

KENANGA GROWTH FUND

ANNUAL REPORT

For the Financial Year Ended 31 May 2021

kenanga

Kenanga Investors Berhad
Company No. 199501024358 (353563-P)

KENANGA GROWTH FUND

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CORPORATE DIRECTORY

Manager: Kenanga Investors Berhad Company No. 199501024358 (353563-P)

Registered Office

Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.
Tel: 03-2172 2888
Fax: 03-2172 2999

Business Office

Level 14, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.
Tel: 03-2172 3000
Fax: 03-2172 3080
E-mail: InvestorServices@kenanga.com.my
Website: www.KenangaInvestors.com.my

Board of Directors

Syed Zafilen Syed Alwee (**Independent Director**)

Imran Devindran Abdullah (**Independent Director**)

Norazian Ahmad Tajuddin (**Independent Director**)

Luk Wai Hong, William (**Independent Director**)

Ismitz Matthew De Alwis (**Executive Director**)

Investment Committee

Syed Zafilen Syed Alwee (**Independent Member**)

Imran Devindran Abdullah (**Independent Member**)

Norazian Ahmad Tajuddin (**Independent Member**)

Luk Wai Hong, William (**Independent Member**)

Ismitz Matthew De Alwis (**Non-Independent Member**)

Company Secretary: Norliza Abd Samad (MAICSA 7011089)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

Trustee: CIMB Commerce Trustee Berhad Company No. 199401027349 (313031-A)

Registered Office

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50490 Kuala Lumpur.
Tel: 03-2261 8888
Fax: 03-2261 0099
Website: www.cimb.com

Business Office

Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50490 Kuala Lumpur.
Tel: 03-2261 8888
Fax: 03-2261 9894

Auditor: Ernst & Young PLT Company No. 202006000003 (LLP0022760-LCA) & AF 0039

Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur.
Tel: 03-7495 8000 Fax: 03-2095 5332

Tax Adviser: Ernst & Young Tax Consultants Sdn Bhd Company No. 198901002487 (179793-K)

Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur.
Tel: 03-7495 8000 Fax: 03-2095 5332

Membership: Federation of Investment Managers Malaysia (FIMM)

19-06-1, 6th Floor, Wisma Tune, 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
Tel: 03-2093 2600 Fax: 03-2093 2700 Website: www.fimm.com.my

DIRECTORY OF MANAGER'S OFFICES

Regional Branch Offices:

Kuala Lumpur

Level 13, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: 03-2172 3123
Fax: 03-2172 3133

Melaka

No. 43, Jalan KSB 11
Taman Kota Syahbandar
75200 Melaka
Tel No. 06-240 2310
Fax No. 06-240 2287

Klang

No. 12, Jalan Batai Laut 3, Taman Intan
41300 Klang, Selangor Darul Ehsan
Tel: 03-3341 8818 / 03-3348 7889
Fax: 03-3341 8816

Penang

5.04, 5th Floor, Menara Boustead Penang
No. 39, Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-210 6628
Fax : 04-210 6644

Miri

2nd Floor, Lot 1264
Centre Point Commercial Centre
Jalan Melayu
98000 Miri, Sarawak
Tel: 085-416 866
Fax: 085-322 340

Seremban

2nd Floor, No. 1D-2, Jalan Tuanku Munawir
70000 Seremban, Negeri Sembilan
Tel: 06-761 5678
Fax: 06-761 2242

Johor Bahru

No. 63
Jalan Molek 3/1, Taman Molek
81100 Johor Bahru, Johor
Tel: 07-288 1683
Fax: 07-288 1693

Kuching

1st Floor, No 71
Lot 10900, Jalan Tun Jugah
93350 Kuching, Sarawak
Tel: 082-572 228
Fax: 082-572 229

Kuantan

Ground Floor Shop
No. B8, Jalan Tun Ismail 1
25000 Kuantan, Pahang
Tel : 09-514 3688
Fax : 09-514 3838

Ipoh

Suite 1, 2nd Floor
No. 63, Persiaran Greenhill
30450 Ipoh, Perak
Tel: 05-254 7573 / 7570 / 7575
Fax: 05-254 7606

Kota Kinabalu

Level 8, Wisma Great Eastern
No. 68, Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel: 088-203 063
Fax: 088-203 062

Petaling Jaya

44B, Jalan SS21/35
Damansara Utama
47400 Petaling Jaya, Selangor
Tel: 03-7710 8828
Fax: 03-7710 8830

1. FUND INFORMATION

1.1 Fund Name

Kenanga Growth Fund (**KGF or the Fund**)

1.2 Fund Category / Type

Equity / Growth

1.3 Investment Objective

The Fund aims to provide unit holders with long-term capital growth.

1.4 Investment Strategy

The Fund's assets are actively invested in a diversified portfolio of Malaysian equity and equity-related securities. The Fund may invest up to 25% of the Fund's NAV in foreign markets, which may include but not limited to Singapore, Indonesia, Thailand, Philippines, Vietnam, India, Hong Kong, China, Japan, Korea, Taiwan, Australia, United States of America and any other Eligible Markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions.

1.5 Duration

The Fund was launched on 17 January 2000 and shall exist as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue.

1.6 Performance Benchmark

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

1.7 Distribution Policy

Income distribution is incidental, if any.

1.8 Breakdown of unit holdings of the Fund as at 31 May 2021

Size of holdings	No. of unit holders	No. of units held
5,000 and below	5,887	15,684,393
5,001 - 10,000	4,595	34,236,132
10,001 - 50,000	10,077	231,290,844
50,001 - 500,000	2,644	271,043,053
500,001 and above	64	339,959,726
Total	23,267	892,214,148

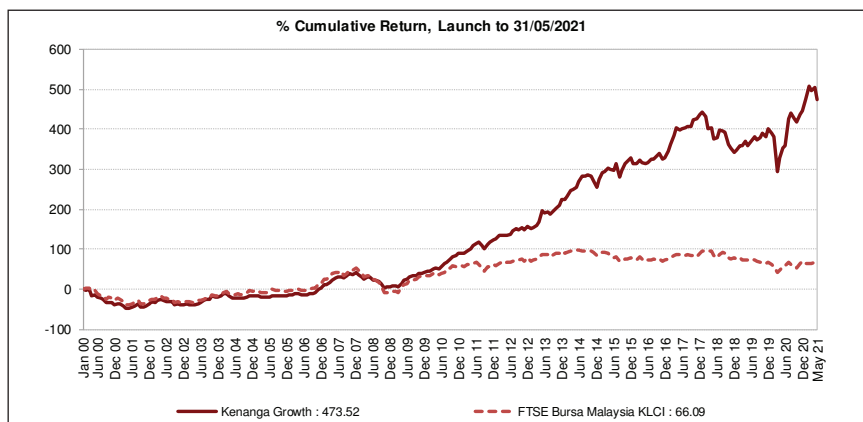
2. MANAGER'S REPORT

2.1 Explanation on whether the Fund has achieved its investment objective

Since inception, the Fund has appreciated by 473.52% in Net Asset Value terms (whilst its benchmark rose 66.09%), thus achieving the Fund's stated objective to provide long-term capital growth.

2.2 Comparison between the Fund's performance and performance of the benchmark

Performance Chart Since Launch (23/4/2004 - 31/5/2021)
Kenanga Growth Fund vs Benchmark*



* FTSE-Bursa Malaysia Kuala Lumpur Composite Index (FBM-KLCI)

Source: Novagmi Analytics and Advisory

2.3 Investment strategies and policies employed during the financial year under review

For the financial year under review, the Fund continued with its strategy of investing in companies with sustainable business models and competent management, whilst trading at a discount to their intrinsic / fair value.

2.4 The Fund's asset allocation as at 31 May 2021 and comparison with the previous financial year

Asset	31 May 2021	31 May 2020
Listed investment securities	94.4%	91.3%
Short term deposits and cash	5.6%	8.7%

Reason for the differences in asset allocation

As at 31 May 2021, the increase in equities exposure during the financial year under review is mainly due to the fund manager deploying capital into new positions and topping up existing exposure during market weaknesses.

2.5 Fund performance analysis based on NAV per unit (adjusted for income distribution; if any) since last review year

	Year under review
KGF	26.90%
FBM-KLCI	7.49%

Source: Novagmi Analytics and Advisory

For the financial year under review, the Fund outperformed the FBM-KLCI by 19.41%. The outperformance was mainly due to stock selection.

