, Audit Fee, Tax Agent Fee and others.

UNIT PRICES FUND CLASS C (USD)

| | | | |
|-----------------------------------|--------|--------|--------|
| NAV Per Unit | - | 0.4189 | 0.5781 |
| Highest NAV Per Unit for the Year | 0.4710 | 0.5774 | 0.5783 |
| Lowest NAV Per Unit for the Year | 0.4107 | 0.4172 | 0.5133 |

TOTAL RETURN OF THE FUND CLASS C (USD) SINCE INCEPTION (%)

| FYE 30 June 2023** | FYE 30 June 2022 | FYE 30 June 2021 | FYE 30 June 2020 | FYE 30 June 2019 |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| (9.30) | (16.22) | 15.62 | 7.32 | 11.02 |

ANNUAL TOTAL RETURN CLASS C (USD) (%)

| FYE 30 June 2023** | FYE 30 June 2022 | FYE 30 June 2021 | FYE 30 June 2020 | FYE 30 June 2019 |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| 8.26 | (27.54) | 7.73 | (3.33) | (8.61) |

AVERAGE TOTAL RETURN CLASS C (USD) (%)

| 5 Years (1/7/18 – 19/1/23) | 3 Years (1/7/20 – 19/1/23) | 1 Year (1/7/22 – 19/1/23) | Since Commencement (18/5/16 – 19/1/23) |
|-------------------------------|-------------------------------|------------------------------|---|
| 1.69 | (3.30) | (9.30) | 5.91 |

Note: Past performance is not necessarily a guarantee to future performance. The unit prices and investment returns may go down, as well as up.

** As at 19 January 2023, the Fund was fully redeemed by unit holders. Therefore, the return of the Fund until 19th January 2023 instead of 30th June 2023.

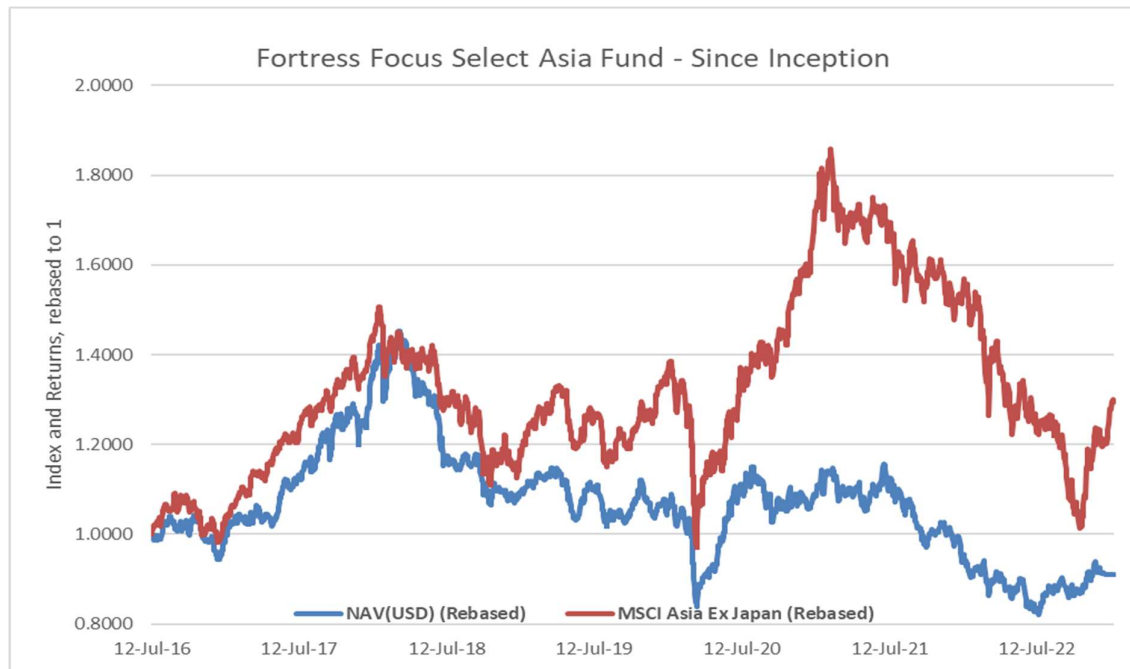
FORTRESS FOCUS SELECT ASIA FUND

MANAGER'S REPORT

Fund Performance Review

Net Asset Value (NAV) per unit of the Fund was USD0.4535 as at 19 Jan 2023, compared to USD0.4189 as at 30 Jun 2022. As at 19 January 2023, the Fund was fully redeemed by unit holders. The Fund's performance for year under review was attributable to good performance of the stocks in Southeast Asia markets such as Indonesia, Thailand and Philippines.

Below is the Fund's performance since inception:



*Inception Date = 12-Jul-16; Full Redemption Date = 19-Jan-23

For the period 1 Jul 2022 to 19 Jan 2023, the Fund registered a return of +8.26%, compared to the benchmark return of +2.24%.

