

ANNUAL REPORT

FORTRESS OPPORTUNISTIC GROWTH FUND

30 JUNE 2023

FORTRESS OPPORTUNISTIC GROWTH FUND

Annual Report and Audited Financial Statements
For the Financial Period from 23 June 2022 (Date Launched) to 30 June 2023

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FORTRESS OPPORTUNISTIC GROWTH 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 9894

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 Opportunistic Growth Fund
Fund Category	-	Mixed Assets
Fund Type	-	Growth

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to provide medium to long term capital appreciation.

Investment Strategy

The Fund aims to achieve its investment objective by investing primarily in equities and equity-related securities which are value driven.

The Fund may invest up to 100% of its NAV in the permitted investments, primarily in equities, equity-related securities (such as warrants and rights issues) and unlisted securities, with the flexibility to shift the asset allocation of the Fund to other asset classes to achieve a potentially higher return by changing the risk degree of the Fund's portfolio according to current market conditions. The Fund holds the flexibility to invest into opportunities in any market where the Manager deems attractive.

The investment selection for the Fund is unconstrained by any country, sector or market capitalisation. The Fund may invest in a single security.

The Fund may also invest in collective investment schemes (including but not limited to REITs and ETFs including inverse ETFs) and place deposits with financial institutions.

Temporary Defensive Position

In times of extreme market volatility, we may take temporary defensive positions that may be inconsistent with the Fund's principal strategy and asset allocation.

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

- 0% - 100% of the NAV of the Fund will be invested in equities and equity-related securities;
- 0% - 100% of the NAV of the Fund will be invested in fixed income securities, money market instruments and/or deposits;
- 0% - 100% of the NAV of the Fund will be invested in collective investment schemes (including but not limited to REITs and ETFs including inverse ETFs); and
- 0% - 20% of the NAV of the Fund will be invested in derivatives and embedded derivatives.

Reference Benchmark

The reference benchmark of the Fund is Absolute return of 7% per annum. The risk profile of the Fund is different from the risk profile of the reference benchmark. This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may or may not achieve 7% of the Fund's NAV per annum growth rate in any particular financial year but targets to achieve this growth over the long term.

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) equities and equity-related securities;
- 2) unlisted securities;
- 3) fixed income securities;
- 4) money market instruments;
- 5) deposits;
- 6) collective investment schemes (including REITs and ETFs);
- 7) embedded derivatives;
- 8) derivatives; and
- 9) any other investments which are in line with the Fund's objective.

The Fund is not subject to any investment restrictions and limits.

Distribution Policy

The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate. 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

PORTFOLIO COMPOSITION (% OF NAV)

Equities	87.01
Liquidity	12.99
Total Investment	100.00

Total Net Asset Value (RM)	15,940,332
Units In Circulation	14,128,721
Net Asset Value Per Unit (RM)	1.1282
Management Fee Ratio (%)	1.41
Other Expenses Ratio (%) *	0.38
Total Expense Ratio (%)	1.79
Portfolio Turnover Ratio (PTR) (times)	0.43

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

UNIT PRICES FUND (RM)

NAV Per Unit	1.1282
Highest NAV Per Unit for the Year	1.3230
Lowest NAV Per Unit for the Year	0.9949

RETURN (%)

	Since Inception (23/6/2022 – 30/6/2023)
Absolute Return Reference Benchmark	7.00
Total Return of Fund	12.82
Average Total Return of Fund	12.82

