

KENANGA ASNITABOND FUND

INTERIM REPORT

For the Financial Period From 1 January 2021 to 30 June 2021

The logo for Kenanga, featuring the word "kenanga" in a lowercase, bold, sans-serif font. The letter 'k' is stylized with a long horizontal stroke that extends to the left.

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

KENANGA ASNITABOND 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 Islamic Trustee Berhad Company No. 198801000556 (167913-M)

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

Shariah Adviser: BIMB Securities Sdn Bhd Company No. 199401004484 (290163-X)

Level 32, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur.
Tel: 03-2613 1600 Fax: 03-2613 1799

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 ASnitaBOND Fund (**KABF** or **the Fund**)

1.2 Fund Category / Type

Bond (sukuk) / Income

1.3 Investment Objective

The Fund aims to provide capital preservation¹ with regular income² over the short to medium-term period by investing in Islamic money market instruments and sukuk.

¹ Unit Holders are to note that this is not a capital guaranteed nor protected Fund. Unit Holders' capital is neither guaranteed nor protected.

² All income distribution will be automatically reinvested into additional units.

1.4 Investment Strategy

The Fund adopts an investment strategy which will provide returns comparable to that of short-term Islamic money market deposits, and at the same time preserve the Fund's principal value and maintain a high degree of liquidity.

1.5 Duration

The Fund was launched on 18 March 2005 and it shall exist as long as it appears to the Manager and the Trustee that it is in the interests of the unit holders for it to continue.

1.6 Performance Benchmark

Maybank 12-months Islamic fixed deposit-i rate.

1.7 Distribution Policy

Annually (if any).

1.8 Breakdown of unit holdings of the Fund as at 30 June 2021

Size of holdings	No. of unit holders	No. of units held
5,000 and below	2,645	1,283,906
5,001 - 10,000	618	4,986,986
10,001-50,000	1,640	40,624,599
50,001-500,000	841	107,863,079
500,001 and above	115	461,858,864
Total	5,859	616,617,434

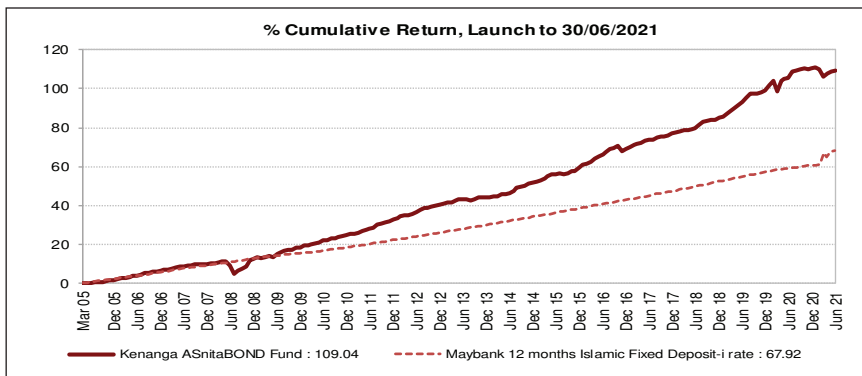
2. MANAGER'S REPORT

2.1 Explanation on whether the Fund has achieved its investment objective

The Fund has achieved its investment objective of providing capital preservation with regular income over the short to medium term period by investing in Islamic money market instruments and sukuk.

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

Performance Chart Since Launch (31/12/2014 - 30/6/2021)
Kenanga ASnitaBOND Fund vs Benchmark *



* Benchmark: Maybank 12-months Islamic fixed deposit-i rate

Source: Lipper

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

During the financial period under review, the Fund invested in a diversified portfolio of sukuk with emphasis placed on credit-worthy issuers of sukuk and investment-grade sukuk.

2.4 The Fund's asset allocation as at 30 June 2021 and comparison with the previous financial period

Asset	30 Jun 2021	30 Jun 2020
Unlisted corporate sukuk	85.3%	83.1%
Short term Islamic deposits and cash	14.7%	16.9%

Reason for the differences in asset allocation

The asset allocation into unlisted fixed income securities was increased from 83.1% as at 30 June 2020 to 85.3% as at 30 June 2021 following recovery in the domestic bond/sukuk market in 2Q2021 due to better market sentiment following FTSE Russell's decision to maintain Malaysia in the World Government Bond Index and S&P reaffirmation of Malaysia's sovereign rating at A-.

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

	Period under review
KABF	-0.51%
Maybank 12-months Islamic fixed deposit-i rate	0.92%

Source: Lipper

The Fund underperformed its benchmark return by 143 basis points (bps) mainly due to the significant fluctuations in the domestic bond market in 1Q2021 versus the stable fixed deposit returns.

2.6 Review of the market

Market review

In January, UST yields were driven higher by the brighter outlook for US growth and inflation, underpinned by optimism over President Biden's proposed USD1.9 trillion stimulus package. Demand for safe haven assets was also dampened as US COVID-19 cases continued to decline amid accelerating vaccine rollouts, leading to upbeat economic data and concerns that the Fed may start to unwind its accommodative monetary policy stance. On 17 March, the Fed kept interest rates unchanged at 0.00%-0.25%, while maintaining the pace of its bond purchase programme at a minimum of USD120 billion per month, to support the flow of credit to US households and businesses. Although some economic releases fell short of expectations, giving mixed signals over the strength of the recovery, UST yields remained elevated on concerns over a heavier supply of government bonds. Consequently, 10Y UST yields rose by 82 bps to 1.74% as at end-March 2021.