2.6 Review of the market

Market review

Major indices continued to rally in June on signs of progressively successful re-openings from lockdowns, shrugging off concerns of civil unrest in major U.S. cities. Sentiment was further lifted as the US Federal Reserve (Fed) expanded an emergency lending program for state and local governments to include smaller borrowers. Locally, the Economic Recovery Plan (PENJANA) was unveiled by the Prime Minister on 5 June, containing 40 measures worth RM35 billion mainly focusing on jobs initiatives, MSMEs supports, stimulating consumption and FDI, and facilitating digitalization. According to the MoF, Malaysia's 2020 budget deficit/GDP is expected at 5.8%-6.0% on PENJANA's RM18 billion direct fiscal impact vs previous 4.7%-5.0% due to the Economic Stimulus Package (PRIHATIN). Foreign investors net sold RM8.7 billion in Malaysian equities in 2Q, bringing YTD net foreign outflow to RM16.3 billion. Crude oil prices surged 81.0% to \$41.15/barrel while CPO prices fell 4.4% and ringgit appreciated 0.81% against the USD to RM4.2863/USD.

Global equity markets continued to move higher in July despite continued increase in daily new COVID-19 cases globally. S&P 500 registered gains of 5.5% in July and entered positive territory for the year despite a pick-up in COVID-19 cases post economic re-opening. The dollar closed the month weaker with the Dollar index (DXY) down by 4.2% due to various factors such as lower growth outlook, low interest rates in the US and a rise in quantitative easing by the Fed. Over in the EU, governments reached a breakthrough agreement over new fiscal stimulus which will release an unprecedented EUR750 billion with funds to be distributed among countries and sectors most impacted by the pandemic. The KLCI rose 6.8% MoM.

Reported new daily COVID-19 cases in the US have been on a declining trend since the beginning of the month of August. That being said, the percentage of positive COVID-19 tests remained above the WHO's recommended limit for reopening in 27 US states. Politically, negotiations on a new COVID-19 relief bill continued to stall in Washington while the official nomination of Donald Trump had been announced for the Republican party's Presidential candidacy. Economically, US manufacturing and service PMIs had beaten expectations with IHS market readings of 53.1 and 54.8 respectively. In terms of monetary policy, the Fed announced a shift to average inflation targeting confirming that monetary policy will remain supportive for the foreseeable future. Overall, the S&P 500 and the NASDAQ rallied to new highs exceeding pre-COVID-19 levels by rising 7.2% and 9.7% respectively over the month. However, the KLCI fell 4.9% MoM.

2.6 Review of the market (contd.)

Market review (contd.)

Global equity markets lost momentum and ended in negative territories in September. The decline in US equities was led by a correction in the technology sector and concerns over economy recovery without further stimulus. The US election is also heating up, with current polls suggesting that the Democrats are gaining ground. In the race for the senate, polls currently imply either a Democrat majority or a 50:50 split. In Europe, news flow was dominated by the rising number of COVID-19 cases and worries on second lockdown. The KLCI fell 1.3% MoM.

For a second consecutive month, the S&P 500 Index declined, dropping 2.8% in October and the Dow's 4.6% monthly loss took its year-to-date decline to 7.1%. Even the Nasdaq Composite Index, the persistent outperformer among the three, lost 2.3% and saw its gains for the year reduced to a still respectable 22%. All three indexes closed the month with their worst weekly decline (5%-7%) since March. New COVID-19 cases were surging to new highs across the globe. Friday, October 30th was the worst day of the pandemic, with new cases growing by 569,000 worldwide, including more than 99,000 in the U.S. Many European governments were implementing fresh lockdown measures in response and in the UK, a four-week partial lockdown was scheduled to start on the 5th of November. Total cases had risen to more than 46.4 million, with deaths topping 1.19 million. Despite the resurgence of COVID-19 cases, US Q3 GDP showed growth of a 33.1% QoQ (seasonally adjusted annualized rate) above estimates of 30.9% (from -31.4% in 2Q and -5.0% in 1Q 2020), largest quarterly gain on record. However, GDP was still down 3.5% YoY after contractions in Q1 and record Q2 decline. Personal consumption was the key contributor which was up by 40.7% on an annualized rate. The KLCI fell 2.5% MoM.

After 2 months of volatility, global markets went into risk-on mode in November as investors reversed their cautious positioning heading into the US presidential election. US equities welcomed the prospect of a Biden presidency with a divided congress, while incremental newflow on COVID-19 vaccine breakthroughs added fuel to the bullish sentiment. All major US equity indices - S&P500 (+10.8%), Dow Jones (+11.8%), Nasdaq 100 (+11.0%), and Russell 2000 (+18.3%) - closed the month near record highs. The relative outperformance of the small-cap Russell 2000 index signifies a style shift towards value-oriented stocks, with "re-opening" beneficiaries such as the financial, tourism, and energy sectors gaining momentum against the high-growth technology sector, as investor looked through the current surging COVID-19 cases in anticipation of an available vaccine next year. The KLCI rose 6.5% MoM.

Despite increasing COVID-19 cases and local lockdowns in much of the U.S. and EU, risk assets continued to rally in December, despite some concerns on a new COVID-19 strain first found in the U.K. Rollout of COVID-19 vaccine programs also began in several countries over the month. Concerns subsided later in the month, as a Brexit deal was reached, and a U.S. fiscal stimulus package was passed. Locally, the FBM KLCI posted a second consecutive month of gains as investors continued to position into the COVID-19 recovery play in the market following news of COVID-19 vaccine breakthroughs in November. All sectors, except healthcare and REITs, posted MoM positive returns in December. The four sectors that posted the highest returns were finance, energy, property and construction, as investors rotated into sectors that are expected to benefit from the projected rebound in the economy. The FBM KLCI closed +4.1% MoM in December at 1,627 pts. The December gain helped the FBM KLCI to end 2020 with a positive YoY return of 2.4%.

2.6 Review of the market (contd.)

Market review (contd.)

December's risk on rally continued into January, bolstered by vaccination rollouts, optimism on the new Biden administration's proposed stimulus plans as well as China's stronger than expected recovery. However, sentiment turned towards the end of the month on vaccine delays, new virus mutations and the economic impact from extended lockdowns. The improved global demand outlook fuelled further rallies in oil, which also benefitted from Saudi Arabia's plans to cut production this year. Locally, the market ended its positive streak amidst a rise in the number of new COVID cases, a state of emergency rule, and the beginning of a new round of nationwide lockdown to curb the pandemic. Thus, the FBM KLCI fell 3.7%, while the FBM 100, FBM Small Cap and FBM Shariah were also declined, closing 3.5%, 2.5% and 2.2% respectively. In stark contrast to December, all sectors posted negative returns with the exception of technology and healthcare. The underperformers were led by the property, energy and construction sectors.

The vaccination roll-outs, flattening of epidemiological curves in plenty parts of the world, and fiscal support by governments have spurred a pick-up in demand recovery and risk assets in February. However, global markets sold off at month end due to rising US bond yields as markets' fear for sharper inflation ahead and an earlier than expected timeline in normalizing monetary policies. Locally, FBMKLCI ended the month marginally higher (+0.72%) as Malaysia began easing lockdown measures and started to roll out vaccination program. FBM100 gained 1.7% while small caps (FBM SC) jumped 7.89%. All sectors (except healthcare) were broadly higher led by energy as oil prices trended higher and broke the USD60 pbl level.

Despite volatility in mid-March due to the rise in 10 year treasury yield crossing 1.75% and the Fed allowing long term inflation targets above 2%, equity markets were supported by two key themes: greater than expected stimulus and vaccine progress. The stimulus end-2020 of US\$90b and COVID Budget package signed early March of US\$1.9t equated to nearly 14% of US GDP. The Fed's accommodative fiscal policy left its benchmark rate unchanged in the range of 0% to 0.25% mid-March, with Fed likely to hold rates near zero through 2023. Additionally, the Biden's Infrastructure bill of \$2t supports job creation and new sectors in clean energy and EV to be billed by increasing corporate tax rate to 28% from 21%. Worldwide vaccination administered were more than 590m doses, Bloomberg estimates more than 150m doses in the USA. Locally, FBM KLCI ended the month marginally lower -0.3% from the extension of Conditional Movement Control Order (CMCO) and slower vaccination roll out. Sectors with positive returns were property, construction, transportation, industrials and telecommunications; while technology, healthcare and plantation sectors posted negative returns.