Since inception, the Fund registered a return of -9.30%.

| Annual Return | | Ending NAV per unit |
|----------------------------|---------|---------------------|
| 12 Jul 2016 to 30 Jun 2017 | 11.46% | USD0.5573 |
| 1 Jul 2017 to 30 Jun 2018 | 8.99% | USD0.6074 |
| 1 Jul 2018 to 30 Jun 2019 | -8.61% | USD0.5551 |
| 1 Jul 2019 to 30 Jun 2020 | -3.33% | USD0.5366 |
| 1 Jul 2020 to 30 Jun 2021 | 7.73% | USD0.5781 |
| 1 Jul 2021 to 30 Jun 2022 | -27.54% | USD0.4189 |
| 1 Jul 2022 to 19 Jan 2023 | 8.26% | USD0.4535 |

The Fund's benchmark is MSCI Asia ex Japan Index

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MANAGER'S REPORT (CONT'D)

Unit Distribution/Split

There were no distribution or unit split during year under review.

Strategy employed and portfolio composition.

During year under review, the Fund's country allocation was tilted towards Southeast Asia markets. The strategy was bottom-up stock picks with focus on Fundamentals, Momentum, Valuation and Risk as selection criteria. This is in line with the strategy disclosed in the prospectus.

As at 19 January 2023, the Fund was fully redeemed by unit holders and has zero weight in equities.

Market Review

Global equity markets returned mixed for the year under review with Asia markets underperforming developed markets in the West, as Hong Kong and China markets were sold down by investors due to prolonged movement restrictions during pandemic, continuous regulatory crackdowns and geopolitical tensions.

U.S. markets stabilized in the the second half of the year 2022, after dropping by more than 20% in the first half of that year. Despite inflation peaked in June 2022, U.S. Federal Reserve (Fed) continued to raise interest rate aggressively with a total of 425 basis point hike for the year 2022. The Fed was committed to bring the inflation to the comfort level of about 2%. During year under review, U.S. job market remained resilient with unemployment rate staying below 4%.

In Asia, markets generally performed mixed with China's economy continued to experience slow down after reopening in the beginning of the year 2023. Asia exports were generally affected as demand from the West dwindled. For the year under review, Hang Seng Index and Kospi index returned -13.46% and +9.93% respectively.

Southeast Asia economy generally slowed down after rebounding strongly when movement restrictions were lifted. The exports were dragging the economy as external demand slowed down and the reopening of the China has yet to have meaningful contribution to the regional economy. U.S. dollar continued to gain strength against Southeast Asia' currencies due to the hawkish tone of the Fed. As a result, foreign fund flow continued to exit the equity markets. During the year under review, FTSE Bursa Malaysia Kuala Lumpur Composite Index (KLCI), Straits Times Index (STI), Stock Exchange of Thailand (SET) and Jakarta Composite Index (JCI) returned -4.7%, +3.3%, -4.2% and -3.6% respectively.

Going forward, U.S. Fed is likely to maintain the tightening policy until inflation is brought down to a more comfortable level. This might slowdown the economy further in the second half of the year 2023. China's economy is likely to pick up in the second half of the year 2023 as stimulus measures roll out. For Southeast Asia, economic growth is likely to slowdown in the year 2023 due to slower external demand, and the economic growth would rely on domestic demand. Having said that, most the negatives are largely priced in, with the equity markets trading at attractive valuations.

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MANAGER'S REPORT (CONT'D)

Others

For year under review:

- i) the fund did not undertake any securities lending or repurchase transactions.
- ii) there were no significant changes in the state of affairs of the fund.
- iii) there were no changes made to the fund's prospectus.
- iv) there were no circumstances which materially affect interest of unit holders.
- v) there were no cross trade transactions.

Soft Commissions received from Brokers

As per the requirements of the Securities Commission's Guidelines on Unit Trust Funds and Guidelines on Compliance Function for Fund Management Companies, soft commissions received from brokers/dealers may be retained by the management company only if the :-

- (i) goods and services provided are of demonstrable benefit to Unit holders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assists in the decision making process.

The Manager will not retain any rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Notwithstanding the aforesaid, the Manager may receive goods and services by way of soft commissions provided always that the goods and services are of demonstrable benefit to the Unit Holders in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments.

During the financial year under review, the management company had received on behalf of the Fund, soft commissions in the form of:-

- (i) research materials;
- (ii) data and quotation services;
- (iii) investment-related publications;
- (iv) market data feed and industry benchmarking agencies which are of demonstrable benefit to Unitholders of the Fund.

STATEMENT BY MANAGER

We, Datuk Yong Peng Tak and Nur Annisa binti Muhammad Ridha Djamily, being two of the directors of Fortress Capital Asset Management (M) Sdn. Bhd. (“The Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 6 to 38 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 Fortress Focus Select Asia Fund as of 30 June 2023 and of its financial performance, changes in net asset value and cash flows for the financial year then ended.

For and on behalf of the Manager,
Fortress Capital Asset Management (M) Sdn. Bhd.