Locally, demand for MGS was dampened by the higher UST yields, alongside domestic developments including the return of the Movement Control Order (MCO) and declaration of a state of emergency to manage the surge in domestic COVID-19 cases. On 28 January, Moody's Investors Service affirmed Malaysia's sovereign credit rating at A3 with a stable outlook, on expectations that the country's medium-term growth prospects will remain strong. Although the full year GDP for 2020 contracted by 5.6% (compared to earlier forecasts of between -3.5% to -5.5%), risk sentiment remained buoyed by the improving growth prospects for 2021, thus dampening rate cut expectations and easing demand for MGS. On 17 March, the Malaysian government announced a RM20 billion stimulus package (PEMERKASA), of which RM11 billion will come from direct fiscal injection to be funded by domestic borrowings. Post-announcement, the official 2021 fiscal deficit forecast was revised to 6.0% of GDP from the earlier forecast of 5.4%. Overall, in tandem with the rise in UST yields as well as the expected increase in domestic sovereign bond supply, MGS yields rose before buying interest emerged towards quarter-end, following FTSE Russell's decision to retain Malaysia in the World Government Bond Index (WGBI). During the quarter, 10Y MGS yields climbed by 64 bps to 3.26% at end-March 2021.

In April, the UST market stabilised following the weakness in 1Q2021, as Fed officials highlighted that the pickup in inflation in 2021 is expected to be transitory; and that the uneven recovery in the US remains a concern. In May, UST yields drifted lower as weaker-than-expected manufacturing and employment data dampened optimism over the US economic recovery, with 10Y UST edging lower to 1.59% at end-May. 10Y yields continued to tumble to 1.43% on 10 June due to mixed US jobs data and Fed officials' continuous description of the current inflation trends as transitory. On 17 June, the US Fed policy meeting ended with a hawkish surprise as policymakers brought forward their rate hike projections from 2024 (as forecast in March) to 2023, while keeping interest rates unchanged at 0.00%-0.25% and maintaining bond purchases at USD120 billion per month. In response, short-end yields adjusted higher to reflect the possibility of an earlier-than-expected rate hike, while 10Y UST yields stayed largely below 1.50%, before ending the 2Q2021 at 1.47%.

2.6 Review of the market (contd.)

Market review (contd.)

Meanwhile, MGS also strengthened in April, loosely tracking the recovery in UST and led by continued foreign buying interest. Demand for Malaysian sovereign debt was evident during the government's issuance of its USD-denominated sustainability sukuk. The sukuk issuance (rated A3 by Moody's and A- by S&P) was upsized from USD1.0 billion to USD1.3 billion due to overwhelming demand (oversubscribed by 6.4 times), demonstrating global investors' continued confidence in the nation's growth prospects. Nonetheless, bond market sentiment turned cautious in May following the surge in domestic COVID-19 infections and announcement of a Full Movement Control Order (FMCO) effective in June. To cushion the impact of the FMCO, the government unveiled two more stimulus packages i.e. RM40 billion PEMERKASA+ on 31 May and RM150 billion PEMULIH on 28 June, involving a total additional fiscal injection of RM15 billion. Meanwhile, S&P Global Ratings continued to affirm Malaysia's sovereign credit ratings at 'A-' on 22 June, while maintaining its negative outlook. Given that the decision was within expectations, 10Y MGS yields remained largely stable before ending the quarter at 3.28%.

Market outlook

The outlook for global growth remains uncertain as new COVID-19 variants remain a threat, although the ongoing vaccine rollouts have helped to boost recovery prospects, particularly in advanced economies. While the US Fed is expected to keep interest rates low to support the recovery, the improving outlook may prompt the Fed to start unwinding its massive bond purchase program. Given the brighter outlook for US growth and inflation, UST yields may eventually trend higher, although lingering uncertainties should support buying interest, coupled with continued accommodative monetary policies by global central banks.

Locally, the nationwide lockdown which commenced in June has dampened Malaysia's near-term growth prospects. GDP growth is expected to be lower than the earlier forecast of 6.0%-7.5% for 2021, while the fiscal deficit forecast may likely be revised higher. Nonetheless, the strong pace of Malaysia's ongoing vaccination programme may pave the way for a broader reopening of the domestic economy by year-end.

Headline inflation is expected to moderate going forward, following the temporary spike in 2Q2021 due to the low base effect. Underlying inflation is expected to remain subdued amid continued spare capacity in the economy. Given the continued uncertainties surrounding the pandemic, BNM is expected to keep interest rates low to facilitate domestic economic recovery.

2.7 Distribution

For the financial period under review, the Fund did not declare any income distribution.

2.8 Details of any unit split exercise

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

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

There are no significant changes in the state of affairs of the Fund during the financial period 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 28 June 2021. 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 period 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. As the fund is solely invested in fixed income securities and money market instruments, the Manager did not receive any rebates or soft commissions from its stockbrokers during the financial period under review.

2.12 Cross-trade

During the financial period under review, cross-trade transactions were undertaken by investment manager for the best interest of the fund in accordance to the relevant internal and regulatory requirements. Cross trades can only be undertaken upon the verification by Compliance based on the following conditions:

- (a) permitted by authorised personnel;
- (b) the sale and purchase decisions are in the best interest of clients, unit holders and the fund as a whole;
- (c) reason(s) for such transactions is documented prior to execution of the trades;
- (d) transactions are executed through a dealer or a financial institution on an arm's length and fair value basis; and
- (e) cross trade transactions are disclosed to both clients accordingly.

3. FUND PERFORMANCE

3.1 Details of portfolio composition of the Fund as at 30 June 2021 against the last three financial years as at 31 December are as follows:

a. Distribution among industry sectors and category of Shariah-compliant investments:

	As at 30.6.2021	FY 2020	FY 2019	FY 2018
	%	%	%	%
Unlisted corporate sukuk	85.3	77.8	76.3	89.8
Unlisted Islamic commercial paper	-	1.0	-	-
Short term Islamic deposits and cash	14.7	21.2	23.7	10.2
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Note: The above mentioned percentages are based on the total market value of Shariah-compliant investments plus cash.

b. Distribution among markets

The Fund invested in local unlisted corporate sukuk and short term Islamic deposits.