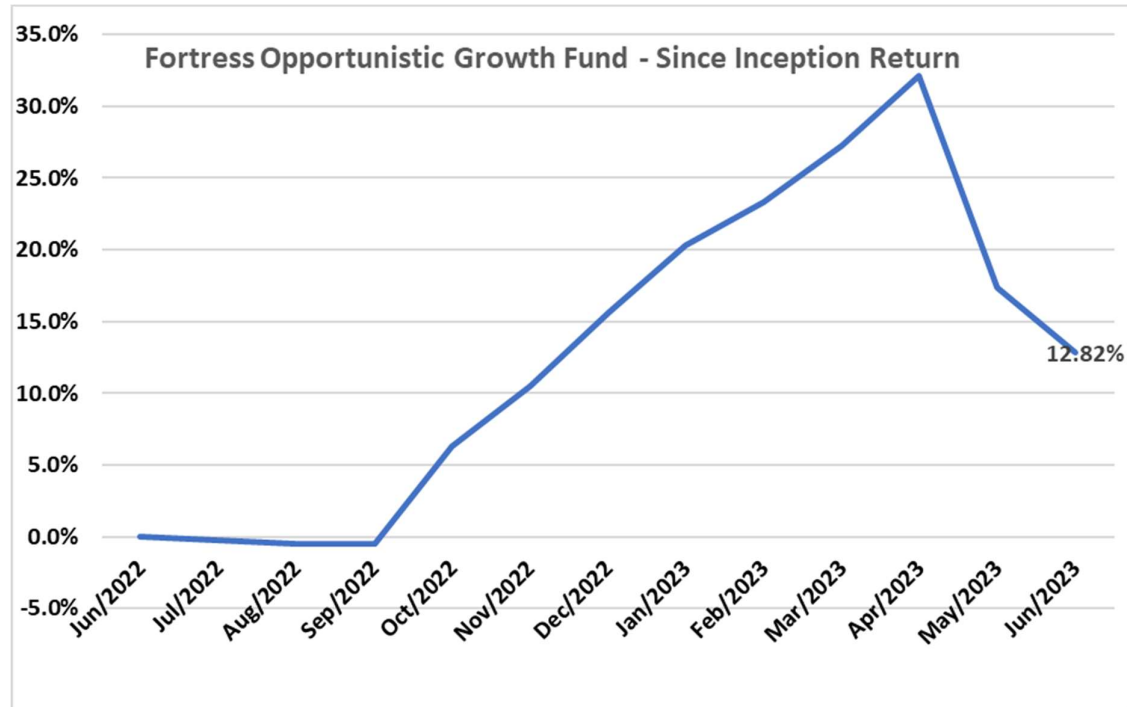
ANNUAL RETURN (%)

FYE 30 June 2023
12.82

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

FORTRESS OPPORTUNISTIC GROWTH FUND MANAGER'S REPORT

Performance Review



Annual Return		Ending NAV per unit
23 Jun 22 to 30 Jun 23	+12.82%	RM 1.1282

The Fund has registered a return of +12.82% compared to the benchmark absolute return of 7.00% per annum as at 30 June 2023. The Fund was lodged and launched on 23rd June 2022 with a 5 business days' initial offer period.

Net Asset Value (NAV) per unit of the Fund is RM1.1282 as at 30 June 2023, compared to RM1.0000, the initial price offering when the Fund was launched.

The Fund's performance for the period under review was attributable to the exposures to Food & Beverages sector listed in Malaysia market. During the second half the year 2022, Malaysia economy recovered strongly after covid-19 related restrictions were largely lifted in the first quarter of year 2022. The reopening spurred consumer spending with pent-up demand boosting the economy in a short period. The consumer sentiment was also boosted by the Employees Provident Fund (EPF) withdrawal schemes, which amounted to about RM44.6billion in the year of 2022.

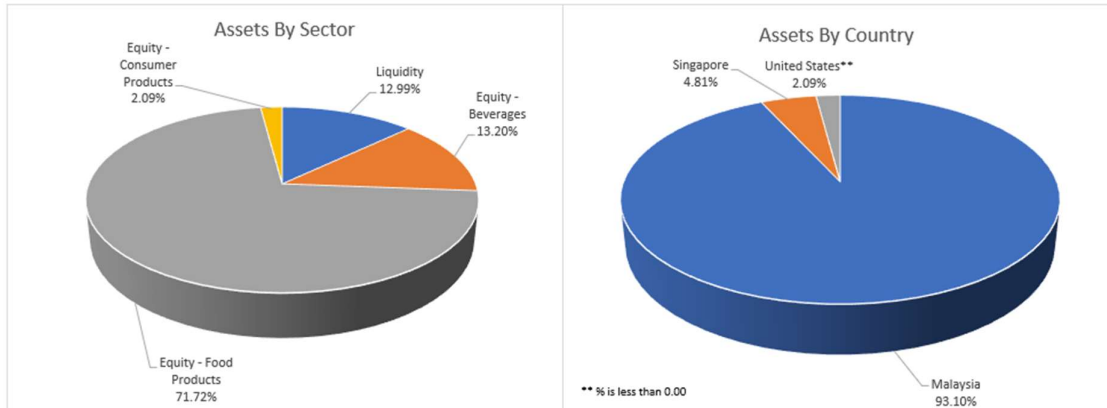
Since inception, the Fund registered a return of +12.82%.