Datuk Yong Peng Tak



**Nur Annisa binti Muhammad
Ridha Djamily**

Kuala Lumpur
30 August 2023

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF FORTRESS FOCUS SELECT ASIA FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 30 June 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Fortress Capital Asset Management (M) Sdn Bhd** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
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 Commerce Trustee Berhad



Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
30 August 2023

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF FORTRESS FOCUS SELECT ASIA FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fortress Focus Select Asia Fund ("the Fund"), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 38.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows of the Fund for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF FORTRESS FOCUS SELECT ASIA FUND (CONT'D)

Responsibilities of the Manager for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF FORTRESS FOCUS SELECT ASIA FUND (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

OTHER MATTERS

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



Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

30 AUG 2023



Choong Kok Keong
03461/11/2023 J
Chartered Accountant

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| | Note | 2023 USD | 2022 USD |
|--|------|--------------|------------------|
| ASSETS | | | |
| Investments | 4 | - | 1,118,223 |
| Dividend receivables | | - | 7,987 |
| Cash at bank | | 8,471 | 29,442 |
| TOTAL ASSETS | | 8,471 | 1,155,652 |
| LIABILITIES | | | |
| Accruals | | 3,681 | 3,848 |
| Amount owing to Manager | | - | 974 |
| Amount owing to Trustee | | 434 | 373 |
| TOTAL LIABILITIES | | 4,115 | 5,195 |
| UNITHOLDERS' FUND | | | |
| Unitholders' capital | | - | 1,479,238 |
| Retained earnings/(Accumulated losses) | | 4,356 | (328,781) |
| NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS | 5 | 4,356 | 1,150,457 |
| TOTAL UNITHOLDERS' FUND AND LIABILITIES | | 8,471 | 1,155,652 |
| UNITS IN CIRCULATION | | - | 2,746,498 |
| NAV PER UNIT (USD) | | - | 0.4189 |

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Note | 2023 USD | 2022 USD |
|--|------|----------------|------------------|
| INVESTMENT INCOME | | | |
| Gross dividend income | | 22,431 | 50,602 |
| Net realised gain/(loss) on disposal of financial assets at fair value through profit or loss ("FVTPL") | | 358,981 | (165,915) |
| Net unrealised loss on changes in fair value of financial assets at FVTPL | | (15,037) | (167,931) |
| Net realised loss on foreign exchange | | (9,408) | (86,567) |
| Net unrealised gain/(loss) on foreign exchange | | 11,346 | (2,707) |
| | | <u>368,313</u> | <u>(372,518)</u> |
| LESS: EXPENSES | | | |
| Manager's fee | 6 | 6,220 | 13,283 |
| Custodian's fee | 7 | 2,043 | 3,205 |
| Trustee's fee | 8 | 4,500 | 4,500 |
| Auditors' remuneration | | | |
| - current financial year | | 2,716 | 2,898 |
| - over provision in the previous financial year | | - | (2,187) |
| Tax agent's fee | | | |
| - current financial year | | 905 | 963 |
| - over provision in the previous financial year | | 339 | (4,494) |
| Administrative expenses | | 6,118 | 10,014 |
| Brokerage and other transaction fees | | 11,630 | 36,513 |
| | | <u>34,471</u> | <u>64,695</u> |
| NET INCOME/(LOSS) BEFORE TAXATION | | 333,842 | (437,213) |
| INCOME TAX EXPENSE | 9 | (705) | - |
| NET INCOME/(LOSS) AFTER TAXATION | | <u>333,137</u> | <u>(437,213)</u> |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR | | <u>333,137</u> | <u>(437,213)</u> |

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

| | Note | 2023 USD | 2022 USD |
|---|------|----------------|------------------|
| Net income/(loss) after taxation is made up as follows: | | | |
| - net realised gains/(losses) | | 336,828 | (266,575) |
| - net unrealised losses | | (3,691) | (170,638) |
| | | <u>333,137</u> | <u>(437,213)</u> |
| Distribution during the financial year:- | | | |
| Net distribution | 10 | - | - |
| Gross distribution per unit (sen) | 10 | - | - |
| Net distribution per unit (sen) | 10 | - | - |

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STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Note | Unitholders' Capital USD | (Accumulated Losses)/ Retained Earnings USD | NAV Attributable To Unitholders USD |
|---|------|--------------------------------|---|---|
| Balance as at 1.7.2021 | | 1,479,238 | 108,432 | 1,587,670 |
| Net loss after taxation/Total comprehensive expenses for the financial year | | - | (437,213) | (437,213) |
| Balance as at 30.6.2022/1.7.2022 | | 1,479,238 | (328,781) | 1,150,457 |
| Net income after taxation/Total comprehensive income for the financial year | | - | 333,137 | 333,137 |
| Transaction with unitholders: - redemptions during the year | 5(a) | (1,479,238) | - | (1,479,238) |
| Balance as at 30.6.2023 | | - | 4,356 | 4,356 |