3.2 Performance details of the Fund for the financial period ended 30 June 2021 against the last three financial years ended 31 December are as follows:

	1.1.2021 to 30.6.2021	FY 2020	FY 2019	FY 2018
Net asset value ("NAV") (RM Million)	393.41	506.66	301.56	163.97
Units in circulation (Million)	616.62	790.02	472.05	265.52
NAV per unit (RM)	0.6380	0.6413	0.6388	0.6175
Highest NAV per unit (RM)	0.6436	0.6605	0.6631	0.6400
Lowest NAV per unit (RM)	0.6285	0.6344	0.6178	0.6138
Total return (%)	-0.51	5.67	7.50	4.58
- Capital growth (%)	-0.51	0.39	3.45	0.65
- Income growth (%)	-	5.28	4.05	3.93
Gross distribution per unit (sen)	-	3.37	2.50	2.40
Net distribution per unit (sen)	-	3.37	2.50	2.40
Management expense ratio ("MER") (%) ¹	1.07	1.07	1.08	1.10
Portfolio turnover ratio ("PTR") (times) ²	0.12	0.24	0.47	0.53

Note: Total return is the actual return of the Fund for the respective financial period/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 Shariah-compliant investments 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 for the financial period under review remains unchanged as compared against previous financial year.*

^{2.} *PTR is lower due to shorter period under review.*

3.3 Average total return of the Fund

	1 Year 30 Jun 20 - 30 Jun 21	3 Years 30 Jun 18 - 30 Jun 21	5 Years 30 Jun 16 - 30 Jun 21
KABF	1.67%	5.04%	4.65%
Maybank 12-months Islamic fixed deposit-i rate	1.86%	2.64%	2.84%

Source: Lipper

3.4 Annual total return of the Fund

	Period under review 31 Dec 20 - 30 Jun 21	1 Year				
		31 Dec 19 - 31 Dec 20	31 Dec 18 - 31 Dec 19	31 Dec 17 - 31 Dec 18	31 Dec 16 - 31 Dec 17	31 Dec 15 - 31 Dec 16
KABF	-0.51%	5.67%	7.50%	4.58%	4.56%	6.18%
Maybank 12-months Islamic fixed deposit-i rate	0.92%	2.21%	3.19%	3.33%	3.13%	3.31%

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 ASNITABOND FUND

We, CIMB Islamic Trustee Berhad being the trustee for Kenanga ASnitaBOND 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 period from 1 January 2021 to 30 June 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; and
- c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For and on behalf of
CIMB Islamic Trustee Berhad

Ng Lai Peng
Authorised Signatory

Kuala Lumpur, Malaysia

28 September 2021

5. SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF KENANGA ASNITABOND FUND ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Kenanga Investors Berhad has operated and managed the Fund for the period covered by these financial statements namely, for the period ended 30 June 2021, in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises instruments that have been classified as Shariah compliant.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

NURUSSA'ADAH NASARUDIN
Designated Shariah Officer

Kuala Lumpur, Malaysia

28 September 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 30 June 2021 and the related statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial period from 1 January 2021 to 30 June 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 ASnitaBOND Fund as at 30 June 2021 and of its financial performance and cash flows for the financial period from 1 January 2021 to 30 June 2021 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

28 September 2021

7. FINANCIAL STATEMENTS

7.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021 (*unaudited*)

	Note	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
INVESTMENT INCOME			
Profit income		9,202,820	7,884,176
Net (loss)/gain from Shariah-compliant investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	4	<u>(9,609,755)</u>	<u>4,431,560</u>
		<u>(406,935)</u>	<u>12,315,736</u>
EXPENSES			
Manager's fee	5	2,162,007	1,776,048
Trustee's fee	6	151,340	124,323
Auditors' remuneration		7,244	-
Tax agent's fee		1,995	600
Administration expenses		<u>4,962</u>	<u>3,526</u>
		<u>2,327,548</u>	<u>1,904,497</u>
NET (LOSS)/INCOME BEFORE TAX		(2,734,483)	10,411,239
Income tax	7	<u>-</u>	<u>-</u>
NET (LOSS)/INCOME AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>(2,734,483)</u>	<u>10,411,239</u>
Net (loss)/income after tax is made up as follows:			
Realised gain		4,968,991	5,301,212
Unrealised (loss)/gain	4	<u>(7,703,474)</u>	<u>5,110,027</u>
		<u>(2,734,483)</u>	<u>10,411,239</u>

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

7.2 STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (*unaudited*)

	Note	30.6.2021 RM	30.6.2020 RM
ASSETS			
INVESTMENTS			
Financial assets at FVTPL	4	336,094,919	322,413,695
Short term Islamic deposits	8	<u>57,887,000</u>	<u>65,362,282</u>
		<u>393,981,919</u>	<u>387,775,977</u>
OTHER ASSETS			
Amount due from Manager		-	4,148,904
Other receivable	9	2,617	3,435
Cash at bank		<u>10,014</u>	<u>100,006</u>
		<u>12,631</u>	<u>4,252,345</u>
TOTAL ASSETS		<u>393,994,550</u>	<u>392,028,322</u>
LIABILITIES			
Amount due to Manager		551,621	-
Amount due to Trustee		22,699	21,487
Other payables	10	<u>6,518</u>	<u>5,700</u>
TOTAL LIABILITIES		<u>580,838</u>	<u>27,187</u>
EQUITY			
Unit holders' contribution		367,833,606	367,705,462
Retained earnings		<u>25,580,106</u>	<u>24,295,673</u>
NET ASSET VALUE ("NAV")			
ATTRIBUTABLE TO UNIT HOLDERS	11	<u>393,413,712</u>	<u>392,001,135</u>
TOTAL LIABILITIES AND EQUITY		<u>393,994,550</u>	<u>392,028,322</u>
NUMBER OF UNITS IN CIRCULATION	11(a)	<u>616,617,434</u>	<u>593,492,344</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6380</u>	<u>0.6605</u>