FORTRESS OPPORTUNISTIC GROWTH FUND MANAGER'S REPORT (CONT'D)

Unit Distribution/Split

There were no distribution or unit split during the period under review.

Strategy employed and portfolio composition



During the period under review, the Fund's country allocation was tilted towards Malaysia markets. The investments focused on securities that provide medium to long term capital appreciation, in line with the strategy disclosed in the prospectus.

As at 30 June 2023, the Fund's listed equities weighting in the portfolio was 87.01% of the NAV, while liquidity holdings were 12.99% of the NAV. The fund was launched on 30 June 2023, and started with all cash injected by unitholders.

Market Review

Global equity markets returned mixed for the period 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 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 the period 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 period under review, Hang Seng Index and Kospi index returned -13.46% and +9.93% respectively.

FORTRESS OPPORTUNISTIC GROWTH FUND

MANAGER'S REPORT (CONT'D)

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 period 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 slow down 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 of the negatives are largely priced in, with the equity markets trading at attractive valuations.

Securities financing transactions

For the period under review, the fund did not undertake any securities lending or repurchase transactions.

State of affairs

For the period under review, there were no significant changes in the state of affairs of the fund.

Changes in the fund's prospectus

For the period under review, there were no changes made to the fund's prospectus.

Circumstances which materially affect any interest of unit holders

For the period under review, there were no circumstances which materially affect interest of unit holders.

Cross trade transactions

For the period under review, there were no cross trade transactions.

FORTRESS OPPORTUNISTIC GROWTH FUND

MANAGER'S REPORT (CONT'D)

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; and
- (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 36 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give true and fair view of the financial position of Fortress Opportunistic Growth Fund as of 30 June 2023 and of its financial performance, changes in net asset value and cash flows for the financial period 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 OPPORTUNISTIC GROWTH FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period from 23 June 2022 (date launched) to 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 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 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 OPPORTUNISTIC GROWTH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fortress Opportunistic Growth 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 36.

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 period 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 OPPORTUNISTIC GROWTH 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 OPPORTUNISTIC GROWTH 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

FORTRESS OPPORTUNISTIC GROWTH FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	RM
ASSETS		
Investments	4	13,869,525
Interest receivable		157
Deposit with a financial institution	5	2,088,900
Cash at bank		21,907
TOTAL ASSETS		15,980,489
LIABILITIES		
Accruals		19,054
Amount owing to Manager		19,871
Amount owing to Trustee		1,232
TOTAL LIABILITIES		40,157
UNITHOLDERS' FUND		
Unitholders' capital		14,544,648
Retained earnings		1,395,684
NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS	6	15,940,332
TOTAL UNITHOLDERS' FUND AND LIABILITIES		15,980,489
UNITS IN CIRCULATION		14,128,721
NAV PER UNIT (RM)		1.1282

FORTRESS OPPORTUNISTIC GROWTH FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

	Note	RM
INVESTMENT INCOME		
Gross dividend income		173,942
Interest income		107,077
Net unrealised gain on changes in fair value of financial assets at FVTPL		1,376,880
Net realised loss on foreign exchange		(11,792)
Net unrealised gain on foreign exchange		47,482
		<u>1,693,589</u>
LESS: EXPENSES		
Manager's fee	7	203,489
Custodian's fee	8	1,966
Trustee's fee	9	13,973
Auditors' remuneration		12,000
Tax agent's fee		4,500
Administrative expenses		22,192
Brokerage and other transaction fees		37,668
		<u>295,788</u>
NET INCOME BEFORE TAXATION		1,397,801
INCOME TAX EXPENSE	10	(2,117)
NET INCOME AFTER TAXATION		<u>1,395,684</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u><u>1,395,684</u></u>

FORTRESS OPPORTUNISTIC GROWTH FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023 (CONT'D)

	Note	RM
Net income after taxation is made up as follows:		
- net realised losses		(28,678)
- net unrealised gains		1,424,362
		<u>1,395,684</u>
Distribution during the financial period:-		
Net distribution	11	<u>-</u>
Gross distribution per unit (sen)	11	<u>-</u>
Net distribution per unit (sen)	11	<u>-</u>