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STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | 2023 USD | 2022 USD |
|---|------------------|----------------|
| CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES | | |
| Proceeds from disposal of investments | 1,808,109 | 4,041,545 |
| Purchase of investments | (593,083) | (4,037,366) |
| Net dividends received | 27,735 | 37,540 |
| Manager's and performance fee paid | (7,194) | (19,460) |
| Trustee's and custodian fee paid | (6,127) | (7,707) |
| Payments for other fees and expenses | (7,562) | (12,855) |
| Tax paid | (705) | - |
| NET CASH FROM OPERATING AND INVESTING ACTIVITIES | 1,221,173 | 1,697 |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Payment for cancellation of units | (1,245,537) | - |
| NET (DECREASE)/INCREASE IN CASH AT BANK | (24,364) | 1,697 |
| EFFECT OF EXCHANGE RATE IN CHANGES IN CASH AT BANK | 3,393 | (6,515) |
| CASH AT BANK AT BEGINNING OF THE FINANCIAL YEAR | 29,442 | 34,260 |
| CASH AT BANK AT END OF THE FINANCIAL YEAR | 8,471 | 29,442 |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Fortress Focus Select Asia Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 5 May 2016 (“the Deed”), made between Fortress Capital Asset Management (M) Sdn. Bhd. (“the Manager”), and CIMB Commerce Trustee Berhad (“the Trustee”).

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The investment objective of the Fund is to provide medium and long term returns by investing in listed equities in Asia (excluding Japan and India).

The Manager, Fortress Capital Asset Management (M) Sdn. Bhd., a company incorporated in Malaysia, is principally engaged in the management of funds, including wholesale funds, and private funds.

The financial statements were authorised for issue by the Manager on 30 August 2023.

2. BASIS OF PREPARATION

The financial statements of the Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards.

2.1 During the current financial year, the Fund has adopted the following new accounting standards (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above accounting standard and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Fund’s financial statements.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2. BASIS OF PREPARATION (CONT'D)

- 2.2 The Fund has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|-----------------------|
| MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information | 1 January 2023 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to MFRS 101: Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements | 1 January 2024 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules | 1 January 2023 |

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Fund upon their initial application.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Manager believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Fund's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

3.2 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The functional currency of the Fund is the currency of the primary economic environment in which the Fund operates.

The financial statements of the Fund are presented in United States Dollar ("USD"), which is the Fund's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the Fund's functional currency on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Fund has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Fund has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Fund reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Fund has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Fund's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 UNITHOLDERS' CAPITAL

The unitholders' capital is classified as equity.

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's Net Asset Value ("NAV"). The outstanding units are carried at the redemption amount that is payable as at the date of the statement of financial position if the unitholder exercises the right to put the unit back to the Fund.

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

The units in the Fund are puttable instruments which entitle the unitholders to a pro-rata share of the net assets of the Fund. The units are subordinated and have identical features. There is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net assets of the Fund.

3.5 IMPAIRMENT OF FINANCIAL ASSETS

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Fund always recognises lifetime expected credit losses for the receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Fund recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3.6 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and bank balances.

3.8 INCOME

Realised gain or loss on disposal of quoted securities is accounted for as the difference between net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

Dividend income from investment is recognised when the right to receive dividend payment is established.

3.9 DISTRIBUTIONS

Distributions are at the discretion of the Manager. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the period in which it is approved.

3.10 OPERATING SEGMENTS

For management purposes, the Fund is managed as a portfolio of investments. The operating results are regularly reviewed by the Investment Manager and the Investment Committee. The Investment Manager assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to investments in each segment.

3.11 NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

Net asset value attributable to unitholders represents the total equity in the statement of financial position, which is carried at the redemption amount that would be payable at the end of the reporting period if the unitholders exercised the right to redeem units of the Fund.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the Fund can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

4. INVESTMENTS

| | Note | 2023 USD | 2022 USD |
|---------------------------------------|------|-------------|-------------|
| Investments at FVTPL:- | | | |
| Quoted investments - in Malaysia | | - | 157,966 |
| Quoted investments - outside Malaysia | | - | 960,257 |
| Total investments | | - | 1,118,223 |

5. NET ASSET VALUE (“NAV”) ATTRIBUTABLE TO UNITHOLDERS

| | Note | 2023 USD | 2022 USD |
|---------------------------------|------|-------------|-------------|
| Unitholders' capital | (a) | - | 1,479,238 |
| Retained earnings: | | | |
| - Realised | | 234,419 | (336,110) |
| - Unrealised | | (230,063) | 7,329 |
| NAV attributable to unitholders | | 4,356 | 1,150,457 |

(a) Unitholders' capital

| | 2023 | | 2022 | |
|---------------------|-----------------|-------------|-----------------|-----------|
| | No. of Units | USD | No. of Units | USD |
| As at 1 July | 2,746,498 | 1,479,238 | 2,746,498 | 1,479,238 |
| Redemption of units | (2,746,498) | (1,479,238) | - | - |
| As at 30 June | - | - | 2,746,498 | 1,479,238 |

6. MANAGER'S FEE

The Manager is entitled to a maximum management fee of 3.00% (2022 - 3.00%) per annum, calculated daily based on NAV of the Fund. For the financial year ended 30 June 2023, the management fee is recognised at a rate of 1.00% (2022 - 1.00%) per annum.

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

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

7. CUSTODIAN'S FEE

The Custodian's fee payable to CIMB Bank Berhad based on month end market value portfolio and transaction purchase and sale of shares during the month. The custodian fee is payable monthly.