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

**7.3 STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021 (unaudited)**

	Note	Unit holders' contribution RM	Retained earnings RM	Total NAV RM
1.1.2021 to 30.6.2021				
At beginning of the financial period		478,347,416	28,314,589	506,662,005
Total comprehensive loss		-	(2,734,483)	(2,734,483)
Creation of units	11(a)	19,767,166	-	19,767,166
Cancellation of units	11(a)	(106,467,577)	-	(106,467,577)
Distribution equalisation	11(a)	<u>(23,813,399)</u>	<u>-</u>	<u>(23,813,399)</u>
At end of the financial period		<u>367,833,606</u>	<u>25,580,106</u>	<u>393,413,712</u>
1.1.2020 to 30.6.2020				
At beginning of the financial period		287,678,941	13,884,434	301,563,375
Total comprehensive income		-	10,411,239	10,411,239
Creation of units	11(a)	103,502,850	-	103,502,850
Cancellation of units	11(a)	(42,778,274)	-	(42,778,274)
Distribution equalisation	11(a)	<u>19,301,945</u>	<u>-</u>	<u>19,301,945</u>
At end of the financial period		<u>367,705,462</u>	<u>24,295,673</u>	<u>392,001,135</u>

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

7.4 STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021 *(unaudited)*

	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVTPL	79,946,460	1,998,200
Profit received	9,844,813	6,867,360
Tax agent's fee paid	-	(600)
Auditors' remuneration paid	(9,400)	-
Payment for other fees and expenses	(19,811)	(3,526)
Trustee's fee paid	(192,140)	(120,840)
Manager's fee paid	(2,270,728)	(1,718,510)
Purchase of financial assets at FVTPL	<u>(22,523,468)</u>	<u>(91,073,324)</u>
Net cash generated from/(used in) operating and investing activities	<u>64,775,726</u>	<u>(84,051,240)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	26,323,151	133,871,024
Cash paid on units cancelled	<u>(141,944,648)</u>	<u>(55,178,154)</u>
Net (used in)/cash generated from financing activities	<u>(115,621,497)</u>	<u>78,692,870</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(50,845,771)	(5,358,370)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>108,742,785</u>	<u>70,820,658</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>57,897,014</u>	<u>65,462,288</u>
Cash and cash equivalents comprise:		
Cash at bank	10,014	100,006
Short term Islamic deposits	<u>57,887,000</u>	<u>65,362,282</u>
	<u>57,897,014</u>	<u>65,462,288</u>

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

7.5 NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021 (unaudited)

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Kenanga ASnitaBOND Fund ("the Fund") was constituted pursuant to the executed Deed dated 3 March 2005 (collectively, together with deeds supplemental thereto, referred to as "the Deed") between Libra Invest Berhad and HSBC (Malaysia) Trustees Berhad. The Fund commenced operations on 18 March 2005 and will continue to be in operation until terminated as provided under Part 12 of the Deed. Effective 8 January 2014, HSBC (Malaysia) Trustee Berhad has retired as the Trustee of the Fund. Pursuant to Fifth Supplemental Master Deed dated 17 December 2013, CIMB Islamic Trustee Berhad resume the role as Trustee of the Fund with immediate effect.

Pursuant to the executed seventh Supplemental Deed dated 8 November 2019 between Kenanga Investors Berhad and CIMB Islamic Trustee Berhad, Kenanga Investors Berhad was appointed as the Manager of the Fund with effect from 30 November 2019.

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 investors with regular income over the short to medium term period by investing in Islamic money market instruments and sukuk.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks including market risk (which includes interest rate 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 a Shariah-compliant 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.

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

a. Market risk (contd.)

Market risk arises when the value of the Shariah-compliant 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 Shariah-compliant investments' prices caused by uncertainties in the economic, political and social environment will affect the NAV of the Fund.

The Manager manages the risk of unfavourable changes in prices by cautious review of the Shariah-compliant 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 valuation of Shariah-compliant instruments. In the event of a rising interest rate environment, the performance of Shariah-compliant instruments may decrease, and vice versa. Interest rate, such as the Overnight Policy Rate set by Bank Negara Malaysia, will have an impact on the investment decisions of the Fund regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments.

The Fund's exposure to the interest rate risk is mainly confined to unlisted corporate sukuk.

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Fund's (loss)/income for the financial period to a reasonably possible change in rate of return, with all other variables held constant.

	Changes in rate Increase/(Decrease) Basis points	Effects on (loss)/ income for the financial period (Loss)/Gain RM
30.6.2021		
Financial assets at FVTPL	<u>5/(5)</u>	<u>(832,497)/835,238</u>
30.6.2020		
Financial assets at FVTPL	<u>5/(5)</u>	<u>(918,207)/921,650</u>

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

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

a. Market risk (contd.)

i. Interest rate risk (contd.)

