

KENANGA KLCI DAILY (-1X) INVERSE ETF

INTERIM REPORT

For the Financial Period From 20 December 2019 (date of commencement) to 30 June 2020

kenanga

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

KENANGA KLCI DAILY (-1X) INVERSE ETF

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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

Datuk Syed Ahmad Alwee Alsree (**Chairman**)
Syed Zafilen Syed Alwee (**Independent Director**)
Peter John Rayner (**Independent Director**)
Imran Devindran Abdullah (**Independent Director**)
Ismitz Matthew De Alwis
Norazian Ahmad Tajuddin (**Independent Director**)

Investment Committee

Syed Zafilen Syed Alwee (**Independent Member**)
Peter John Rayner (**Independent Member**)
Imran Devindran Abdullah (**Independent Member**)
Ismitz Matthew De Alwis
Norazian Ahmad Tajuddin (**Independent Member**)

Company Secretary: Norliza Abd Samad (MAICSA 7011089)

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

Trustee: RHB Trustees Berhad Company No. 200201005356 (573019-U)

Registered Office

Level 10, Tower 1
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.
Tel: 03-9287 8888
Fax: 03-9280 6507

Business Office

Level 11, Tower 3
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: 03-9280 5933
Fax: 03-9280 5024/5280
Email: rhbt.ut@rhbgroup.com
Website: www.rhbgroup.com

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

Technical Advisor: Yuanta Securities Investment Trust Co., Ltd.

11F, No. 219, Sect. 3, Nanjing E-Rd., Taipei, 104 Taiwan.

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. 25-1, Jalan Kota Laksamana 2/17
Taman Kota Laksamana, Seksyen 2
75200 Melaka
Tel: 06-281 8913 / 06-282 0518
Fax: 06-281 4286

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, Malaysia
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 KLCI Daily (-1X) Inverse ETF (KKL1X or the Fund)

1.2 Fund Category / Type

Exchange-traded fund / Inverse exchange-traded fund

1.3 Investment Objective

The Fund aims to provide daily performance, before fees and expenses, which closely corresponds to the daily performance of the Benchmark.

The Fund does not seek to achieve its stated investment objective over a period of time greater than one (1) day.

1.4 Investment Strategy

The Manager intends to adopt a futures-based replication investment strategy to achieve the investment objective of the Fund. The Manager will invest directly in the Index Futures, to obtain the required exposure to the Benchmark.

1.5 Benchmark

FTSE Bursa Malaysia KLCI Daily Short (Price) Index.

1.6 Distribution Policy

Distribution of income, if any, will be on incidental basis.

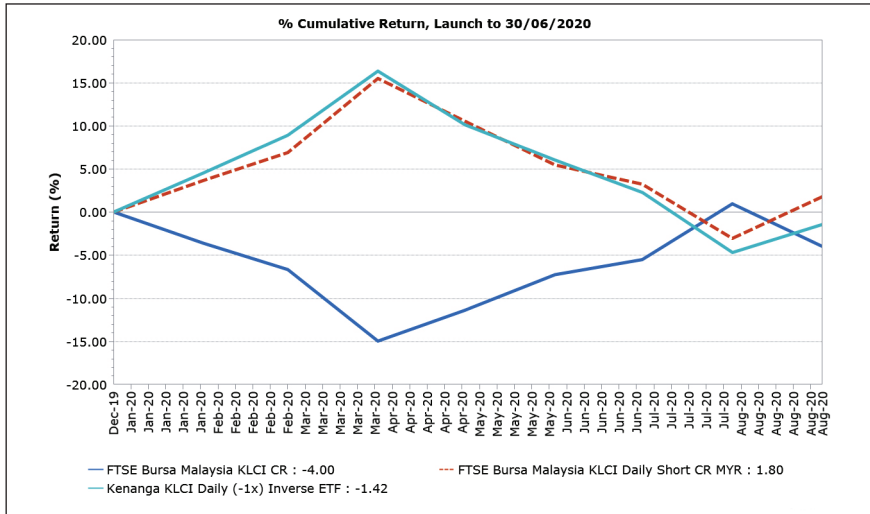
1.7 Breakdown of unit holdings of the Fund as at 30 June 2020

Size of holdings	No. of unit holders	No. of units held
Less than 100	-	-
100 - 1,000	2	1,000
1,001 - 10,000	4	22,800
10,001 - 100,000	2	86,000
100,001 and above	1	890,200
Total	9	1,000,000