The US markets continued to scale higher in April on the back of stronger economy outlook for 2021 and Biden's proposed US\$2 trillion infrastructure bill. Sentiment on equity markets also improved following the retreat of 10 year treasury yield to 1.628% by end April compared to 1.742% by end March. US recorded strong 1Q21 GDP growth of 6.4% qoq, supported by economy reopening and robust fiscal stimulus, thanks to two rounds of stimulus checks (\$600 in January and \$1,400 in March). Meanwhile, the Federal Reserve kept rate unchanged and reiterated that it will maintain rate until conditions have reached levels of maximum employment and inflation. Fed's Chairman Powell said inflation may continue to rise but is transitory in nature. In Malaysia, new COVID-19 cases began to increase in April after hitting the low of 941 cases on 29 March. New cases hit a high of 3,788 on 30 April. The Ministry of Finance had also announced that the government will use RM5 billion from National Trust Fund for vaccine procurement and the implementation of national immunization plan. The KLCI Index and FBM Shariah Index gained 1.8% and 3.3% respectively in April.

2.6 Review of the market (contd.)

Market review (contd.)

The US markets marked their fourth straight monthly advance in May as economic data such as lower unemployment claims signalled a sustained rebound, outweighing inflation worries. President Joe Biden issued his first full budget proposal, detailing his ambitions to expand the size and scope of the federal government with more than USD6 trillion in spending over the coming fiscal year. In Malaysia, 1Q21 GDP contracted at a slower pace of 0.5% YoY / +2.7% QoQ (vs -3.4% YoY in 4Q20, -5.6% in 2020) despite Movement Control Order 2.0. New daily COVID-19 cases hit a record high of 9,020 on 29 May. With the current stretched medical resources, these led to the government's decision on 28 May 2021 that the country will be placed under a two-week nationwide lockdown similar to MCO 1.0. The government has unveiled the country's ninth COVID-19 stimulus package, dubbed PEMERKASA+, to fund three priorities: increasing healthcare capacity, providing relief to households, and supporting businesses. The package totalled RM40 billion stimulus package (2.6% of GDP), of which RM5 billion is a direct fiscal injection (0.3% of GDP), taking the cumulative stimulus outlays since the COVID-19 crisis began to RM380 billion. The KLCI Index and FBM Shariah Index declined 1.1% and 3.8% respectively in May.

Market outlook

While the global economy continues on its recovery path led by developed markets, the risk of a significant pickup in inflation and COVID-19 flareups in some parts of the world could create some volatility. Nonetheless, accommodative monetary policies by global central banks and strong fiscal stimulus are overall supportive for global equities. We remain buyers on market weakness.

Strategy

We maintain a barbell investment strategy, focusing on recovery/re-opening and structural growth themes. For recovery themes, we focus on cyclical sectors such as consumer discretionary (retail and leisure), energy and materials. For structural growth theme, we like sectors such as technology, electronics manufacturing services (EMS) and renewable energy.

2.7 Distributions

For the financial year under review, the Fund has declared the following income distribution:

Distribution date	Gross/Net distribution per unit (sen)	Cum NAV per unit (RM)	Ex NAV per unit (RM)
9 April 2021	11.54	1.4493	1.3339

2.8 Details of any unit split exercise

The Fund did not carry out any unit split exercise during the financial year under review.

2.9 Significant changes in the state of affairs of the Fund during the financial year

There were no significant changes in the state of affairs of the Fund during the financial year and up until the date of the manager's report, not otherwise disclosed in the financial statements.

However, a Second Supplemental Master Prospectus was issued on 18 December 2020. Please refer to the Second Supplemental Master Prospectus for further details.

2.10 Circumstances that materially affect any interests of the unit holders

There are no circumstances that materially affect any interests of the unit holders during the financial year under review.

2.11 Rebates and soft commissions

It is the policy of the Manager to credit any rebates received into the account of the Fund. Any soft commissions received by investment manager on behalf of the Fund are in the form of research and advisory services that assist in the decision making process relating to the investment of the Fund which are of demonstrable benefit to unit holders of the Fund. Any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund. During the financial year under review, the Manager received soft commissions from its stockbrokers.

2.12 Cross-trade

During the financial year under review, no cross-trade transactions were undertaken by the Manager for the Fund.

3. FUND PERFORMANCE

3.1 Details of portfolio composition of the Fund for the last three financial years as at 31 May are as follows:

a. Distribution among industry sectors and category of investments:

	FY 2021 %	FY 2020 %	FY 2019 %
Technology	29.6	19.7	8.5
Industrial Products and Services	16.1	8.4	10.7
Financial Services	13.9	10.4	18.4
Consumer Products and Services	7.9	9.7	10.9
Energy	6.9	10.4	13.2
Construction	4.5	6.1	6.6
Telecommunications and Media	4.3	4.6	1.6
Health Care	3.2	8.4	-
Utilities	3.1	6.1	6.1
Property	1.5	1.3	2.1
Transportation and Logistics	-	1.9	-
Real Estate Investment Trusts	3.4	3.5	1.5
Warrants	-	-	-
Listed Loan Stocks	-	0.2	0.3
Unlisted collective investment schemes	-	0.6	2.2
Short term deposits and cash	5.6	8.7	17.9
	100.0	100.0	100.0

Note: The above mentioned percentages are based on total investment market value plus cash.

b. Distribution among markets

The Fund invests in local listed equity securities, unlisted bonds, short term deposits and cash instruments only.

3.2 Performance details of the Fund for the last three financial years ended 31 May are as follows:

	FY 2021	FY 2020	FY 2019
Net asset value ("NAV") (RM Million)	1,096.50	1,191.18	1,386.65
Units in circulation (Million)	892.21	1,131.94	1,301.32
NAV per unit (RM)	1.2290	1.0523	1.0656
Highest NAV per unit (RM)	1.4423	1.1881	1.1644
Lowest NAV per unit (RM)	1.0475	0.7846	1.0014
Total return (%)	26.90	-1.25	-3.61
- Capital growth (%)	16.79	-1.25	-3.61
- Income growth (%)	10.10	-	-
Gross distribution per unit (sen)	11.54	-	-
Net distribution per unit (sen)	11.54	-	-
Management expense ratio ("MER") (%) ¹	1.58	1.54	1.54
Portfolio turnover ratio ("PTR") (times) ²	0.56	0.40	0.46

Note: Total return is the actual return of the Fund for the respective financial years, computed based on NAV per unit and net of all fees.

MER is computed based on the total fees and recovered expenses incurred by the Fund divided by the average fund size calculated on a daily basis. PTR is computed based on the average of the total acquisitions and total disposals of investments securities of the Fund divided by the average fund size calculated on a daily basis.

The above NAV and NAV per unit are not shown as ex-distribution as there were no distribution declared by the Fund in the current financial year under review.

- ¹. *MER is higher against previous financial year mainly due to lower average fund size during the financial year under review.*
- ². *PTR is higher compared to the previous financial year mainly due to higher trading activities for equity securities.*

3.3 Average total return of the Fund

	1 Year 31 May 20 - 31 May 21	3 Years 31 May 18 - 31 May 21	5 Years 31 May 16 - 31 May 21
KGF	26.90%	7.85%	7.64%
FBM-KLCI	7.49%	-2.47%	0.01%

Source: Lipper

3.4 Annual total return of the Fund

	1 Year				
	31 May 20 - 31 May 21	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17
KGF	26.90%	-1.25%	-3.61%	-4.52%	20.20%
FBM-KLCI	7.49%	-10.75%	-5.16%	-1.43%	8.60%

Source: Lipper

Investors are reminded that past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

4. TRUSTEE'S REPORT TO THE UNIT HOLDERS OF KENANGA GROWTH FUND

We, CIMB Commerce Trustee Berhad being the trustee for Kenanga Growth Fund ("the Fund"), are of the opinion that Kenanga Investors Berhad ("the Manager"), acting in the capacity as the Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 31 May 2021.

- a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- b) Valuation and pricing for the Fund has been carried out in accordance with the Deed and relevant regulatory requirements;
- c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements; and
- d) The distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For and on behalf of
CIMB Commerce Trustee Berhad

Ng Lai Peng
Authorised Signatory

Kuala Lumpur, Malaysia

27 August 2021

5. INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF KENANGA GROWTH FUND

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kenanga Growth Fund ("the Fund"), which comprise the statement of financial position as at 31 May 2021, and the statement of 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 and other explanatory information, as set out on pages 16 to 50.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2021 and of its financial performance and cash flows 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 audit 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 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 ("the Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, 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.

5. INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF KENANGA GROWTH FUND (CONTD.)

Responsibilities of the Manager and the Trustee for the financial statements

The Manager 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 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 has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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 judgment and maintain professional skepticism 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.

5. INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF KENANGA GROWTH FUND (CONTD.)

Auditors' responsibilities for the audit of the financial statements (contd.)

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

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

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ng Sue Ean
No. 03276/07/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia

27 August 2021

6. STATEMENT BY THE MANAGER

I, Ismitz Matthew De Alwis, being a director of Kenanga Investors Berhad, do hereby state that, in the opinion of the Manager, the accompanying statement of financial position as at 31 May 2021 and the related statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year ended 31 May 2021 together with notes thereto, 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 Kenanga Growth Fund as at 31 May 2021 and of its financial performance and cash flows for the financial year then ended and comply with the requirements of the Deed.

For and on behalf of the Manager
KENANGA INVESTORS BERHAD

ISMITZ MATTHEW DE ALWIS
Executive Director/Chief Executive Officer

Kuala Lumpur, Malaysia

27 August 2021

7. FINANCIAL STATEMENTS

7.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

	Note	2021 RM	2020 RM
INVESTMENT INCOME			
Dividend income		21,609,492	30,082,766
Interest income		1,230,177	5,873,778
Securities lending income		584,186	-
Net gain/(loss) from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	4	<u>291,471,740</u>	<u>(21,429,184)</u>
		<u>314,895,595</u>	<u>14,527,360</u>
EXPENSES			
Manager's fee	5	17,477,735	19,818,832
Trustee's fee	6	583,524	676,465
Auditors' remuneration		17,000	17,000
Tax agent's fee		4,000	4,000
Administration expenses		374,765	340,688
Brokerage and other transaction costs		<u>5,410,553</u>	<u>5,685,457</u>
		<u>23,867,577</u>	<u>26,542,442</u>
NET INCOME/(LOSS) BEFORE TAX		291,028,018	(12,015,082)
Income tax	7	<u>-</u>	<u>-</u>
NET INCOME/(LOSS) AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>291,028,018</u>	<u>(12,015,082)</u>
Net income/(loss) after tax is made up as follows:			
Realised gain/(loss)		123,722,364	(60,425,509)
Unrealised gain	4	<u>167,305,654</u>	<u>48,410,427</u>
		<u>291,028,018</u>	<u>(12,015,082)</u>
Distribution for the financial year:			
Net distribution (RM)	8	<u>93,905,536</u>	<u>-</u>
Gross/Net distribution per unit (sen)	8	<u>11.54</u>	<u>-</u>

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

7.2 STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2021

	Note	2021 RM	2020 RM
ASSETS			
INVESTMENTS			
Financial assets at FVTPL	4	1,030,587,087	1,085,737,135
Short term deposits	9	<u>61,681,000</u>	<u>103,530,000</u>
		<u>1,092,268,087</u>	<u>1,189,267,135</u>
OTHER ASSETS			
Amount due from licensed financial institutions	10	5,169,788	9,085,604
Other receivables	11	1,248,881	753,941
Tax recoverable		16,672	16,672
Cash at bank		<u>12,187</u>	<u>14,765</u>
		<u>6,447,528</u>	<u>9,870,982</u>
TOTAL ASSETS		<u>1,098,715,615</u>	<u>1,199,138,117</u>
LIABILITIES			
Amount due to Manager		1,002,368	3,649,603
Amount due to Trustee		95,199	137,862
Amount due to licensed financial institutions	10	827,586	8,031,330
Other payables	12	<u>294,627</u>	<u>192,780</u>
TOTAL LIABILITIES		<u>2,219,780</u>	<u>12,011,575</u>
EQUITY			
Unit holders' contribution		871,202,113	1,158,955,302
Retained earnings		<u>225,293,722</u>	<u>28,171,240</u>
NET ASSET VALUE ("NAV")			
ATTRIBUTABLE TO UNIT HOLDERS	13	<u>1,096,495,835</u>	<u>1,187,126,542</u>
TOTAL LIABILITIES AND EQUITY		<u>1,098,715,615</u>	<u>1,199,138,117</u>
NUMBER OF UNITS IN CIRCULATION	13(a)	<u>892,214,148</u>	<u>1,131,937,705</u>
NET ASSET VALUE PER UNIT (RM)	14	<u>1.2290</u>	<u>1.0488</u>

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

7.3 STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

	Note	Unit holders' contribution RM	Retained earnings RM	Total NAV RM
2021				
At beginning of the financial year		1,158,955,302	28,171,240	1,187,126,542
Total comprehensive income		-	291,028,018	291,028,018
Creation of units	13(a)	33,099,853	-	33,099,853
Cancellation of units	13(a)	(404,482,969)	-	(404,482,969)
Distribution equalisation	13(a)	(10,065,473)	-	(10,065,473)
Distribution	8	-	(93,905,536)	(93,905,536)
Reinvestment of income distributed	13(a)	93,695,400	-	93,695,400
At end of the financial year		<u>871,202,113</u>	<u>225,293,722</u>	<u>1,096,495,835</u>
2020				
At beginning of the financial year		1,341,312,224	40,186,322	1,381,498,546
Total comprehensive loss		-	(12,015,082)	(12,015,082)
Creation of units	13(a)	34,383,773	-	34,383,773
Cancellation of units	13(a)	(216,740,338)	-	(216,740,338)
Distribution equalisation	13(a)	(357)	-	(357)
At end of the financial year		<u>1,158,955,302</u>	<u>28,171,240</u>	<u>1,187,126,542</u>

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

**7.4 STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021**

	2021	2020
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVTPL	829,571,746	559,590,107
Dividends received	21,170,303	32,279,153
Interest from deposits received	1,277,806	6,320,150
Securities lending fee income received	480,806	-
Tax agent's fee paid	(7,500)	-
Auditors' remuneration paid	(18,000)	(17,000)
Payment for other fees and expenses	(114,209)	(133,785)
Trustee's fee paid	(626,187)	(597,623)
Manager's fee paid	(17,430,937)	(20,179,945)
Purchase of financial assets at FVTPL	<u>(491,802,648)</u>	<u>(541,617,541)</u>
Net cash generated from operating and investing activities	<u>342,501,180</u>	<u>35,643,516</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	33,343,376	35,930,378
Cash paid on units cancelled	(417,485,998)	(214,453,614)
Distribution paid	<u>(210,136)</u>	<u>-</u>
Net cash used in financing activities	<u>(384,352,758)</u>	<u>(178,523,236)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(41,851,578)	(142,879,720)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>103,544,765</u>	<u>246,424,485</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>61,693,187</u>	<u>103,544,765</u>
Cash and cash equivalents comprise:		
Cash at bank	12,187	14,765
Short term deposits	<u>61,681,000</u>	<u>103,530,000</u>
	<u>61,693,187</u>	<u>103,544,765</u>

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

7.5 NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Kenanga Growth Fund ("the Fund") was constituted pursuant to the executed Deed dated 30 December 1999 (collectively, together with deeds supplemental thereto, referred to as "the Deed") between the Manager, Kenanga Investors Berhad, and HSBC (Malaysia) Trustee Berhad ("the Trustee" prior to 3 December 2013). The Fund has changed its trustee to CIMB Commerce Trustee Berhad ("the Trustee" with effect from 3 December 2013). The aforesaid change was effected on 3 December 2013 via a Second Master Supplemental Deed dated 19 November 2013. The Fund commenced operations on 17 January 2000 and will continue to be in operation until terminated by the Trustee, as provided under Clause 12 of the Deed.

Kenanga Investors Berhad is a wholly-owned subsidiary of Kenanga Investment Bank Berhad that is listed on the Main Market of Bursa Malaysia Securities Berhad. All of these companies are incorporated in Malaysia.

The principal place of business of the Manager is Level 14, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur.

The Fund seeks to provide unit holders with long term capital growth.

The financial statements were authorised for issue by the Chief Executive Officer of the Manager on 27 August 2021.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks including market risk (which includes interest rate risk and price risk), credit risk and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund has an approved set of investment guidelines and policies as well as internal controls which sets out its overall business strategies to manage these risks to optimise returns and preserve capital for the unit holders, consistent with the long term objectives of the Fund.

a. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and price risk.

Market risk arises when the value of the investments fluctuates in response to the activities of individual companies, general market or economic conditions. It stems from the fact that there are economy-wide perils, which threaten all businesses. Hence, investors are exposed to market uncertainties. Fluctuation in the investments' prices caused by uncertainties in the economic, political and social environment will affect the NAV of the Fund.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a. Market risk (contd.)