8. TRUSTEE'S FEE

The Trustee's fee is entitled to a minimum fee of USD4,500 (2022 - USD4,500) per annum or at rate 0.08% (2022 - 0.08%), calculated daily based on the NAV of the Fund, whichever is higher.

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

9. INCOME TAX EXPENSE

No provision for taxation has been made during the financial year.

A reconciliation of income tax expense applicable to the net income/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Fund is as follows:-

| | 2023 USD | 2022 USD |
|---|-------------|-------------|
| Net income/(loss) before taxation | 333,842 | (437,213) |
| Tax at the statutory tax rate of 24% | 80,122 | (104,931) |
| Tax effects of:- | | |
| Non-deductible expenses | 12,161 | 117,076 |
| Non-taxable gain | (90,631) | (12,145) |
| Differential in tax rates | (947) | - |
| Income tax expense for the financial year | 705 | - |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

10. DISTRIBUTION DURING THE FINANCIAL YEAR

There was no distribution paid or proposed for the financial year.

11. TRANSACTIONS WITH STOCKBROKING COMPANIES/INVESTMENT BANKS

Details of transactions with stockbroking companies/investment banks for the financial year ended 30 June 2023 are as follows:

| | Value Of Trade 2023 USD | Percentage Of Total Trade % | Brokerage Fees USD | Percentage Of Total Brokerage Fees % |
|--|----------------------------------|--------------------------------------|--------------------------|--|
| CIMB-GK Securities TH Ltd | 609,959 | 25.33 | 1,708 | 25.62 |
| Shenwan Hongyuan Securities HK | 413,047 | 17.16 | 1,157 | 17.35 |
| PT RHB OSK Indonesia | 357,407 | 14.85 | 1,001 | 15.02 |
| DBS Vickers Sec (SG) Pte Ltd | 183,677 | 7.63 | 514 | 7.71 |
| CIMB-GK Securities Indonesia | 159,409 | 6.62 | 446 | 6.70 |
| UOB Kay Hian Securities (M) Sdn Bhd | 157,301 | 6.53 | 440 | 6.61 |
| DBS Vickers (HK) Ltd | 98,084 | 4.07 | 275 | 4.12 |
| SB Equities Inc | 95,172 | 3.95 | 286 | 4.28 |
| CGS-CIMB Securities (HK) Ltd | 87,277 | 3.63 | 175 | 2.62 |
| Maybank Investment Bank Bhd | 84,454 | 3.51 | 236 | 3.54 |
| Affin Hwang Investment Bank Bhd | 81,190 | 3.37 | 227 | 3.41 |
| Daiwa Capital Markets SG Ltd | 80,597 | 3.35 | 201 | 3.02 |
| | <u>2,407,574</u> | <u>100.00</u> | <u>6,666</u> | <u>100.00</u> |

FORTRESS FOCUS SELECT ASIA FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

12. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

The Fund has related party relationships with its Manager, Fortress Capital Asset Management (M) Sdn. Bhd. and Trustee, CIMB Commerce Trustee Berhad.

(b) Units held by the Manager and Parties related to the Manager

There were no units held by the Manager and parties related to the Manager as at the reporting date.

13. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund is the ratio of the average of the total acquisitions and disposals of investments of the Fund for the year over the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 June 2023, the PTR of the Fund stood at 1.79 times.

The PTR is calculated as follows:

| | |
|------------------------------------|--|
| A = Total Acquisitions of the Fund | USD 593,083 |
| B = Total Disposals of the Fund | 1,808,109 |
| | |
| PTR | = $\frac{(A+B) / 2}{\text{Average NAV of the Fund}}$ |
| | = $\frac{\text{USD1,200,596}}{\text{USD672,480}}$ |
| | = 1.79 times |

The average NAV of the Fund calculated daily for the financial year ended 30 June 2023 was USD672,480.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

14. TOTAL EXPENSE RATIO (“TER”)

Total expense ratio is the ratio of the total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Custodian's fee, Trustee's fee, Performance fee, auditors' remuneration, tax agent's fee and other administrative expenses. The total expense ratio for the current year is 3.40%.

| | USD |
|--|---------|
| A = Manager's fee | 6,220 |
| B = Custodian's fee | 2,043 |
| C = Trustee's fee | 4,500 |
| D = Auditors' remuneration | 2,716 |
| E = Tax agent's fee | 1,244 |
| F = Administrative and other expenses | 6,118 |
| G = Average NAV of the Fund calculated daily | 672,480 |

$$\begin{aligned} \text{TER} &= \frac{(A+B+C+D+E+F)}{G} \times 100 \\ &= \frac{\text{USD}22,841}{\text{USD}672,480} \times 100 \\ &= 3.40\% \end{aligned}$$

The average NAV of the Fund for the financial year ended 30 June 2023 was USD672,480.