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	Above 1 year - 5 years RM	Above 5 years - 15 years RM	Non- exposure to interest rate movement RM	Total RM	Weighted average effective rate of return* %
30.6.2021						
Assets						
Financial assets at FVTPL	-	129,530,728	203,364,370	3,199,821	336,094,919	3.9
Short term Islamic deposits	57,887,000	-	-	-	57,887,000	1.7
Other assets	-	-	-	12,631	12,631	
	<u>57,887,000</u>	<u>129,530,728</u>	<u>203,364,370</u>	<u>3,212,452</u>	<u>393,994,550</u>	
Liabilities						
Other liabilities	-	-	-	574,320	574,320	
Total interest rate sensitivity gap	<u>57,887,000</u>	<u>129,530,728</u>	<u>203,364,370</u>	<u>2,638,132</u>	<u>393,420,230</u>	

* Calculated based on Shariah-compliant 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	Above 1 year - 5 years RM	Above 5 years - 15 years RM	Non- exposure to interest rate movement RM	Total RM	Weighted average effective rate of return* %
30.6.2020						
Assets						
Financial assets at FVTPL	-	102,213,604	216,929,400	3,270,691	322,413,695	3.9
Short term Islamic deposits	65,362,282	-	-	-	65,362,282	1.9
Other assets	-	-	-	4,252,345	4,252,345	
	<u>65,362,282</u>	<u>102,213,604</u>	<u>216,929,400</u>	<u>7,523,036</u>	<u>392,028,322</u>	
Liabilities						
Other liabilities	-	-	-	21,487	21,487	
Total interest rate sensitivity gap	<u>65,362,282</u>	<u>102,213,604</u>	<u>216,929,400</u>	<u>7,501,549</u>	<u>392,006,835</u>	

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

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 only in unlisted corporate sukuk and with at least investment grade credit rating by a credit rating agency. The following table analyses the Fund's portfolio of unlisted corporate sukuk by rating category:

Rating	Percentage of total unlisted corporate sukuk		Percentage of NAV	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	%	%	%	%
AAA	6.0	9.1	5.0	7.5
AA1/AA+	5.0	6.6	4.3	5.4
AA2/AA	23.8	18.2	20.4	14.8
AA3/AA-	50.5	46.2	43.2	38.0
A1/A+	14.7	19.9	12.5	16.5
	<u>100.0</u>	<u>100.0</u>	<u>85.4</u>	<u>82.2</u>

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

b. Credit risk (contd.)

iii. Credit quality of financial assets (contd.)

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

Short term Islamic deposits

Rating	Percentage of total short term Islamic deposits		Percentage of NAV	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	%	%	%	%
P1/MARC-1	100.0	100.0	14.7	16.7

iv. Credit risk concentration

Concentration risk is monitored and managed based on sectoral distribution. The table below analyses the Fund's portfolio of unlisted corporate sukuk by sectoral distribution:

	Percentage of total unlisted corporate sukuk		Percentage of NAV	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	%	%	%	%
Infrastructure and Utilities	65.3	58.1	55.9	47.8
Diversified Holdings	25.8	-	21.8	-
Finance	4.5	11.4	3.9	9.3
Construction and Engineering	4.4	7.0	3.8	5.7
Industrial products	-	23.5	-	19.4
	100.0	100.0	85.4	82.2

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

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

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.

	Note	Up to 1 year RM	Above 1 year - 5 years RM	Above 5 years - 15 years RM	Total RM
30.6.2021					
Assets					
Financial assets at FVTPL		3,199,821	129,530,728	203,364,370	336,094,919
Short term Islamic deposits		57,887,000	-	-	57,887,000
Other assets		12,631	-	-	12,631
	i.	<u>61,099,452</u>	<u>129,530,728</u>	<u>203,364,370</u>	<u>393,994,550</u>
Liabilities					
Other liabilities	ii.	<u>574,320</u>	<u>-</u>	<u>-</u>	<u>574,320</u>
Equity	iii.	<u>393,413,712</u>	<u>-</u>	<u>-</u>	<u>393,413,712</u>
Liquidity gap		<u>(332,888,580)</u>	<u>129,530,728</u>	<u>203,364,370</u>	<u>6,518</u>

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

c. Liquidity risk (contd.)

	Note	Up to 1 year RM	Above 1 year - 5 years RM	Above 5 years - 15 years RM	Total RM
30.6.2020					
Assets					
Financial assets at FVTPL		3,270,691	102,213,604	216,929,400	322,413,695
Short term Islamic deposits		65,362,282	-	-	65,362,282
Other assets		<u>4,252,345</u>	<u>-</u>	<u>-</u>	<u>4,252,345</u>
	i.	<u>72,885,318</u>	<u>102,213,604</u>	<u>216,929,400</u>	<u>392,028,322</u>
Liabilities					
Other liabilities	ii.	<u>21,487</u>	<u>-</u>	<u>-</u>	<u>21,487</u>
Equity	iii.	<u>392,001,135</u>	<u>-</u>	<u>-</u>	<u>392,001,135</u>
Liquidity gap		<u>(319,137,304)</u>	<u>102,213,604</u>	<u>216,929,400</u>	<u>5,700</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. 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". As a result, it appears that the Fund has a liquidity gap within "up to 1 year". However, the Fund believes that it would be able to liquidate its Shariah-compliant investments should the need arises to satisfy all the redemption requirements.

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, which became effective for the Fund on 1 January 2021.

Description	Effective for financial periods beginning on or after
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

The adoption of the amended MFRS 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 when they become effective.

Description	Effective for financial periods beginning on or after
Amendments to MFRS contained in the document entitled " <i>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 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
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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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).

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 Islamic 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 yield rate ("EYR"). Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

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

The Fund only measures the cash at bank, short term Islamic 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 profit ("SPPP") on the principal amount outstanding.

The details of these conditions are outlined below.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

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

The SPPP test

As a second step of its classification process, the Fund assesses the contractual terms of financial assets to identify whether they meet the SPPP 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 profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPP 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 profit rate is set.

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 financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit 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 SPPP 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. For the purpose of the investment made by the Fund, debt instruments refer to sukuk.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

d. Derecognition of financial assets (contd.)

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 financed plus accrued profit 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 profit earned, during the period between the collection date and the date of required remittance to the eventual recipients.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 MFRS 9 requirements.

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.

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.

Profit income which includes the accretion of discount and amortisation of premium on Islamic fixed income securities, is recognised using effective yield method.

The realised gain or loss on sale of Shariah-compliant investments is measured as the difference between the net disposal proceeds and the carrying amount of the Shariah-compliant 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 Islamic 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 period comprises current tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial period.