The Manager manages the risk of unfavourable changes in prices by cautious review of the investments and continuous monitoring of their performance and risk profiles.

i. Interest rate risk

Interest rate risk refers to how the changes in the interest rate environment would affect the performance of Fund's investments. Rate offered by the financial institutions will fluctuate according to the Overnight Policy Rate determined by Bank Negara Malaysia and this has direct correlation with the Fund's investments in deposits.

The Fund is not exposed to significant interest rate risk as its deposits are short term in nature and have fixed interest rates.

Interest rate risk exposure

The following table analyses the Fund's interest rate risk exposure. The Fund's financial assets and financial liabilities are disclosed at fair value and categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 1 year RM	Non- exposure to interest rate movement RM	Total RM	Weighted average effective interest rate* %
2021				
Assets				
Financial assets at FVTPL	-	1,030,587,087	1,030,587,087	
Short term deposits	61,681,000	-	61,681,000	1.8
Other assets	-	6,430,856	6,430,856	
	<u>61,681,000</u>	<u>1,037,017,943</u>	<u>1,098,698,943</u>	
Liabilities				
Other liabilities	-	1,925,153	1,925,153	
Total interest rate sensitivity gap	<u>61,681,000</u>	<u>1,035,092,790</u>	<u>1,096,773,790</u>	

* Calculated based on assets with exposure to interest rate movement only.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a. Market risk (contd.)

i. Interest rate risk (contd.)

Interest rate risk exposure (contd.)

	Up to 1 year RM	Non- exposure to interest rate movement RM	Total RM	Weighted average effective interest rate* %
2020				
Assets				
Financial assets at FVTPL	-	1,085,737,135	1,085,737,135	
Short term deposits	103,530,000	-	103,530,000	2.1
Other assets	-	9,854,310	9,854,310	
	<u>103,530,000</u>	<u>1,095,591,445</u>	<u>1,199,121,445</u>	
Liabilities				
Other liabilities	-	11,818,795	11,818,795	
Total interest rate sensitivity gap	<u>103,530,000</u>	<u>1,083,772,650</u>	<u>1,187,302,650</u>	

* Calculated based on assets with exposure to interest rate movement only.

ii. Price risk

Price risk is the risk of unfavourable changes in the fair values of listed equity securities, listed collective investment schemes, listed warrants, listed loan stock and unlisted collective investment scheme. The Fund invests in listed equity securities, listed collective investment schemes, listed warrants, listed loan stock and unlisted collective investment scheme which are exposed to price fluctuations. This may then affect the NAV per unit of the Fund.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a. Market risk (contd.)

ii. Price risk (contd.)

Price risk sensitivity

The Manager's best estimate of the effect on the income/(loss) for the financial year due to a reasonably possible change in investments in listed equity securities, listed collective investment scheme, listed warrants, listed loan stock and unlisted collective investment scheme with all other variables held constant is indicated in the table below:

	Changes in price Increase/(Decrease) Basis points	Effects on income/ (loss) for the financial year Gain/(Loss) RM
2021		
Financial assets at FVTPL	<u>5/(5)</u>	<u>515,294/(515,294)</u>
2020		
Financial assets at FVTPL	<u>5/(5)</u>	<u>542,869/(542,869)</u>

In practice, the actual trading results may differ from the sensitivity analysis above and the difference could be material.

Price risk concentration

The following table sets out the Fund's exposure and concentration to price risk based on its portfolio of financial instruments as at the reporting date.

	Fair value		Percentage of NAV	
	2021	2020	2021	2020
	RM	RM	%	%
Financial assets at FVTPL	<u>1,030,587,087</u>	<u>1,085,737,135</u>	<u>94.0</u>	<u>91.5</u>

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a. Market risk (contd.)

ii. Price risk (contd.)

Price risk concentration (contd.)

The Fund's concentration of price risk from the Fund's listed equity securities, listed collective investment schemes, listed warrants, listed loan stock and unlisted collective investment scheme analysed by sector is as follows:

	Fair value		Percentage of NAV	
	2021 RM	2020 RM	2021 %	2020 %
Technology	323,240,130	234,924,967	29.5	19.8
Industrial Products and Services	175,907,252	100,021,339	16.0	8.4
Financial Services	151,908,181	123,843,412	13.9	10.4
Consumer Products and Services	86,388,443	115,121,816	7.9	9.7
Energy	75,089,252	123,228,240	6.8	10.4
Construction	48,672,520	72,436,149	4.4	6.1
Telecommunications and Media	47,101,375	54,523,511	4.3	4.6
Health Care	34,796,744	99,941,310	3.2	8.4
Utilities	34,011,090	72,192,364	3.1	6.1
Property	16,557,378	15,625,778	1.5	1.3
Transportation and Logistics	-	22,399,616	-	1.9
Real Estate Investment Trusts	36,814,722	42,843,069	3.4	3.6
Warrants	100,000	-	-	-
Listed Loan Stocks	-	2,074,224	-	0.2
Unlisted collective investment scheme	-	6,561,339	-	0.6
	<u>1,030,587,087</u>	<u>1,085,737,135</u>	<u>94.0</u>	<u>91.5</u>

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

b. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

i. Credit risk exposure

As at the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statement of financial position.

ii. Financial assets that are either past due or impaired

As at the reporting date, there are no financial assets that are either past due or impaired.

iii. Credit quality of financial assets

The Fund invests in deposits with financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013. The following table analyses the licensed financial institutions by rating category:

Short term deposits

	Percentage of total short term deposits		Percentage of NAV	
	2021 %	2020 %	2021 %	2020 %
Rating				
PI/MARC-1	<u>100.0</u>	<u>100.0</u>	<u>5.6</u>	<u>8.7</u>

c. Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are to be 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 cancel its units earlier than expected. The Fund is exposed to cancellation of its units on a regular basis. Units sold to unit holders by the Manager are cancellable at the unit holders' option based on the Fund's NAV per unit at the time of cancellation calculated in accordance with the Deed.

The liquid assets comprise cash, short term deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

c. Liquidity risk (contd.)

The following table analyses the maturity profile of the Fund's financial assets and financial liabilities in order to provide a complete view of the Fund's contractual commitments and liquidity.

		Up to 1 year	
	Note	2021 RM	2020 RM
Assets			
Financial assets at FVTPL		1,030,587,087	1,085,737,135
Short term deposits		61,681,000	103,530,000
Other assets		6,430,856	9,854,310
	i.	<u>1,098,698,943</u>	<u>1,199,121,445</u>
Liabilities			
Other liabilities	ii.	<u>1,925,153</u>	<u>11,818,795</u>
Equity	iii.	<u>1,096,495,835</u>	<u>1,187,126,542</u>
Liquidity gap		<u>277,955</u>	<u>176,108</u>

i. Financial assets

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets will be realised. The Fund's investments in listed equity securities, listed collective investment schemes, listed warrants, listed loan stock and unlisted collective investment scheme have been included in the "up to 1 year" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unit holders' equity be required to be redeemed. For other assets, the analysis 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 or if earlier, the date on which liabilities will be settled. When the 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. Equity

As the unit holders can request for redemption of their units, they have been categorised as having a maturity of "up to 1 year".

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

d. Regulatory reportings

It is the Manager's responsibility to ensure full compliance of all requirements under the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia. Any breach of any such requirement has been reported in the mandatory reporting to Securities Commission Malaysia on a monthly basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the amended MFRS and Interpretation Committee's ("IC") Interpretations, which became effective for the Fund on 1 June 2020.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 2: <i>Share-Based Payments</i>	1 January 2020
Amendments to MFRS 3: <i>Business Combination</i>	1 January 2020
Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 6: <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
Amendments to MFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2020
Amendments to MFRS 101: <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 134: <i>Interim Financial Reporting</i>	1 January 2020
Amendments to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendments to MFRS 138: <i>Intangible Assets</i>	1 January 2020
Amendments to IC Interpretation 12: <i>Service Concession Arrangements</i>	1 January 2020
Amendments to IC Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

a. Basis of accounting (contd.)