15. OPERATING SEGMENTS

The Manager is responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Information Memorandum of the Fund. The Fund will also maintain certain amounts of its investment in liquid deposits.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

15. OPERATING SEGMENTS (CONT'D)

The segmental analysis of the Fund's revenue, expenses, assets, liabilities are shown in the table below:

| 2023 | Equity Securities USD | Cash And Liquid Assets USD | Others USD | Total USD |
|--|-----------------------------|----------------------------------|---------------|--------------|
| Statement Of Profit Or Loss And Other Comprehensive Income | | | | |
| Gross dividend income | 22,431 | - | - | 22,431 |
| Net realised gain on disposal of financial assets at FVTPL | 358,981 | - | - | 358,981 |
| Net unrealised loss on change in fair value of financial assets at FVTPL | (15,037) | - | - | (15,037) |
| Net realised (loss)/gain on foreign exchange | (13,095) | 3,865 | (178) | (9,408) |
| Net unrealised gain/(loss) on foreign exchange | 11,818 | (472) | - | 11,346 |
| Total segment operating income/(loss) for the financial year | 365,098 | 3,393 | (178) | 368,313 |
| Statement Of Financial Position | | | | |
| Assets | | | | |
| Segment assets | - | 8,471 | - | 8,471 |
| Liabilities | | | | |
| Segment liabilities | - | - | 4,115 | 4,115 |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

15. OPERATING SEGMENTS (CONT'D)

| 2022 | Equity Securities USD | Cash And Liquid Assets USD | Others USD | Total USD |
|--|-----------------------------|----------------------------------|---------------|------------------|
| Statement Of Profit Or Loss And Other Comprehensive Income | | | | |
| Gross dividend income | 50,602 | - | - | 50,602 |
| Net realised loss on disposal of financial assets at FVTPL | (165,915) | - | - | (165,915) |
| Net unrealised loss on change in fair value of financial assets at FVTPL | (167,931) | - | - | (167,931) |
| Net realised (loss)/gain on foreign exchange | (79,949) | (6,621) | 3 | (86,567) |
| Net unrealised (loss)/gain on foreign exchange | (2,823) | 106 | 10 | (2,707) |
| Total segment operating (loss)/income for the financial year | (366,016) | (6,515) | 13 | (372,518) |
| Statement Of Financial Position | | | | |
| Assets | | | | |
| Investments | 1,118,223 | - | - | 1,118,223 |
| Dividend receivables | 7,987 | - | - | 7,987 |
| Cash at bank | - | 29,442 | - | 29,442 |
| Total segment assets | 1,126,210 | 29,442 | - | 1,155,652 |
| Liabilities | | | | |
| Segment liabilities | - | - | 5,195 | 5,195 |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

15. OPERATING SEGMENTS (CONT'D)

Expenses of the Fund are not considered part of the performance of any operating segment. The following table provides reconciliation between net reportable segment income and net income after taxation:-

| | 2023 USD | 2022 USD |
|--|-------------|-------------|
| Net reportable segment operating income/(expenses) | 368,313 | (372,518) |
| Expenses | (34,471) | (64,695) |
| Net income/(expenses) before taxation | 333,842 | (437,213) |
| Income tax expense | (705) | - |
| Net income/(expenses) after taxation | 333,137 | (437,213) |

The liabilities of the Fund are not considered to be part of the net liabilities of an individual segment.

16. FINANCIAL INSTRUMENTS

The Fund's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Fund's business whilst managing its market risk (including equity price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk.

16.1 CAPITAL RISK MANAGEMENT

The Fund Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach for the Fund.

Monitoring and controlling risks are primarily set up to be performed based on limits established by the Manager and Trustee. These limits reflect the inherent risk management set by the Manager and Trustee for the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The Fund has investment guidelines that set out its overall investment strategies, its tolerance for risk and its general risk management philosophy. The Manager also has compliance personnel to ensure that the Fund complies with the various regulations and guidelines stipulated in its Information Memorandum, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia and the Investment Committee.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.2 FINANCIAL RISK MANAGEMENT POLICIES

The Fund's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange and interest rates. The policies in respect of the major areas of treasury activity are as follows:-

(i) Equity Price Risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the value of the individual shares. The equity price risk exposure arises from the Fund's investments in quoted equity securities. This risk is managed by constructing a portfolio of equities with different risk profile for example by geographical region and by sector.

The Fund's concentration of equity price risk at the end of the previous reporting period analysed by the Fund's equity instruments by geographical spread was as follows:-

| 2022 | Fair Value USD | As a % of NAV % |
|-------------|-------------------|-----------------------|
| Hong Kong | 172,653 | 15.01 |
| Indonesia | 148,043 | 12.86 |
| Malaysia | 157,966 | 13.73 |
| Philippines | 80,658 | 7.01 |
| Singapore | 164,378 | 14.29 |
| South Korea | 72,769 | 6.33 |
| Taiwan | 82,464 | 7.17 |
| Thailand | 239,292 | 20.80 |