2. MANAGER'S REPORT

2.1 Comparison between the Fund's performance during the financial period under review and performance of the benchmark

Performance Chart Since Launch (20/12/2019 – 30/06/2020)
Kenanga KLCI Daily (-1X) Inverse ETF



Source: Lipper

2.2 The Fund's asset allocation as at 30 June 2020

Asset	30 Jun 2020
Listed future contracts	-0.9%
Short term Islamic deposits and cash	100.9%

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

	Period under review
Kenanga KLCI Daily (-1x) Inverse ETF	2.28%
FTSE Bursa Malaysia KLCI Daily Short (Price) Index	4.60%

Source: Lipper

For the financial period under review, the Fund registered a return of 2.28%, underperforming its benchmark returns of 4.60% during the same period.

2.4 Review of the market

Market review

Global equity markets experienced a sharp sell-off in February amid rising concerns over the impact of COVID-19 virus on economic activities and global growth. March was another brutal month as equities fell across all major markets with heightened volatility, as the virus spread exponentially in Europe and US, which prompted the World Health Organization to declare a global pandemic on 11th March 2020. Additionally, the breakdown of OPEC and Russia's talk to extend oil production cuts on the 6th March, and Saudi Arabia's subsequent decision to instead increase output led to a downward spiral in oil price to as low as USD22.7 per barrel, the lowest level since 2003. Equity markets recovered from April to June following aggressive easing by global central banks and massive fiscal stimulus unleashed by governments. Moderation of new infection cases for COVID-19 and lockdown easing in some countries also added to the positive sentiment.

The KLCI started the year at 1,589 points but fell sharply to the lowest point at 1,220 points on 19 March 2020 due to the worsening COVID-19 outbreak. KLCI has since recovered but still registered a drop of 5.53% in 1H2020. In 1H2020, Malaysia witnessed net foreign outflow of RM16.5 billion for the equity market, which exceeded 2019's net foreign selling of RM11 billion, due to the uninspiring corporate results, local political turmoil and global uncertainties.

Market outlook

Despite near term improvement in sentiment as economies re-open, global markets are expected to remain volatile as markets digest the longer term effects of the recession. Global growth remains deep in recessionary territory with most indicators recording historically worst prints. Nonetheless, an improvement in 3Q is expected, as economies come out of lockdown. Asset prices could remain buoyed as policymakers remain supportive, with historic fiscal support and various liquidity programs. Key risks include the possibility of a second or third wave of infections requiring further lockdowns, renewed worries on US-China trade tensions as Trump mounted attacks on China's handling of COVID-19 pandemic and outcome of the upcoming U.S. presidential election.

2.5 Distributions

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

2.6 Details of any unit split exercise

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

2.7 Significant changes in the state of affair of the Fund during the financial period

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

2.8 Circumstances that materially affect any interests of the unit holders

During the financial period under review, there were no circumstances that materially affected any interests of the unit holders.

2.9 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. For the financial period under review, the Manager has received soft commissions from the stockbrokers.

2.10 Cross trade

During the financial period under review, no cross-trade transactions were undertaken by investment manager for the Fund.

3. FUND PERFORMANCE

3.1 Details of portfolio composition of the Fund for the financial period as at 30 June 2020 is as follows:

a. Distribution among industry sectors and category of investments:

	As at 30.6.2020 %
Listed futures contracts	(0.9)
Short term deposits and cash	100.9
	100.0

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

b. Distribution among markets

The Fund invested in local listed futures contracts and cash instruments only.

c. Weightings of the top 10 constituents of the Underlying Index as at 30 June 2020

Rank	Constituent	Index Weight (%)
1	Public Bank Bhd	10.87
2	Tenaga Nasional Bhd	9.64
3	Malayan Banking Bhd	9.58
4	Top Glove Corp Bhd	5.79
5	CIMB Group Holdings Bhd	5.29
6	Hartalega Holdings Bhd	4.07
7	Sime Darby Plantation Bhd	3.73
8	Petronas Chemicals Group Bhd	3.73
9	Dialog Group Bhd	3.51
10	Axiata Group Bhd	3.50