FORTRESS OPPORTUNISTIC GROWTH FUND

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

	Note	Unitholders' Capital RM	Retained Earnings RM	NAV Attributable To Unitholders RM
Transactions with unitholders:				
- creation of units		14,850,004	-	14,850,004
- cancellations of units		(305,356)	-	(305,356)
		14,544,648	-	14,544,648
Net income after taxation/Total comprehensive income for the financial period		-	1,395,684	1,395,684
Balance as at 30.6.2023		14,544,648	1,395,684	15,940,332

FORTRESS OPPORTUNISTIC GROWTH FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

	RM
CASH FLOWS FOR OPERATING AND INVESTING ACTIVITIES	
Purchase of investments	(12,483,019)
Net dividends received	171,825
Net interest received	106,920
Manager's and performance fee paid	(183,618)
Trustee's and custodian fee paid	(14,707)
Payments for other fees and expenses	(19,637)
	<hr/>
NET CASH FOR OPERATING AND INVESTING ACTIVITIES	(12,422,236)
	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from the creation of units	14,850,004
Proceed from cancellation of units	(305,356)
	<hr/>
NET CASH FROM FINANCING ACTIVITIES	14,544,648
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,122,412
EFFECT OF EXCHANGE RATE IN CHANGES IN CASH AND CASH EQUIVALENTS	(11,605)
CASH AND CASH EQUIVALENTS BANK AT BEGINNING OF THE FINANCIAL PERIOD	-
	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,110,807
	<hr/>
CASH AND CASH EQUIVALENTS COMPRISE:-	
Deposit with a financial institution	2,088,900
Cash at bank	21,907
	<hr/>
	2,110,807
	<hr/>

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Fortress Opportunistic Growth Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 17 Jun 2022 ("the Deed"), made between Fortress Capital Asset Management (M) Sdn. Bhd. ("the Manager"), and CIMB Commerce Trustee Berhad ("the Trustee").

The fund was launched on 23 June 2022 and the fund will continue its operations until terminated according to the Deed.

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 to long term capital appreciation.

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

These are the Fund's first set of financial statements since its date launched.

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 period, the Fund has adopted all the MFRSs that were become effective on or before the date launched.

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 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 period:-

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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 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 Ringgit Malaysia ("RM"), 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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

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.

Interest income is recognised on an accrual basis using the effective interest method.

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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 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.

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

4. INVESTMENTS

	Note	RM
Investments at FVTPL:-		
Quoted investments - in Malaysia	(a)	12,788,872
Quoted investments - outside Malaysia	(b)	1,080,653
Total investments		<u>13,869,525</u>

(a) Quoted Investments - In Malaysia

The quoted investments - in Malaysia held for trading at the end of the reporting period are as follows:-

Name Of Counter	Quantity	Acquisition Cost RM	Fair Value RM	Percentage Of NAV %
Bursa Securities Main Board				
Consumer & Product Services				
Fraser & Neave Holdings Bhd	27,800	615,615	701,116	4.40
Heineken Malaysia Bhd	25,100	614,283	655,110	4.11
Pan Malaysia Corporation Bhd	63,514,700	10,153,477	11,432,646	71.72
Total Quoted Investments - In Malaysia		11,383,375	12,788,872	80.23
Excess Of Fair Value Over Acquisition Cost			1,405,497	

(b) Quoted Investments - Outside Malaysia

The quoted investments - outside Malaysia held for trading at the end of the reporting period are as follows:-

Name Of Counter	Quantity	Acquisition Cost RM	Fair Value RM	Percentage Of NAV %
QUOTED IN: SINGAPORE				
Consumer & Product Services				
DFI Retail Group Holdings Limited	26,000	344,724	333,412	2.09
Thai Beverage Pcl	373,900	754,920	747,241	4.69
Total Quoted Investments - Outside Malaysia		1,099,644	1,080,653	6.78
Shortfall Of Fair Value Over Acquisition Cost			(18,991)	

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

5. DEPOSIT WITH A FINANCIAL INSTITUTION

	RM
This is a short-term placement with a:	
- Commercial bank	2,088,900

The effective interest rate of the deposit at the end of the reporting period was 2.75% per annum and the maturity period was 3 days.

6. NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS

	Note	RM
Unitholders' capital	(a)	14,544,648
Retained earnings:		
- Realised		(28,678)
- Unrealised		1,424,362
NAV attributable to unitholders		15,940,332

(a) Unitholders' capital

	No. of Units	RM
As at 23 June 2022	-	-
Creation of units	14,367,766	14,850,004
Cancellation of units	(239,045)	(305,356)
As at 30 June 2023	14,128,721	14,544,648

7. MANAGER'S FEE

The Manager is entitled to a maximum management fee of 1.50% per annum, calculated daily based on NAV of the Fund. For the financial period ended 30 June 2023, the management fee is recognised at a rate of up to 1.50% per annum.

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

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

8. 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.

9. TRUSTEE'S FEE

The Trustee's fee is entitled to a minimum fee of RM15,000 per annum or at rate of up to 0.04%, 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.

10. INCOME TAX EXPENSE

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

	RM
Net income before taxation	1,397,801
Tax at the statutory tax rate of 24%	335,472
Tax effects of:-	
Non-deductible expenses	73,819
Non-taxable gain	(404,211)
Differential in tax rates	(2,963)
Income tax expense for the financial period	2,117

11. DISTRIBUTION DURING THE FINANCIAL PERIOD

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

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

12. TRANSACTIONS WITH STOCKBROKING COMPANIES/INVESTMENT BANKS

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

	Value Of Trade 2023 RM	Percentage Of Total Trade %	Brokerage Fees RM	Percentage Of Total Brokerage Fees %
CGS-CIMB Securities Sdn Bhd	10,315,412	82.89	24,203	80.14
UOB Kay Hian Securities (M) Sdn Bhd	739,862	5.94	2,072	6.86
DBS Vickers Securities (Singapore) Pte Ltd	646,050	5.19	1,809	5.99
CGS-CIMB Securities (Singapore) Sdn Bhd	449,413	3.61	1,258	4.17
Maybank Investment Bank Berhad	292,482	2.35	819	2.71
RHB Investment Bank Berhad	2,132	0.02	40	0.13
	<u>12,445,351</u>	<u>100.00</u>	<u>30,201</u>	<u>100.00</u>

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

13. 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.

14. 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 period over the average NAV of the Fund calculated on a daily basis. For the financial period ended 30 June 2023, the PTR of the Fund stood at 0.43 times.

The PTR is calculated as follows:

A = Total Acquisitions of the Fund	RM
B = Total Disposals of the Fund	12,483,019
	-
PTR	=
	$\frac{(A+B) / 2}{\text{Average NAV of the Fund}}$
	=
	$\frac{\text{RM6,241,509}}{\text{RM14,408,389}}$
	=
	0.43 times

The average NAV of the Fund calculated daily for the financial period ended 30 June 2023 was RM14,408,389.

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

15. 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, auditors’ remuneration, tax agent’s fee and other administrative expenses. The total expense ratio for the current period is 1.79%.

	RM
A = Manager’s fee	203,489
B = Custodian’s fee	1,966
C = Trustee’s fee	13,973
D = Auditors’ remuneration	12,000
E = Tax agent’s fee	4,500
F = Administrative expenses	22,192
G = Average NAV of the Fund calculated daily	14,408,389

$$\begin{aligned} \text{TER} &= \frac{(A+B+C+D+E+F)}{G} \times 100 \\ &= \frac{\text{RM}258,120}{\text{RM}14,408,389} \times 100 \\ &= 1.79\% \end{aligned}$$

The average NAV of the Fund for the financial period ended 30 June 2023 was RM14,408,389.

16. 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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

16. OPERATING SEGMENTS (CONT'D)

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

2023	Equity Securities RM	Cash And Liquid Assets RM	Others RM	Total RM
Statement Of Profit Or Loss And Other Comprehensive Income				
Gross dividend income	173,942	-	-	173,942
Interest income	-	107,077	-	107,077
Net unrealised gain on change in fair value of financial assets at FVTPL	1,376,880	-	-	1,376,880
Net realised loss on foreign exchange	(7,920)	(3,872)	-	(11,792)
Net unrealised gain on foreign exchange	47,294	188	-	47,482
Total segment operating income for the financial period	1,590,196	103,393	-	1,693,589
Statement Of Financial Position				
Assets				
Investments	13,869,525	-	-	13,869,525
Interest receivable	-	157	-	157
Deposit with a financial institution	-	2,088,900	-	2,088,900
Cash at bank	-	21,907	-	21,907
Total segment assets	13,869,525	2,110,964	-	15,980,489
Liabilities				
Segment liabilities	-	-	40,157	40,157

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

16. 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:-

	RM
Net reportable segment operating income	1,693,589
Expenses	(295,788)
Net income before taxation	1,397,801
Income tax expense	(2,117)
Net income after taxation	<u>1,395,684</u>

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

17. 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.