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 Shariah-compliant investments at their fair values at reporting date. This reserve is not distributable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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 period.

4. FINANCIAL ASSETS AT FVTPL

	30.6.2021 RM	30.6.2020 RM
Financial assets held for trading, at FVTPL:		
Unlisted corporate sukuk	<u>336,094,919</u>	<u>322,413,695</u>

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
Net (loss)/gain on financial assets at FVTPL comprised:		
Realised loss on disposals	(1,906,281)	(678,467)
Unrealised changes in fair values	(7,703,474)	5,110,027
	<u>(9,609,755)</u>	<u>4,431,560</u>

Details of financial assets at FVTPL as at 30 June 2021:

	Quantity	Amortised cost RM	Fair value RM	Percentage of NAV %
Unlisted corporate sukuk				
Anih Berhad maturing on 27/11/2026	6,000,000	6,555,815	6,669,607	1.7
Anih Berhad maturing on 29/11/2022	3,000,000	3,047,899	3,114,820	0.8
Anih Berhad maturing on 29/11/2024	5,000,000	5,290,264	5,389,986	1.4
Anih Berhad maturing on 29/11/2027	3,500,000	3,790,994	3,947,820	1.0
Anih Berhad maturing on 29/11/2028	8,000,000	8,828,550	9,127,967	2.3
Anih Berhad maturing on 29/11/2029	500,000	600,084	579,377	0.1
Cellco Capital Berhad maturing on 29/03/2030	3,000,000	3,085,688	3,098,983	0.8
Danum Capital Berhad maturing on 13/05/2027	1,000,000	1,022,684	999,281	0.2
Danum Capital Berhad maturing on 14/02/2034	3,500,000	3,777,526	3,731,902	0.9
DRB-Hicom Berhad maturing on 11/12/2026	22,000,000	22,115,590	22,570,876	5.7
DRB-Hicom Berhad maturing on 12/12/2024	5,000,000	5,010,596	5,087,796	1.3
DRB-Hicom Berhad maturing on 29/08/2025	5,000,000	5,129,157	5,122,636	1.3
Gamuda Berhad maturing on 16/03/2023	3,000,000	3,083,802	3,131,122	0.8
Jati Cakerawala Sdn Bhd maturing on 31/07/2023	1,870,000	1,930,057	1,938,815	0.5

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 30 June 2021: (contd.)

	Quantity	Amortised cost RM	Fair value RM	Percentage of NAV %
Unlisted corporate sukuk (contd.)				
Jimah East Power Sdn Bhd maturing on 03/12/2032	5,000,000	5,522,088	5,789,377	1.5
Jimah East Power Sdn Bhd maturing on 04/06/2024	2,500,000	2,664,082	2,650,944	0.7
Jimah East Power Sdn Bhd maturing on 04/06/2026	5,000,000	5,170,357	5,437,416	1.4
Jimah East Power Sdn Bhd maturing on 04/12/2023	5,000,000	5,126,267	5,257,692	1.3
Jimah East Power Sdn Bhd maturing on 04/12/2026	4,000,000	4,305,383	4,371,451	1.1
Jimah East Power Sdn Bhd maturing on 04/12/2029	6,000,000	6,781,174	6,668,329	1.7
Malayan Banking Berhad maturing on 30/01/2026	9,000,000	9,532,303	9,801,300	2.5
Malayan Banking Berhad maturing on 31/01/2024	5,000,000	5,219,624	5,329,690	1.4
Malaysia Airport Holdings Berhad maturing on 13/12/2024	16,500,000	17,227,589	17,305,539	4.4
MMC Corporation Berhad maturing on 12/11/2027	8,500,000	9,115,321	9,363,521	2.4
MMC Corporation Berhad maturing on 27/04/2027	2,000,000	2,164,426	2,172,468	0.6
Pelabuhan Tanjung Pelepas Sdn Bhd maturing on 18/06/2027	5,000,000	5,125,066	5,069,034	1.3
Pelabuhan Tanjung Pelepas Sdn Bhd maturing on 18/06/2030	12,000,000	12,447,652	11,960,070	3.0
Pelabuhan Tanjung Pelepas Sdn Bhd maturing on 27/08/2027	11,000,000	11,124,315	10,850,965	2.8

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 30 June 2021: (contd.)

	Quantity	Amortised cost RM	Fair value RM	Percentage of NAV %
Unlisted corporate sukuk (contd.)				
Pelabuhan Tanjung Pelepas Sdn Bhd maturing on 28/08/2025	1,500,000	1,516,182	1,503,701	0.4
Press Metal Aluminium Holdings Berhad maturing on 16/10/2026	6,000,000	6,050,400	6,058,860	1.5
Press Metal Aluminium Holdings Berhad maturing on 17/10/2024	2,000,000	2,061,575	2,031,820	0.5
Press Metal Aluminium Holdings Berhad maturing on 17/10/2029	6,000,000	6,051,600	5,908,080	1.5
Quantum Solar Park (Semenanjung) Sdn Bhd maturing on 04/10/2024	2,000,000	2,037,400	2,122,190	0.5
Quantum Solar Park (Semenanjung) Sdn Bhd maturing on 06/04/2027	5,000,000	5,111,484	5,410,280	1.4
Quantum Solar Park (Semenanjung) Sdn Bhd maturing on 06/04/2028	1,000,000	1,028,576	1,087,635	0.3
Quantum Solar Park (Semenanjung) Sdn Bhd maturing on 06/04/2032	5,000,000	4,929,820	5,495,042	1.4
Quantum Solar Park (Semenanjung) Sdn Bhd maturing on 06/10/2023	1,000,000	1,017,024	1,049,566	0.3
Sarawak Energy Berhad maturing on 19/01/2027	5,000,000	5,489,183	5,465,494	1.4
Sarawak Energy Berhad maturing on 23/06/2026	4,000,000	4,451,693	4,432,993	1.1
Sinar Kamiri Sdn Bhd maturing on 30/01/2025	5,000,000	5,200,000	5,301,890	1.3

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 30 June 2021: (contd.)