Source: Bloomberg

3.2 Performance details of the Fund for financial period ended 30 June 2020 is as follows:

	20.12.2019 to 30.6.2020
Net asset value ("NAV") (RM Million)	2.05
Units in circulation (Million)	1.00
NAV per unit (RM)	2.0456
Highest NAV per unit (RM)	2.6037
Lowest NAV per unit (RM)	1.9467
Total return (%)	2.28
- Capital growth (%)	2.28
- Income growth (%)	-
Gross distribution per unit (sen)	-
Net distribution per unit (sen)	-
Management expense ratio ("MER") (%) ¹	0.69
Portfolio turnover ratio ("PTR") (times) ²	7.24

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

- MER is computed based on the total fees and 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 investment securities of the Fund divided by the average fund size calculated on a daily basis.*

3.3 Average total return of the Fund

	Since Inception 20 Dec 19 - 30 Jun 20
Kenanga KLCI Daily (-1x) Inverse ETF	2.28%
FTSE Bursa Malaysia KLCI Daily Short (Price) Index	4.60%

Source: Lipper

3.4 Annual total return of the Fund

	Since Inception 20 Dec 19 - 30 Jun 20
Kenanga KLCI Daily (-1x) Inverse ETF	2.28%
FTSE Bursa Malaysia KLCI Daily Short (Price) Index	4.60%

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 KENANGA KLCI DAILY (-1X) INVERSE ETF

We have acted as Trustee of Kenanga KLCI Daily (-1X) Inverse ETF ("the Fund") for the financial period ended 30 June 2020. In our opinion and to the best of our knowledge, Kenanga Investors Berhad, the Manager, has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on Exchange-traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of
RHB TRUSTEES BERHAD
[Company No.: 200201005356 (573019-U)]

MOHD SOFIAN BIN KAMARUDDIN
Vice President

LEE YIT CHENG
Head, Trustees Operations

Kuala Lumpur, Malaysia

27 August 2020

5. 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 2020 and the related statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial period from 20 December 2019 (date of commencement) to 30 June 2020 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 KLCI Daily (-1X) Inverse ETF as at 30 June 2020 and of its financial performance and cash flows for the financial period from 20 December 2019 (date of commencement) to 30 June 2020 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 2020

6. FINANCIAL STATEMENTS

6.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 20 DECEMBER 2019 (DATE OF COMMENCEMENT) TO 30 JUNE 2020 (*unaudited*)

	Note	20.12.2019 (date of commencement) to 30.6.2020 RM
INVESTMENT INCOME		
Interest income		19,943
Net gain on investment:		
- Financial liabilities at fair value through profit or loss	4	<u>36,875</u>
		<u>56,818</u>
EXPENSES		
Manager's fee	5	5,028
Trustee's fee	6	403
Index license fee	7	543
Auditors' remuneration		-
Tax agent's fee		-
Administration expenses		2,195
Brokerage and other transaction costs		<u>3,097</u>
		<u>11,266</u>
NET INCOME BEFORE TAX		45,552
Income tax	8	<u>-</u>
NET INCOME AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>45,552</u>
Net income after tax is made up as follows:		
Realised gain		62,977
Unrealised loss	4	<u>(17,425)</u>
		<u>45,552</u>

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

**6.2 STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (unaudited)**

	Note	30.6.2020 RM
ASSETS		
INVESTMENTS		
Short term deposits	9	<u>1,487,069</u>
OTHER ASSETS		
Other receivables	10	4,755
Cash at banks	11	<u>574,093</u>
		<u>578,848</u>
TOTAL ASSETS		<u>2,065,917</u>
LIABILITIES		
Financial liabilities at FVTPL	4	17,425
Amount due to Manager		2,152
Amount due to Trustee		215
Amount due to index provider		543
Other payables		<u>30</u>
TOTAL LIABILITIES		<u>20,365</u>
EQUITY		
Unit holders' contribution		2,000,000
Retained earnings		<u>45,552</u>
NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS	12	<u>2,045,552</u>
TOTAL LIABILITIES AND EQUITY		<u>2,065,917</u>
NUMBER OF UNITS IN CIRCULATION	12(a)	<u>1,000,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>2.0456</u>

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

**6.3 STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 20 DECEMBER 2019 (DATE OF COMMENCEMENT)
TO 30 JUNE 2020 (unaudited)**

	Note	Unit holders' contribution RM	Retained earnings RM	Total NAV RM
20.12.2019 (date of commencement) to 30.6.2020				
At date of commencement		-	-	-
Total comprehensive income		-	45,552	45,552
Creation of units	11(a)	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
At end of the financial period		<u>2,000,000</u>	<u>45,552</u>	<u>2,045,552</u>