The Fund's concentration of equity price risk at the end of the previous reporting period analysed by the Fund's equity instruments by sector was as follows:-

| 2022 | Fair Value RM | As a % of NAV % |
|-------------------|------------------|-----------------------|
| Basic Materials | 305,275 | 26.53 |
| Consumer Goods | 72,769 | 6.33 |
| Consumer Services | 257,928 | 22.42 |
| Health Care | 82,466 | 7.17 |
| Utilities | 244,257 | 21.23 |
| Oil & Gas | 155,528 | 13.52 |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Equity Price Risk (Cont'd)

Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the previous reporting period, with all other variables held constant:-

| | 2022 | |
|---------------------------------|---|---|
| | Effect On Net Income After Taxation (Decrease)/ Increase USD | Effect On NAV Attributable To Unitholders Increase/ (Decrease) USD |
| Hong Kong Stock Exchange: | | |
| - strengthened by 5% | (8,633) | 8,633 |
| - weakened by 5% | 8,633 | (8,633) |
| Indonesia Stock Exchange: | | |
| - strengthened by 5% | (7,402) | 7,402 |
| - weakened by 5% | 7,402 | (7,402) |
| Bursa Malaysia: | | |
| - strengthened by 5% | (7,898) | 7,898 |
| - weakened by 5% | 7,898 | (7,898) |
| Philippines Stock Exchange: | | |
| - strengthened by 5% | (4,033) | 4,033 |
| - weakened by 5% | 4,033 | (4,033) |
| Singapore Exchange: | | |
| - strengthened by 5% | (8,219) | 8,219 |
| - weakened by 5% | 8,219 | (8,219) |
| Korea Exchange: | | |
| - strengthened by 5% | (3,638) | 3,638 |
| - weakened by 5% | 3,638 | (3,638) |
| Taiwan Stock Exchange: | | |
| - strengthened by 5% | (4,123) | 4,123 |
| - weakened by 5% | 4,123 | (4,123) |
| The Stock Exchange of Thailand: | | |
| - strengthened by 5% | (11,965) | 11,965 |
| - weakened by 5% | 11,965 | (11,965) |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Foreign Currency Risk

The Fund is exposed to foreign currency risk on quoted investments and cash at bank that are denominated in foreign currencies other than United States. The currencies giving rise to this risk are primarily Hong Kong Dollar, Indonesian Rupiah, Ringgit Malaysia, Philippine Peso, Singapore Dollar, Korean Won, Taiwan Dollar, and Thailand Baht. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptance level.

The following table set out the Fund's exposure to foreign currency risk as at the end of the reporting period.

Foreign Currency Exposure

| | USD | As a % of NAV % |
|---------------------|---------|-----------------------|
| 2023 | | |
| <u>Cash at bank</u> | | |
| Ringgit Malaysia | 8,471 | 1.94 |
| | <hr/> | <hr/> |
| 2022 | | |
| <u>Investments</u> | | |
| Hong Kong Dollar | 172,653 | 15.01 |
| Indonesian Rupiah | 148,043 | 12.86 |
| Ringgit Malaysia | 157,966 | 13.73 |
| Philippine Peso | 80,658 | 7.01 |
| Singapore Dollar | 164,378 | 14.29 |
| Korean Won | 72,769 | 6.33 |
| Taiwan Dollar | 82,464 | 7.17 |
| Thailand Baht | 239,292 | 20.80 |
| | <hr/> | <hr/> |
| <u>Cash at bank</u> | | |
| Ringgit Malaysia | 12,472 | 1.08 |
| Indonesian Rupiah | 3,761 | 0.33 |
| | <hr/> | <hr/> |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonable possible change in the foreign currencies as at the end of the previous reporting period, with all other variables held constant:-

| | 2023 | |
|----------------------|---|---|
| | Effect On Net Income After Taxation (Decrease)/ Increase | Effect On NAV Attributable To Unitholders Increase/ (Decrease) |
| Ringgit Malaysia | | |
| - strengthened by 5% | (424) | 424 |
| - weakened by 5% | 424 | (424) |
| | <u> </u> | <u> </u> |
| | | |
| | 2022 | |
| | Effect On Net Income After Taxation (Decrease)/ Increase USD | Effect On NAV Attributable To Unitholders Increase/ (Decrease) USD |
| Hong Kong Dollar: | | |
| - strengthened by 5% | (8,633) | 8,633 |
| - weakened by 5% | 8,633 | (8,633) |
| Indonesian Rupiah | | |
| - strengthened by 5% | (7,590) | 7,590 |
| - weakened by 5% | 7,590 | (7,590) |
| Ringgit Malaysia: | | |
| - strengthened by 5% | (8,522) | 8,522 |
| - weakened by 5% | 8,522 | (8,522) |
| Korean Won | | |
| - strengthened by 5% | (3,638) | 3,638 |
| - weakened by 5% | 3,638 | (3,638) |
| Philippine Peso | | |
| - strengthened by 5% | (4,033) | 4,033 |
| - weakened by 5% | 4,033 | (4,033) |
| Singapore Dollar: | | |
| - strengthened by 5% | (8,219) | 8,219 |
| - weakened by 5% | 8,219 | (8,219) |
| | <u> </u> | <u> </u> |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis (Cont'd)

| | 2022 | |
|----------------------|---|---|
| | Effect On Net Income After Taxation (Decrease)/ Increase USD | Effect On NAV Attributable To Unitholders Increase/ (Decrease) USD |
| Taiwan Dollar | | |
| - strengthened by 5% | (4,123) | 4,123 |
| - weakened by 5% | 4,123 | (4,123) |
| Thailand Baht | | |
| - strengthened by 5% | (11,965) | 11,965 |
| - weakened by 5% | 11,965 | (11,965) |