Description	Effective for financial periods beginning on or after
Amendments to IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
Amendments to IC Interpretation 22: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
Amendments to IC Interpretation 132: <i>Intangible Assets - Web Site Costs</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 16: <i>Covid-19-Related Rent Concessions</i>	1 June 2020

The adoption of the amended MFRS and IC Interpretations did not have any significant impact on the financial position or performance of the Fund.

b. Standards and amendments issued but not yet effective

As at the reporting date, the following new standard and amendments to standards that have been issued by MASB will be effective for the Fund in future financial periods. The Fund intends to adopt the relevant standards and interpretations when they become effective.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 4: <i>Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS 16: <i>Covid-19 - Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS contained in the document entitled " <i>Annual Improvements to MFRS Standards 2018 - 2020 Cycle</i> "	1 January 2022
Amendments to MFRS 1: <i>Subsidiary as a First-time Adopter contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020 Cycle"</i>	1 January 2022
Amendments to MFRS 9: <i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020 Cycle"</i>	1 January 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

b. Standards and amendments issued but not yet effective (contd.)

Description	Effective for financial periods beginning on or after
Amendments to Illustrative Examples accompanying MFRS 16: <i>Lease Incentives contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020 Cycle"</i>	1 January 2022
Amendments to MFRS 141: <i>Taxation in Fair Value Measurements contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020 Cycle"</i>	1 January 2022
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced by MASB

These pronouncements are not expected to have any significant impact to the financial statements of the Fund upon their initial application.

c. Financial instruments

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

i. Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 3(c)(ii) and (iii).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

ii. Measurement categories of financial assets and liabilities

The Fund classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income; and
- Fair value through profit or loss.

The Fund may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial assets are initially measured at their fair values plus, except in the case of financial assets recorded at fair value through profit or loss ("FVTPL"), transaction costs.

The Fund's other financial assets include cash at bank, short term deposits, trade receivables and other receivables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

The Fund's other financial liabilities include trade payables and other payables.

Other financial liabilities are recognised and initially measured at fair values, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate ("EIR"). Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

iii. Due from banks, short term deposits, trade receivables and other receivables at amortised cost

The Fund only measures the cash at bank, short term deposits, trade receivables and other receivables at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

iii. Due from banks, short term deposits, trade receivables and other receivables at amortised cost (contd.)

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Fund's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward, unless it has been determined that there has been a change in the original business model.

The SPPI test

As a second step of its classification process, the Fund assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation/accretion of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

iii. Due from banks, short term deposits, trade receivables and other receivables at amortised cost (contd.)

The SPPI test (contd.)

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

iv. Financial investments

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under MFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

d. Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Fund also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Fund has transferred the financial asset if, and only if, either:

- The Fund has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Fund retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Fund has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Fund cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Fund has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Fund is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

d. Derecognition of financial assets (contd.)

A transfer only qualifies for derecognition if either:

- The Fund has transferred substantially all the risks and rewards of the asset; or
- The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Fund considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Fund has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Fund's continuing involvement, in which case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Fund could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Fund would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

e. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis and to realise the assets and settle the liabilities simultaneously.

f. Impairment of financial assets

i. Overview of the expected credit loss ("ECL") principles

The Fund measures its receivables impairment using the forward-looking ECL approach in accordance with the requirements of MFRS 9.

ii. Write-offs

Financial assets are written off either partially or in their entirety only when the Fund has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

g. Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Interest income and securities lending income are recognised using the effective interest method.

Dividend income is recognised on declared basis, when the right to receive the dividend is established.

The realised gain or loss on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investment.

h. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank and short term deposits with licensed financial institutions with maturities of three months or less, which have an insignificant risk of changes in value.

i. Income tax

Income tax on the profit or loss for the financial year comprises current tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year.

As no temporary differences have been identified, no deferred tax has been recognised.

j. Unrealised reserves

Unrealised reserves represent the net gain or loss arising from carrying investments at their fair values at reporting date. This reserve is not distributable.

k. Unit holders' contribution – NAV attributable to unit holders

The unit holders' contribution to the Fund is classified as equity instruments.

Distribution equalisation represents the average amount of undistributed net income included in the creation or cancellation price of units. This amount is either refunded to unit holders by way of distribution and/or adjusted accordingly when units are released back to the Trustee.

l. Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

m. Distributions

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from retained earnings.

n. Significant accounting judgments and estimates

The preparation of financial statements requires the use of certain accounting estimates and exercise of judgment. Estimates and judgments are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

i. Critical judgments made in applying accounting policies

There are no major judgments made by the Manager in applying the Fund's accounting policies.

ii. Key sources of estimation uncertainty

There are no key assumptions 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.

4. FINANCIAL ASSETS AT FVTPL

	2021 RM	2020 RM
Financial assets held for trading, at FVTPL:		
Listed equity securities	993,672,365	1,034,258,502
Listed collective investment schemes	36,814,722	42,843,070
Listed warrants	100,000	-
Listed loan stock	-	2,074,224
Unlisted collective investment scheme	-	6,561,339
	<u>1,030,587,087</u>	<u>1,085,737,135</u>
Net gain/(loss) on financial assets at FVTPL comprised:		
Realised gain/(loss) on disposals	124,166,086	(69,839,611)
Unrealised changes in fair values	167,305,654	48,410,427
	<u>291,471,740</u>	<u>(21,429,184)</u>

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 31 May 2021:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
Listed equity securities				
Technology				
Aemulus Holdings Berhad	11,614,400	6,863,986	8,943,088	0.8
D & O Green Technologies Berhad	469,600	2,017,959	2,000,496	0.2
Frontken Corporation Berhad	34,489,300	34,893,890	103,812,793	9.5
Globetronics Technology Berhad	10,649,333	27,343,898	22,683,079	2.1
Greatech Technology Berhad	18,292,000	23,516,121	98,410,960	9.0
My E.G. Services Berhad	4,546,600	8,951,673	8,774,938	0.8
Pentamaster Corporation Berhad	6,355,525	10,569,472	29,870,968	2.7
Revenue Group Berhad	25,387,400	22,794,529	48,743,808	4.4
		<u>136,951,528</u>	<u>323,240,130</u>	<u>29.5</u>
Industrial Products and Services				
Asia Poly Holdings Berhad	7,248,300	3,200,467	2,029,524	0.2
ATA IMS Berhad	1,331,200	3,618,112	3,154,944	0.3
Berjaya Corporation Berhad	6,320,200	2,717,686	1,738,055	0.2
Dufu Technology Corp. Berhad	9,160,700	21,783,662	38,658,154	3.5
Hiap Teck Venture Berhad	11,715,000	7,221,670	5,857,500	0.5
Kelington Group Berhad	11,035,900	14,305,609	22,402,877	2.0
PESTECH International Berhad	10,213,400	11,886,746	10,162,333	0.9
P.I.E Industrial Berhad	598,300	1,713,600	1,717,121	0.2
Press Metal Aluminium Holdings Berhad	4,191,000	12,382,076	21,793,200	2.0
RGT Berhad	7,875,800	4,607,343	2,677,772	0.2
SKP Resources Berhad	14,290,875	17,305,778	21,865,038	2.0
Sunway Berhad	24,771,168	37,449,155	38,890,734	3.5
Ta Win Holdings Berhad	31,000,000	4,030,000	4,960,000	0.5
		<u>142,221,904</u>	<u>175,907,252</u>	<u>16.0</u>

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 31 May 2021: (contd.)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
Listed equity securities (contd.)				
Financial Services				
AEON Credit Service (M) Berhad	1,219,708	12,798,457	14,514,525	1.3
AMMB Holdings Berhad	2,951,400	8,253,073	8,411,490	0.8
Bursa Malaysia Berhad	2,107,300	17,682,798	17,216,641	1.6
Hong Leong Financial Group Berhad	2,492,600	43,801,567	43,720,204	4.0
Malayan Banking Berhad	748,225	6,646,197	6,120,481	0.5
Public Bank Berhad	5,365,000	24,493,401	22,586,650	2.1
RHB Bank Berhad	7,422,300	40,156,197	39,338,190	3.6
		<u>153,831,690</u>	<u>151,908,181</u>	<u>13.9</u>
Consumer Products and Services				
AEON Co. (M) Berhad	9,110,200	12,816,164	11,569,954	1.1
CCK Consolidated Holdings Berhad	13,265,800	7,979,504	8,622,770	0.8
Fraser & Neave Holdings Bhd	197,800	6,739,043	5,261,480	0.5
Genting Berhad	1,676,500	8,717,659	8,181,320	0.7
Genting Malaysia Berhad	2,696,800	7,631,308	7,524,072	0.7
Perak Transit Berhad	11,402,633	9,344,313	7,696,777	0.7
QL Resources Berhad	6,255,345	18,150,195	37,532,070	3.4
		<u>71,378,186</u>	<u>86,388,443</u>	<u>7.9</u>
Energy				
Dayang Enterprise Holdings Berhad	8,911,100	12,954,009	11,762,652	1.1
Dialog Group Berhad	9,691,600	24,152,263	28,008,724	2.5
Hibiscus Petroleum Berhad	18,151,800	12,936,615	11,254,116	1.0
Yinson Holdings Berhad	4,961,600	17,124,716	24,063,760	2.2
		<u>67,167,603</u>	<u>75,089,252</u>	<u>6.8</u>