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

**6.4 STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 20 DECEMBER 2019 (DATE OF COMMENCEMENT)
TO 30 JUNE 2020 (unaudited)**

**20.12.2019
(date of
commencement)
to 30.6.2020
RM**

**CASH FLOWS FROM OPERATING AND INVESTING
ACTIVITIES**

Net gain from financial liabilities at FVTPL	54,300
Interest received	19,688
Trustee's fee paid	(188)
Manager's fee paid	(2,876)
Brokerage fee paid to financial institution	(3,097)
Payments for other fees and expenses	<u>(6,665)</u>
Net cash used in operating and investing activities	<u>61,162</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Cash received from units created, representing net cash generated from financing activities	<u>2,000,000</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 2,061,162

CASH AND CASH EQUIVALENTS AT DATE OF COMMENCEMENT -

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD 2,061,162

Cash and cash equivalents comprise:

Cash at banks	574,093
Short term deposits	<u>1,487,069</u>
	<u>2,061,162</u>

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

6.5 NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 20 DECEMBER 2019 (DATE OF COMMENCEMENT) TO 30 JUNE 2020 (unaudited)

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Kenanga KLCI Daily (-1X) Inverse ETF (“the Fund”) was constituted pursuant to the executed Deed dated 4 September 2019 (“the Deed”) between Kenanga Investors Berhad and RHB Trustees Berhad. The Fund commenced operations on 20 December 2019 and will continue to be in operation until terminated as provided under Clause 26 of the Deed.

The Fund is listed on the main market of Bursa Malaysia Securities Berhad and aims to provide daily performance, before fees and expenses, which closely corresponds to the daily performance of the Benchmark, the FTSE Bursa Malaysia KLCI Daily Short (Price) Index provided by FTSE International Limited. The Fund intends to adopt a futures-based replication investment strategy to achieve the investment objective.

The Manager, 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.

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 short term 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* %
30.6.2020				
Assets				
Short term deposits	1,487,069	-	1,487,069	1.9
Other assets	-	578,848	578,848	
	<u>1,487,069</u>	<u>578,848</u>	<u>2,065,917</u>	
Liabilities				
Financial liabilities at FVTPL	-	17,425	17,425	
Other liabilities	-	2,910	2,910	
	<u>-</u>	<u>20,335</u>	<u>20,335</u>	
Total interest rate sensitivity gap	<u>1,487,069</u>	<u>558,513</u>	<u>2,045,582</u>	

* Computed based on interest-bearing assets only.

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

a. Market risk (contd.)

ii. Price risk

Price risk is the risk of unfavourable changes in the fair values of listed investment securities. The Fund invests in listed investment securities which are exposed to price fluctuations. This may then affect the NAV of the Fund.

Price risk sensitivity

The Manager's best estimate of the effect on the income for the financial period due to a reasonably possible change in investments in listed investment securities with all other variables held constant is indicated in the table below:

	Changes in price Increase/(Decrease) Basis points	Effects on income for the financial period Gain/(Loss) RM
30.6.2020		
Financial liabilities at FVTPL	<u>5/(5)</u>	<u>(1,009)/1,009</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 30.6.2020 RM	Percentage of NAV 30.6.2020 %
Financial liabilities at FVTPL	<u>(17,425)</u>	<u>(0.9)</u>

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.

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

b. Credit risk (contd.)

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

Rating	Percentage of total short term deposits	Percentage of NAV
	30.6.2020	30.6.2020
	%	%
P1	100.0	72.7

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 settle the daily margin call, pay its liabilities or cancel its units earlier than expected. The Fund is exposed to potential daily margin call from its margin account that resulted from adverse market movement and 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 at banks, 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.

	Note	Up to 1 year 30.6.2020 RM
Assets		
Short term deposits		1,487,069
Other assets		<u>578,848</u>
	i	<u>2,065,917</u>
Liabilities		
Financial liabilities at FVTPL		17,425
Other liabilities		<u>2,910</u>
	ii	<u>20,335</u>
Equity	iii	<u>2,045,552</u>
Liquidity gap		<u>30</u>

i. Financial assets

The 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

Analysis of financial liabilities at FVTPL into maturity groupings is based on the expected date on which these assets will be realised. The Fund's investments in listed investment securities 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 liability, the analysis into 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 Exchange-traded 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 Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which became effective on 20 December 2019. The adoption of the new and amended MFRS did not have any significant impact on the financial position or performance of the Fund.