(iii) Interest Rate Risk

The Fund does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

(b) Liquidity Risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units every now and then. Units sold to unitholders by the Manager are redeemable at the unitholder's option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Information Memorandum. The Manager monitors the Fund's liquidity position frequently.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise cash, deposits with financial institutions and other instruments which are capable of being converted into cash within 7 days. The Manager also manages the potential redemption risk by having an appropriate percentage of the portfolio in more liquid investments which can be converted into cash within a short period of time. In addition, the liquidity risk is managed by giving the Manager 10 working days to pay the unitholder once a redemption is received.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the Fund's issue (classified as equity instruments) and financial liabilities. Balances due within six months equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) and equity in order to provide a complete view of the Fund's contractual commitments and liquidity.

| | 1 - 3 Months USD | 3 - 6 Months USD | 6 - 9 Months USD | Over 9 Months USD | Total USD |
|--------------------------------|------------------------|------------------------|------------------------|-------------------------|--------------|
| 2023 | | | | | |
| Financial Asset:- | | | | | |
| Cash at bank | 8,471 | - | - | - | 8,471 |
| Financial Liabilities:- | | | | | |
| Accruals | 3,681 | - | - | - | 3,681 |
| Amount owing to Trustee | 434 | - | - | - | 434 |
| | 4,115 | - | - | - | 4,115 |
| Unitholders' fund | 4,356 | - | - | - | 4,356 |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

| | 1 - 3 Months USD | 3 - 6 Months USD | 6 - 9 Months USD | Over 9 Months USD | Total USD |
|--------------------------------|------------------------|------------------------|------------------------|-------------------------|------------------|
| 2022 | | | | | |
| Financial Assets:- | | | | | |
| Investments | 1,118,223 | - | - | - | 1,118,223 |
| Dividend receivables | 7,987 | - | - | - | 7,987 |
| Cash at bank | 29,442 | - | - | - | 29,442 |
| | 1,155,652 | - | - | - | 1,155,652 |
| Financial Liabilities:- | | | | | |
| Accruals | 3,848 | - | - | - | 3,848 |
| Amount owing to Manager | 974 | - | - | - | 974 |
| Amount owing to Trustee | 373 | - | - | - | 373 |
| | 5,195 | - | - | - | 5,195 |
| Unitholders' fund | 1,150,457 | - | - | - | 1,150,457 |

(i) Financial Assets

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets can be realised. The Fund's investments have been included in the "Less than 1 month category" on the assumption that those are liquid investments which can be realised should all of the Fund's unitholders capital be required to be redeemed. For other assets, the analyses into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

(ii) Financial Liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

(iii) Unitholders' Fund

The Fund is an open ended fund with no maturity. Unitholders can request a purchase and redemption on their unit by giving the Manager on the business day with cut off time of 2pm. The Manager believes that it would be able to liquidate other investments should the need arise to satisfy all the redemption requirements of the Fund.

(b) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships, derivatives and other transactions.

The Fund Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to buy financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties by reviewing their credit ratings and credit profiles on a regular basis.

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the end of the reporting period.

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | 2023 USD | 2022 USD |
|--|--------------|---------------|
| Financial Assets | | |
| <u>Fair Value Through Profit or Loss</u> | | |
| Investments | - | 1,118,223 |
| <u>Amortised Cost</u> | | |
| Dividend receivables | - | 7,987 |
| Cash at bank | 8,471 | 29,442 |
| | <u>8,471</u> | <u>37,429</u> |
| Financial Liabilities | | |
| <u>Amortised Cost</u> | | |
| Accruals | 3,681 | 3,848 |
| Amount owing to Manager | - | 974 |
| Amount owing to Trustee | 434 | 373 |
| | <u>4,115</u> | <u>5,195</u> |

16.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

| | 2023 USD | 2022 USD |
|---|-------------|-------------|
| Financial Assets | | |
| <u>Fair Value Through Profit or Loss</u> | | |
| Net gains/(losses) recognised in profit or loss by: - mandatorily required by MFRS 9 | 366,375 | (283,244) |
| <u>Amortised Cost</u> | | |
| Net gains/(losses) recognised in profit or loss | 1,938 | (89,274) |

FORTRESS FOCUS SELECT ASIA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. FINANCIAL INSTRUMENTS (CONT'D)

16.5 FAIR VALUE INFORMATION

The Fund has carried its quoted investments that are classified as FVTPL at their fair values, determined at their quoted closing prices at the end of the reporting period. These financial assets belong to level 1 of the fair value hierarchy.

The fair values of the other financial assets and financial liabilities which are maturing within the next 12 months approximated their carrying amounts due to relatively short-term maturity of the financial instruments. The fair values are included in level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.



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