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 31 May 2021: (contd.)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
Listed equity securities (contd.)				
Construction				
Kerjaya Prospek Group Berhad	19,288,018	22,788,689	24,110,022	2.2
MGB Berhad	13,300,000	12,383,507	12,302,500	1.1
Sunway Construction Group Berhad	7,567,900	14,547,611	12,259,998	1.1
		<u>49,719,807</u>	<u>48,672,520</u>	<u>4.4</u>
Telecommunications and Media				
Axiata Group Berhad	4,588,000	15,229,652	16,975,600	1.6
Telekom Malaysia Berhad	4,898,500	29,235,934	30,125,775	2.7
		<u>44,465,586</u>	<u>47,101,375</u>	<u>4.3</u>
Health Care				
Kossan Rubber Industries Berhad*	2,371,400	8,709,760	9,604,170	0.9
Supercomnet Technologies Berhad	7,988,200	15,560,429	13,659,822	1.2
Top Glove Corporation Berhad**	2,226,400	11,153,108	11,532,752	1.1
		<u>35,423,297</u>	<u>34,796,744</u>	<u>3.2</u>
Utilities				
Tenaga Nasional Berhad	3,418,200	49,086,596	34,011,090	3.1
Property				
LBS Bina Group Berhad - ordinary shares	29,878,625	23,236,799	13,893,561	1.3
LBS Bina Group Berhad - preference shares	2,732,120	3,005,332	2,663,817	0.2
		<u>26,242,131</u>	<u>16,557,378</u>	<u>1.5</u>
Total listed equity securities		<u>776,488,328</u>	<u>993,672,365</u>	<u>90.6</u>

* 1,000,000 shares under securities-based lending arrangement

** 1,500,000 shares under securities-based lending arrangement

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 31 May 2021: (contd.)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
Listed collective investment schemes				
Real Estate Investment Trusts				
Axis Real Estate Investment Trust	7,862,035	13,903,116	14,937,867	1.4
IGB Real Estate Investment Trust	13,258,700	22,878,350	21,876,855	2.0
Total listed collective investment schemes		<u>36,781,466</u>	<u>36,814,722</u>	<u>3.4</u>
Listed warrants				
Hiap Teck Venture Berhad – WB	10,000,000	1,200,000	100,000	-
Total listed warrants		<u>1,200,000</u>	<u>100,000</u>	<u>-</u>
Total financial assets at FVTPL		<u>814,469,794</u>	<u>1,030,587,087</u>	<u>94.0</u>
Unrealised gain on financial assets at FVTPL			<u>216,117,293</u>	

5. MANAGER'S FEE

The Manager's fee is calculated on a daily basis at a rate not exceeding 1.50% per annum of the NAV of the Fund as provided under Clause 13.1 of the Deed.

The Manager is currently charging Manager's fee of 1.50% per annum of the NAV of the Fund (2020: 1.50% per annum).

6. TRUSTEE'S FEE

Pursuant to the Third Master Supplemental Deed dated 25 July 2014, the Trustee's fee is calculated at a rate not exceeding 0.05% per annum of the NAV of the Fund effective from 1 August 2014.

The Trustee's fee is currently calculated at 0.05% per annum of the NAV of the Fund (2020: 0.05% per annum).

7. INCOME TAX

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the current and previous financial years.

Income tax is calculated on investment income less partial deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967.

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

	2021 RM	2020 RM
Net income/(loss) before tax	291,028,018	(12,015,082)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	69,846,724	(2,883,620)
Tax effect of:		
Income not subject to tax	(75,434,738)	(20,248,073)
Losses not deductible for tax purposes	-	16,761,507
Expenses not deductible for tax purposes	1,334,563	1,447,558
Restriction on tax deductible expenses for unit trust fund	4,253,451	4,922,628
Income tax for the financial year	-	-

8. DISTRIBUTION

Distribution to unit holders was made on the following dates:

	2021 RM	2020 RM
9 April 2021	93,905,536	-

8. DISTRIBUTION (CONTD.)

Distribution to unit holders is derived from the following sources:

	2021 RM	2020 RM
Tax exempt income	117,773,113	-
Less: Expenses	(15,933,798)	-
Distribution for the financial year	<u>93,905,536</u>	<u>-</u>
Gross/Net distribution per unit (sen)	<u>11.54</u>	<u>-</u>

9. SHORT TERM DEPOSITS

Short term deposits are held with licensed financial institutions in Malaysia at the prevailing interest rates.

10. AMOUNT DUE FROM/TO LICENSED FINANCIAL INSTITUTIONS

Amount due from/to licensed financial institutions relates to the amount to be received from or to licensed financial institutions arising from the sales and purchase of investments.

11. OTHER RECEIVABLES

	2021 RM	2020 RM
Dividend receivable	1,138,503	699,314
Interest receivable from short term deposits	6,998	54,627
Securities lending income receivable	<u>103,380</u>	<u>-</u>
	<u>1,248,881</u>	<u>753,941</u>

12. OTHER PAYABLES

	2021 RM	2020 RM
Accrual for auditors' remuneration	16,000	17,000
Accrual for tax agent's fees	9,000	12,500
Provision for printing and other expenses	<u>269,627</u>	<u>163,280</u>
	<u>294,627</u>	<u>192,780</u>

13. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS

NAV attributable to unit holders is represented by:

	Note	2021 RM	2020 RM
Unit holders' contribution	(a)	<u>871,202,113</u>	<u>1,158,955,302</u>
<u>Retained earnings:</u>			
Realised reserves/(deficits)		9,176,429	(20,640,399)
Unrealised reserves		<u>216,117,293</u>	<u>48,811,639</u>
		<u>225,293,722</u>	<u>28,171,240</u>
		<u>1,096,495,835</u>	<u>1,187,126,542</u>

(a) Unit holders' contribution

	2021		2020	
	No. of units	RM	No. of units	RM
At beginning of the financial year	1,131,937,705	1,158,955,302	1,301,315,585	1,341,312,224
Add: Creation of units	26,544,941	33,099,853	31,378,026	34,383,773
Less:				
Cancellation of units	(336,510,196)	(404,482,969)	(200,755,906)	(216,740,338)
Distribution equalisation	-	(10,065,473)	-	(357)
Reinvestment of income distributed	<u>70,241,698</u>	<u>93,695,400</u>	<u>-</u>	<u>-</u>
At end of the financial year	<u>892,214,148</u>	<u>871,202,113</u>	<u>1,131,937,705</u>	<u>1,158,955,302</u>

The Manager, Kenanga Investors Berhad, did not hold any units in the Fund, either legally or beneficially, as at 31 May 2021 (2020: nil). The number of units legally or beneficially held by the other parties related to the Manager were 43,403 units valued at RM53,341 as at 31 May 2021 (2020: 116,988 units valued at RM122,697).

14. NET ASSET VALUE PER UNIT

In accordance with the Deed, the calculation of NAV attributable to unit holders per unit for the creation and cancellation of units is computed based on financial assets at FVTPL valued at the last done market price. In the previous financial year, financial assets at FVTPL have been valued at the bid prices at the close of business.

A reconciliation of NAV attributable to unit holders for creation/cancellation of units and the NAV attributable to unit holders per the financial statements is as follows:

	2021		2020	
	RM	RM/Unit	RM	RM/Unit
NAV attributable to unit holders for creation/cancellation of units	1,096,495,835	1.2290	1,191,184,261	1.0523
Effects of adopting bid prices as fair value	-	-	(4,057,719)	(0.0035)
NAV attributable to unit holders per statement of financial position	<u>1,096,495,835</u>	<u>1.2290</u>	<u>1,187,126,542</u>	<u>1.0488</u>

15. PORTFOLIO TURNOVER RATIO ("PTR")

PTR for the financial year is 0.56 times (2020: 0.40 times).

PTR is the ratio of average sum of acquisitions and disposals of investments of the Fund for the financial year to the average NAV of the Fund, calculated on a daily basis.

16. MANAGEMENT EXPENSE RATIO ("MER")

MER for the financial year is 1.58% (2020: 1.54%).