17.1 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 OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 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 reporting period analysed by the Fund's equity instruments by geographical spread was as follows:-

	Fair Value RM	As a % of NAV %
Malaysia	12,788,872	80.23
Singapore	1,080,653	6.78

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

	Fair Value RM	As a % of NAV %
Consumer & Product Services	13,869,525	87.01

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 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 reporting period, with all other variables held constant:-

	Effect On Net Income After Taxation Increase/ (Decrease) RM	Effect On NAV Attributable To Unitholders Increase/ (Decrease) RM
Bursa Malaysia:		
- strengthened by 5%	639,444	639,444
- weakened by 5%	(639,444)	(639,444)
Singapore Exchange:		
- strengthened by 5%	54,033	54,033
- weakened by 5%	(54,033)	(54,033)

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 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 a foreign currencies other than Ringgit Malaysia. The currencies giving rise to this risk are Singapore Dollar and US Dollar. 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

	RM	As a % of NAV %
<u>Investments</u>		
Singapore Dollar	747,241	4.69
US Dollar	333,412	2.09
	<hr/>	<hr/>
<u>Cash at bank</u>		
Singapore Dollar	19,888	0.12
	<hr/>	<hr/>

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 reporting period, with all other variables held constant:-

	Effect On Net Income After Taxation Increase/ (Decrease) RM	Effect On NAV Attributable To Unitholders Increase/ (Decrease) RM
Singapore Dollar:		
- strengthened by 5%	38,357	38,357
- weakened by 5%	(38,357)	(38,357)
US Dollar:		
- strengthened by 5%	16,671	16,671
- weakened by 5%	(16,671)	(16,671)
	<hr/>	<hr/>

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to interest rate risk arises mainly from deposits with a financial institution. The Fund's policy is to obtain favourable interest rate available.

The Fund's deposit with a financial institution is carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

(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 unit holder once a redemption is received.

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 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 RM	3 - 6 Months RM	6 - 9 Months RM	Over 9 Months RM	Total RM
Financial Assets:-					
Investments	13,869,525	-	-	-	13,869,525
Interest receivable	157	-	-	-	157
Deposit with a financial institution	2,088,900	-	-	-	2,088,900
Cash at bank	21,907	-	-	-	21,907
	15,980,489	-	-	-	15,980,489
Financial Liabilities:-					
Accruals	19,054	-	-	-	19,054
Amount owing to Manager	19,871	-	-	-	19,871
Amount owing to Trustee	1,232	-	-	-	1,232
	40,157	-	-	-	40,157
Unitholders' fund	15,940,332	-	-	-	15,940,332

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

(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.

(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.

(c) 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.

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Credit Risk (Cont'd)

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.

17.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	RM
Financial Assets	
<u>Fair Value Through Profit or Loss</u>	
Investments	13,869,525
	<hr/>
<u>Amortised Cost</u>	
Interest receivable	157
Deposit with a financial institution	2,088,900
Cast at bank	21,907
	<hr/>
	2,110,964
	<hr/>
Financial Liability	
<u>Amortised Cost</u>	
Accruals	19,054
Amount owing to Manager	19,871
Amount owing to Trustee	1,232
	<hr/>
	40,157
	<hr/>

FORTRESS OPPORTUNISTIC GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2022 (DATE LAUNCHED) TO 30 JUNE 2023

17. FINANCIAL INSTRUMENTS (CONT'D)

17.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	RM
Financial Assets	
<u>Fair Value Through Profit or Loss</u>	
Net gains recognised in profit or loss by:	
- mandatorily required by MFRS 9	1,416,254
	<hr/>
<u>Amortised Cost</u>	
Net gains recognised in profit or loss	277,335
	<hr/>

17.5 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 period.

18. COMPARATIVE FIGURES

These are the first set of the Fund's financial statements since its date launched. Hence, no comparative figures are presented.



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