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

b. Standards, amendments and interpretations issued but not yet effective

As at the reporting date, the following Standards, Amendments to Standards and IC Interpretations 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 period beginning on or after
<i>Amendments to MFRS contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020 Cycle"</i>	1 January 2022
<i>Amendments to MFRS 1: Subsidiary as a First-time Adopter contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020 Cycle"</i>	1 January 2022
<i>Amendments to MFRS 9: 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
<i>Amendments to Illustrative Examples accompanying MFRS 16: Lease Incentives 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, amendments and interpretations issued but not yet effective (contd.)

Description	Effective for financial period beginning on or after
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 101: <i>Classification of Liabilities as Current or Non-current</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 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

The Fund will adopt the above pronouncements when they become effective in the respective financial periods. 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 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. 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.

The Fund's other financial assets include cash at banks, short term Islamic deposits and other receivable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

i. Measurement categories of financial assets and liabilities (contd.)

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 other payables.

Other financial liabilities are recognised initially at fair value plus 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.

ii. Initial recognition and subsequent measurement

The classification of financial assets at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 3(c)(iii). Financial assets are initially measured at their fair value, except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Fund accounts for the Day 1 profit or loss, as described below.

After initial measurement, debt instruments are measured at amortised cost, using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Expected credit losses ("ECLs") are recognised in the statement of comprehensive income when the investments are impaired.

Financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss.

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

The Fund only measures the cash at banks, 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 profit ("SPPP") on the principal amount outstanding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

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

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;
- important aspects of the Fund's assessment.
- 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 profit 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 profit rate is set.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

iii. Due from banks, short term deposits, trade 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 profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

d. Derecognition of financial assets (contd.)

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. Impairment of financial assets

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

The Fund measure its receivables impairment using the forward-looking ECL approach in accordance with 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.

f. 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 is recognised using the effective interest method.

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 investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

g. Cash and cash equivalent

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

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

m. Significant accounting judgments and estimates (contd.)

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 LIABILITIES AT FVTPL

The Fund invests in listed derivative - KLCI futures contracts. Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash.

	30.6.2020
	RM
Financial liabilities held for trading, at FVTPL:	
Listed derivative - KLCI futures contracts	<u>(17,425)</u>
	20.12.2019
	(date of
	commencement)
	to 30.6.2020
	RM
Net gain on financial liabilities at FVTPL comprised:	
Realised gain on disposals	54,300
Unrealised changes in fair value	<u>(17,425)</u>
	<u>36,875</u>

There were 27 futures contracts with notional principal amount of RM 2,018,250 remain outstanding as at 30 June 2020.

5. MANAGER'S FEE

The Manager's fee is computed on a daily basis at a rate not exceeding 3.0% per annum of the NAV of the Fund as provided under Clause 15.1 of the Deed.

The Manager is currently charging Manager's fee of 0.50% per annum of the NAV of the Fund.

6. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at a rate not exceeding 0.1% per annum of the NAV of the Fund as provided under Clause 15.2 of the Deed.

The Trustee's fee is currently calculated at 0.04% per annum of the NAV of the Fund.

7. INDEX LICENSE FEE

The index license fee is equivalent to 10% of the total manager's fee during the quarter preceding each quarter date provided that such quarterly charge shall not be less than 4bps of the asset under management during the quarter preceding each quarter date.

The index license fee is currently calculated at 0.05% per annum of the NAV of the Fund.

8. INCOME TAX

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the current 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 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:

	20.12.2019 (date of commencement) to 30.6.2020 RM
Net income before tax	<u>45,552</u>
Tax at Malaysian statutory tax rate of 24%	10,932
Tax effects of	
Income not subject to tax	(17,818)
Losses not deductible for tax purposes	4,182
Expenses not deductible for tax purposes	1,497
Restriction on tax deductible expenses for unit trust fund	<u>1,207</u>
Income tax for the financial period	<u>-</u>

9. SHORT TERM DEPOSITS

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

10. OTHER RECEIVABLES

	30.6.2020
	RM
Interest receivable from short term deposits	79
Interest receivable from margin account	176
Registrar security deposits	<u>4,500</u>
	<u>4,755</u>

11. CASH AT BANKS

	30.6.2020
	RM
Cash in bank current account	10,930
Cash in margin account	<u>563,163</u>
	<u>574,093</u>

Cash in margin account represents margin deposits held in respect of the open exchange-traded futures contracts.

12. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS

NAV attributable to unit holders is represented by:

	Note	30.6.2020
		RM
Unit holders' contribution	(a)	<u>2,000,000</u>
<u>Retained earning:</u>		
Realised reserves		62,977
Unrealised deficits		<u>(17,425)</u>
		<u>45,552</u>
		<u>2,045,552</u>

12. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS (CONTD.)

(a) Unit holders' contribution

	20.12.2019 (date of commencement) to 30.6.2020	
	No. of units	RM
At date of commencement	-	-
Add: Creation of units	1,000,000	2,000,000
At beginning of the financial period	<u>1,000,000</u>	<u>2,000,000</u>

The number of units legally or beneficially held by the Manager, Kenanga Investors Berhad, as at 30 June 2020 were nil. The number of units held by related party as at 30 June 2020 was 890,200 units valued at RM1,820,993.

13. PORTFOLIO TURNOVER RATIO ("PTR")

PTR for the financial period from 20 December 2019 (date of commencement) to 30 June 2020 is 7.24 times.

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

14. MANAGEMENT EXPENSE RATIO ("MER")

MER for the financial financial period from 20 December 2019 (date of commencement) to 30 June 2020 is 0.69% 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.

15. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS

	Transaction value RM	Percentage of total %	Brokerage, stamp duty and clearing fee RM	Percentage of total %
Kenanga Futures Sdn Bhd*	<u>31,315,367</u>	<u>100.0</u>	<u>3,097</u>	<u>100.0</u>

* Kenanga Futures Sdn Bhd is a related party of Kenanga Investors Berhad.

The above transaction values are in respect of listed derivatives (futures contracts).

15. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS (CONTD.)

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, up to 70% of the Fund's NAV is to be committed as margin for futures contracts with the remaining balance in liquid assets. 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
20.12.2019 (date of commencement) to 30.6.2020			
Revenue			
Segment income	36,875	19,943	
Segment expenses	<u>(3,097)</u>	<u>-</u>	
Net segment income representing segment results	<u>33,778</u>	<u>19,943</u>	53,721
Unallocated expenditure			<u>(8,169)</u>
Income before tax			45,552
Income tax			<u>-</u>
Not income after tax			<u>45,552</u>
30.6.2020			
Assets			
Short term deposits	-	1,487,069	
Other segment assets	<u>-</u>	<u>255</u>	
Total segment assets	<u>-</u>	<u>1,487,324</u>	1,487,324
Unallocated assets			<u>578,593</u>
			<u>2,065,917</u>
Liabilities			
Financial liabilities at FVTPL, represent segment liability	<u>17,425</u>	<u>-</u>	17,425
Unallocated liabilities			<u>2,940</u>
			<u>20,365</u>

16. SEGMENTAL REPORTING (CONTD.)

b. Geographical segments

As all of the Fund's 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.

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 liabilities at FVTPL RM	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
30.6.2020				
Assets				
Short term deposits	-	1,487,069	-	1,487,069
Other receivables	-	4,755	-	4,755
Cash at banks	-	574,093	-	574,093
	<u>-</u>	<u>2,065,917</u>	<u>-</u>	<u>2,065,917</u>
Liability				
Listed derivatives	17,425	-	-	17,425
Amount due to Manager	-	-	2,152	2,152
Amount due to Trustee	-	-	215	215
Amount due to index provider	-	-	543	543
	<u>17,425</u>	<u>-</u>	<u>2,910</u>	<u>20,335</u>

17. FINANCIAL INSTRUMENTS (CONTD.)

b. Financial instruments that are carried at fair value

The Fund's financial liabilities at FVTPL are carried at fair value. The fair values of these financial liabilities 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:				
30.6.2020				
Listed derivatives	<u>(17,425)</u>	<u>-</u>	<u>-</u>	<u>(17,425)</u>

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 derivatives are determined by reference to Bursa Malaysia Securities Berhad's market closing prices at reporting date.

c. Financial instruments not carried at fair value and 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 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 financial period.

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.

Whilst the Fund is not able to fully conclude 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 2020. 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.

20. COMPARATIVES

There are no comparative amounts presented as this is the Fund's first set of unaudited interim financial statements since its commencement date.

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