MER is the ratio of total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average NAV, calculated on a daily basis.

17. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS

	Transaction value RM	Percentage of total %	Brokerage, stamp duty and clearing fee RM	Percentage of total %
CIMB Investment Bank Berhad	356,683,240	27.4	899,270	27.8
Maybank Investment Bank Berhad	254,087,422	19.5	678,438	21.0
Kenanga Investment Bank Berhad*	189,353,997	14.5	461,083	14.3
JPMorgan Securities (Malaysia) Sdn Bhd	28,485,027	2.2	72,697	2.3
Affin Hwang Investment Bank Berhad	25,488,577	2.0	66,345	2.1
Hong Leong Investment Bank Berhad	17,991,523	1.4	45,383	1.4
AmInvestment Bank Berhad	15,113,060	1.2	39,862	1.2
CLSA Securities Malaysia Sdn Bhd	8,481,146	0.6	21,784	0.7
Credit Suisse Securities (Malaysia) Sdn Bhd	7,146,605	0.5	18,014	0.6
Macquarie Capital Securities (Malaysia) Sdn Bhd	7,819,619	0.6	20,460	0.6
Others	391,705,644	30.1	905,735	28.0
	<u>1,302,355,860</u>	<u>100.0</u>	<u>3,229,071</u>	<u>100.0</u>

* Kenanga Investment Bank Berhad is a related party of Kenanga Investors Berhad.

The above transactions values are in respect of listed equity securities, listed collective investment schemes, listed warrants, listed loan stocks and unlisted collective investment scheme.

The directors of the Manager are of the opinion that the transactions with the related party have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The Manager is of the opinion that the above dealings have been transacted on an arm's length basis.

18. SEGMENTAL REPORTING

a. Business segments

In accordance with the objective of the Fund, the Fund can invest 75% to 95% in listed Malaysian investment securities. The following table provides an analysis of the Fund's revenue, results, assets and liabilities by business segments:

	Listed investment securities RM	Other investments RM	Total RM
2021			
Revenue			
Segment income	313,081,232	1,814,363	
Segment expenses	<u>(5,410,553)</u>	<u>-</u>	
Net segment income representing segment results	<u>307,670,679</u>	<u>1,814,363</u>	309,485,042
Unallocated expenditure			<u>(18,457,024)</u>
Income before tax			291,028,018
Income tax			<u>-</u>
Net income after tax			<u>291,028,018</u>
Assets			
Financial assets at FVTPL	1,030,587,087	-	
Short term deposits	-	61,681,000	
Other segment assets	<u>6,308,291</u>	<u>110,378</u>	
Total segment assets	<u>1,036,895,378</u>	<u>61,791,378</u>	1,098,686,756
Unallocated assets			<u>28,859</u>
			<u>1,098,715,615</u>
Liabilities			
Segment liabilities	<u>827,586</u>	<u>-</u>	827,586
Unallocated liabilities			<u>1,392,194</u>
			<u>2,219,780</u>

18. SEGMENTAL REPORTING (CONTD.)

a. Business segments (contd.)

	Listed investment securities RM	Other investments RM	Total RM
2020			
Revenue			
Segment income	8,653,582	5,873,778	
Segment expenses	<u>(5,685,457)</u>	<u>-</u>	
Net segment income representing segment results	<u>2,968,125</u>	<u>5,873,778</u>	8,841,903
Unallocated expenditure			<u>(20,856,985)</u>
Loss before tax			(12,015,082)
Income tax			<u>-</u>
Net loss after tax			<u>(12,015,082)</u>
Assets			
Financial assets at FVTPL	1,085,737,135	-	
Short term deposits	-	103,530,000	
Other segment assets	<u>9,784,918</u>	<u>54,627</u>	
Total segment assets	<u>1,095,522,053</u>	<u>103,584,627</u>	1,199,106,680
Unallocated assets			<u>31,437</u>
			<u>1,199,138,117</u>
Liabilities			
Segment liabilities	<u>8,031,330</u>	<u>-</u>	8,031,330
Unallocated liabilities			<u>3,980,245</u>
			<u>12,011,575</u>

b. Geographical segments

As all of the Fund's investments are located in Malaysia, disclosure by geographical segments is not relevant.

19. FINANCIAL INSTRUMENTS

a. Classification of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities of the Fund in the statement of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis.

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
2021				
Assets				
Listed equity securities	993,672,365	-	-	993,672,365
Listed collective investment schemes	36,814,722	-	-	36,814,722
Listed warrants	100,000			100,000
Short term deposits	-	61,681,000	-	61,681,000
Amount due from licensed financial institutions	-	5,169,788	-	5,169,788
Other receivables	-	1,248,881	-	1,248,881
Cash at bank	-	12,187	-	12,187
	<u>1,030,587,087</u>	<u>68,111,856</u>	<u>-</u>	<u>1,098,698,943</u>
Liabilities				
Amount due to Manager	-	-	1,002,368	1,002,368
Amount due to Trustee	-	-	95,199	95,199
Amount due to licensed financial institutions	-	-	827,586	827,586
	<u>-</u>	<u>-</u>	<u>1,925,153</u>	<u>1,925,153</u>

19. FINANCIAL INSTRUMENTS (CONTD.)

a. Classification of financial instruments (contd.)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
2020				
Assets				
Listed equity securities	1,034,258,502	-	-	1,034,258,502
Listed collective investment schemes	42,843,070	-	-	42,843,070
Listed loan stock	2,074,224	-	-	2,074,224
Unlisted collective investment scheme	6,561,339	-	-	6,561,339
Short term deposits	-	103,530,000	-	103,530,000
Amount due from licensed financial institutions	-	9,085,604	-	9,085,604
Other receivables	-	753,941	-	753,941
Cash at bank	-	14,765	-	14,765
	<u>1,085,737,135</u>	<u>113,384,310</u>	<u>-</u>	<u>1,199,121,445</u>
Liabilities				
Amount due to licensed financial institutions	-	-	8,031,330	8,031,330
Amount due to Manager	-	-	3,649,603	3,649,603
Amount due to Trustee	-	-	137,862	137,862
	<u>-</u>	<u>-</u>	<u>11,818,795</u>	<u>11,818,795</u>

19. FINANCIAL INSTRUMENTS (CONTD.)

b. Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value. The fair values of these financial assets were determined using prices in active markets.

The following table shows the fair value measurements by level of the fair value measurement hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Investments:				
2021				
Listed equity securities	993,672,365	-	-	993,672,365
Listed collective investment schemes	36,814,722	-	-	36,814,722
Listed warrants	100,000	-	-	100,000
2020				
Listed equity securities	1,034,258,502	-	-	1,034,258,502
Listed collective investment schemes	42,843,070	-	-	42,843,070
Listed loan stock	2,074,224	-	-	2,074,224
Unlisted collective investment scheme	-	6,561,339	-	6,561,339

Level 1: Listed prices in active market

Level 2: Model with all significant inputs which are observable market data

Level 3: Model with inputs not based on observable market data

The fair values of listed equity securities, listed collective investment schemes and listed warrants are determined by reference to Bursa Malaysia Securities Berhad's last prices at reporting date. In the previous financial year, the fair values of listed equity securities, listed collective investment scheme and listed warrants were determined by reference to Bursa Malaysia Securities Berhad's bid prices at reporting date. The fair values of unlisted collective investment schemes were stated based on the last published NAV per unit of those unlisted collective investment schemes at reporting date.

19. FINANCIAL INSTRUMENTS (CONTD.)

c. Financial instruments not carried at fair value and for which their carrying amounts are reasonable approximations of fair value

The carrying amounts of the Fund's other financial assets and financial liabilities are not carried at fair value but approximate fair values due to the relatively short term maturity of these financial instruments.

20. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for creation and cancellation of units to the Fund.

The Fund's objectives for managing capital are:

- a. To invest in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- b. To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- c. To maintain sufficient fund size to make the operations of the Fund cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current and previous financial years.

21. SIGNIFICANT EVENT

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Fund, the impact on business operations has not been a direct consequence of the COVID-19 outbreak, but a result of the measures taken by the Government of Malaysia to contain it. As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy.

While the Fund is not able to fully ascertain on the financial impact of the COVID-19 outbreak at the date of this report, it is anticipated based on initial assessments performed, that there have not been any circumstances that would require adjustments to be made to the carrying values of the assets and liabilities of the Fund as at 31 May 2021. The Fund holds sufficient capital and will continue to prudently manage risks while implementing cost reduction measures in order to ensure that it remains resilient through this period of uncertainty.

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