	Quantity	Amortised cost RM	Fair value RM	Percentage of NAV %
Unlisted corporate sukuk (contd.)				
Sinar Kamiri Sdn Bhd maturing on 30/01/2026	10,000,000	10,438,577	10,654,633	2.7
Sinar Kamiri Sdn Bhd maturing on 30/01/2030	4,000,000	4,239,543	4,305,754	1.1
Southern Power Generation Sdn Bhd maturing on 29/10/2027	3,000,000	3,064,017	3,258,051	0.8
Southern Power Generation Sdn Bhd maturing on 29/10/2032	5,000,000	5,842,675	5,538,008	1.4
Southern Power Generation Sdn Bhd maturing on 30/04/2029	3,500,000	3,707,285	3,815,651	1.0
Southern Power Generation Sdn Bhd maturing on 31/10/2024	5,000,000	5,041,192	5,305,942	1.3
Southern Power Generation Sdn Bhd maturing on 31/10/2029	5,000,000	5,202,480	5,460,870	1.4
Tanjung Bin Energy Sdn Bhd maturing on 16/03/2027	5,000,000	5,440,202	5,658,298	1.4
Tanjung Bin Energy Sdn Bhd maturing on 16/03/2028	5,000,000	5,401,495	5,730,464	1.5
Tanjung Bin O&M Berhad maturing on 30/06/2028	10,000,000	10,766,277	11,334,619	2.9
Tanjung Bin Power Sdn Bhd maturing on 15/08/2025	4,000,000	4,397,977	4,361,068	1.1
Tanjung Bin Power Sdn Bhd maturing on 16/08/2027	5,500,000	5,870,582	6,113,903	1.6
Telekom Malaysia Berhad maturing on 18/05/2028	5,000,000	5,392,292	5,427,160	1.4
UMW Holdings Berhad maturing on 02/10/2026	15,000,000	16,256,046	16,407,333	4.2

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 30 June 2021: (contd.)

	Quantity	Amortised cost RM	Fair value RM	Percentage of NAV %
Unlisted corporate sukuk (contd.)				
UMW Holdings Berhad maturing on 05/11/2025	4,000,000	4,018,927	3,965,407	1.0
UMW Holdings Berhad maturing on 20/04/2028	13,000,000	14,162,580	14,747,798	3.7
YTL Power International Berhad maturing on 03/05/2027	1,500,000	1,640,807	1,603,625	0.4
Total unlisted corporate sukuk, representing financial assets at FVTPL		<u>330,622,244</u>	<u>336,094,919</u>	<u>85.4</u>
Unrealised gain on financial assets at FVTPL			<u>5,472,675</u>	

5. MANAGER'S FEE

The Manager's fee is calculated on a daily basis at a rate not exceeding 3.0% per annum of the NAV of the Fund as provided under Division 13.1 of the Deed.

The Manager is currently charging Manager's fee of 1.00% per annum of the NAV of the Fund (financial period from 1 January 2020 to 30 June 2020: 1.00% per annum).

6. TRUSTEE'S FEE

The Trustee's fee is calculated on a daily basis at a rate not exceeding 0.20% per annum of the NAV of the Fund as provided under Division 13.2 of the Deed.

The Trustee's fee is currently calculated at 0.07% per annum of the NAV of the Fund (financial period from 1 January 2020 to 30 June 2020: 0.07% 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 periods.

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

	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020
	RM	RM
Net (loss)/income before tax	<u>(2,734,483)</u>	<u>10,411,239</u>
Tax at Malaysian statutory tax rate of 24% (financial period from 1 January 2020 to 30 June 2020: 24%)	(656,276)	2,498,697
Tax effect of:		
Income not subject to tax	(2,208,677)	(3,118,609)
Losses not deductible for tax purposes	2,306,341	162,832
Expenses not deductible for tax purposes	36,860	30,470
Restriction on tax deductible expenses for unit trust fund	<u>521,752</u>	<u>426,610</u>
Income tax for the financial period	<u>-</u>	<u>-</u>

8. SHORT TERM ISLAMIC DEPOSITS

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

9. OTHER RECEIVABLE

	30.6.2021	30.6.2020
	RM	RM
Profit receivable from short term Islamic deposits	<u>2,617</u>	<u>3,435</u>

10. OTHER PAYABLES

	30.6.2021	30.6.2020
	RM	RM
Accrual for auditors' remuneration	1,444	3,600
Accrual for tax agent's fees	4,095	2,100
Provision for printing and other expenses	<u>979</u>	<u>-</u>
	<u>6,518</u>	<u>5,700</u>

11. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS

NAV attributable to unit holders is represented by:

	Note	30.6.2021 RM	30.6.2020 RM
Unit holders' contribution	(a)	<u>367,833,606</u>	<u>367,705,462</u>
Retained earnings:			
Realised reserves		20,107,431	13,850,894
Unrealised reserves		<u>5,472,675</u>	<u>10,444,779</u>
		<u>25,580,106</u>	<u>24,295,673</u>
		<u>393,413,712</u>	<u>392,001,135</u>

(a) Unit holders' contribution

	1.1.2021 to 30.6.2021		1.1.2020 to 30.6.2020	
	No. of units	RM	No. of units	RM
At beginning of the financial period	790,018,257	478,347,416	472,046,702	287,678,941
Add: Creation of units	39,534,331	19,767,166	207,002,930	103,502,850
Less: Cancellation of units	(212,935,154)	(106,467,577)	(85,557,288)	(42,778,274)
Distribution equalisation	-	(23,813,399)	-	19,301,945
At end of the financial period	<u>616,617,434</u>	<u>367,833,606</u>	<u>593,492,344</u>	<u>367,705,462</u>

The Manager, Kenanga Investors Berhad, and other parties related to the Manager did not hold any units in the Fund, either legally or beneficially, as at 30 June 2021 (30 June 2020: nil).

12. PORTFOLIO TURNOVER RATIO ("PTR")

PTR for the financial period from 1 January 2021 to 30 June 2021 is 0.12 times (financial period from 1 January 2020 to 30 June 2020: 0.13 times).

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

13. MANAGEMENT EXPENSE RATIO (“MER”)

MER for the financial period from 1 January 2021 to 30 June 2021 is 1.07% per annum (financial period from 1 January 2020 to 30 June 2020: 1.07% per annum).

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.

14. SHARIAH INFORMATION OF THE FUND

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

- a. Unlisted sukuk as available at Bond Info Hub and Fully Automated System For Issuing/Tendering of Bank Negara Malaysia; and
- b. Liquid assets in the local market, which have been placed in Shariah-compliant investments and/or instruments

15. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS

	Transaction value RM	Percentage of total %
RHB Investment Bank Berhad	34,717,071	36.0
Hong Leong Bank Berhad	17,883,489	18.5
United Overseas Bank (Malaysia) Berhad	15,409,562	16.0
Maybank Berhad	11,417,360	11.8
CIMB Islamic Bank Berhad	7,595,221	7.9
CIMB Bank Berhad	7,417,195	7.7
Kenanga Investment Bank Berhad*	1,996,219	2.1
	<u>96,436,117</u>	<u>100.0</u>

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

The above transaction values are in respect of unlisted corporate sukuk and unlisted government bonds. Transactions in unlisted corporate sukuk and unlisted government bonds do not involve any commission or brokerage fees.

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.

16. SEGMENTAL REPORTING

a. Business segments

In accordance with the objective of the Fund, the Fund can invest a minimum of 70% of its NAV in sukuk. The following table provides an analysis of the Fund's revenue, results, assets and liabilities by business segments:

	Unlisted sukuk RM	Other Shariah- compliant investments RM	Total RM
1.1.2021 to 30.6.2021			
Revenue			
Segment income	<u>(927,463)</u>	<u>520,528</u>	(406,935)
Unallocated expenditure			<u>(2,327,548)</u>
Loss before tax			(2,734,483)
Income tax			<u>-</u>
Net loss after tax			<u>(2,734,483)</u>
30.6.2021			
Assets			
Financial assets at FVTPL	336,094,919	-	
Short term Islamic deposits	-	57,887,000	
Other segment asset	<u>-</u>	<u>2,617</u>	
Total segment assets	<u>336,094,919</u>	<u>57,889,617</u>	393,984,536
Unallocated assets			<u>10,014</u>
			<u>393,994,550</u>
Liabilities			
Unallocated liabilities			<u>580,838</u>

16. SEGMENTAL REPORTING (CONTD.)

a. Business segments (contd.)

	Unlisted sukuk RM	Other Shariah- compliant investments RM	Total RM
1.1.2020 to 30.6.2020			
Revenue			
Segment income	<u>11,598,565</u>	<u>717,171</u>	12,315,736
Unallocated expenditure			<u>(1,904,497)</u>
Income before tax			10,411,239
Income tax			<u>-</u>
Net income after tax			<u>10,411,239</u>
30.6.2020			
Assets			
Financial assets at FVTPL	322,413,695	-	
Short term Islamic deposits	-	65,362,282	
Other segment asset	<u>-</u>	<u>3,435</u>	
Total segment assets	<u>322,413,695</u>	<u>65,365,717</u>	387,779,412
Unallocated assets			<u>4,248,910</u>
			<u>392,028,322</u>
Liabilities			
Unallocated liabilities			<u>27,187</u>

b. Geographical segments

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

17. 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.

17. FINANCIAL INSTRUMENTS (CONTD.)

a. Classification of financial instruments (contd.)

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
30.6.2021				
Assets				
Unlisted corporate sukuk	336,094,919	-	-	336,094,919
Short term Islamic deposits	-	57,887,000	-	57,887,000
Other receivable	-	2,617	-	2,617
Cash at bank	-	10,014	-	10,014
	<u>336,094,919</u>	<u>57,899,631</u>	<u>-</u>	<u>393,994,550</u>
Liabilities				
Amount due to Manager	-	-	551,621	551,621
Amount due to Trustee	-	-	22,699	22,699
	<u>-</u>	<u>-</u>	<u>574,320</u>	<u>574,320</u>
30.6.2020				
Assets				
Unlisted corporate sukuk	322,413,695	-	-	322,413,695
Short term Islamic deposits	-	65,362,282	-	65,362,282
Amount due to Manager	-	4,148,904	-	4,148,904
Other receivable	-	3,435	-	3,435
Cash at bank	-	100,006	-	100,006
	<u>322,413,695</u>	<u>69,614,627</u>	<u>-</u>	<u>392,028,322</u>
Liabilities				
Amount due to Trustee	-	-	21,487	21,487

17. 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 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:				
30.6.2021				
Unlisted corporate sukuk	-	336,094,919	-	336,094,919
30.6.2020				
Unlisted corporate sukuk	-	322,413,695	-	322,413,695

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 unlisted corporate sukuk are based on evaluated mid price provided by bond pricing agency accredited by the Securities Commission Malaysia.

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.

18. 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:

- To invest in Shariah-compliant investments meeting the description, risk exposure and expected return indicated in its prospectus;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- 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 periods.

19. 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 which would require adjustments to be made to the carrying values of the assets and liabilities of the Fund as at 30 June 2021. The Fund holds sufficient capital and will continue to prudently manage risks in order to ensure that it remains resilient through this period of uncertainty.

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